

**CHATHAM COUNTY
NORTH CAROLINA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

PREPARED BY:

THE FINANCE DEPARTMENT

CHATHAM COUNTY, NORTH CAROLINA

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INTRODUCTORY SECTION

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November 8, 2019

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, 2019.

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, P.A., a firm of licensed Certified Public Accountants, have issued an unmodified opinion on the County's financial statements for the year ended June 30, 2019. 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 2019 population was estimated at 73,139. By 2032, the State estimates that the County's population will grow to 115,000.

Most of the County's population continues to reside in the unincorporated area, with only 20.81 percent of residents living in a municipality. The Town of Pittsboro with a population of 4,287 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. More than half of Chatham County residents commute outside the County for employment, with the urban areas being the top destinations for jobs. The regional prosperity has enabled Chatham County to rank fifth among the state's 100 counties in median household income, fifth lowest in average annual unemployment. The County was the third fastest growing county in the state between July 2014 and July 2017.

Within the County, education and health services is the largest industry, accounting for 28% of all jobs. Major employers in this sector are Carolina Meadows, Galloway Ridge, Chatham Hospital, The Laurels of Chatham and Piedmont Health Services. Central Carolina Community College and Chatham County broke ground in 2018 on a new health sciences building to support workforce development for this growing employment sector, which will host classes beginning in November 2019. Other large employers include manufacturers like Flakeboard America, Southern Veneer Specialty Products, Mountaire Farms, PalletOne, Brookwood Farms, and MAS Acme. Manufacturing accounts for 10% of jobs in Chatham County, a figure expected to increase after Mountaire Farms in January 2019 opened a poultry processing facility in Siler City. As of May 2019, the food manufacturer employed approximately 1,400 people at its new campus. Brookwood Farms, another Siler City-based food manufacturing business, continues to grow its presence in retail and food service markets across the United States, and is in the planning stages for a new distribution center. Performance Bicycles was the only major closure in 2019. The Pennsylvania-based parent company of the bicycle and equipment retailer filed bankruptcy in late 2018, leading to the closure of the Chatham County facility. Vacancy for industrial and commercial property remains low, with little inventory on the market.

Agriculture and agribusiness (food, fibers, and forestry) remain significant in the local economy. Total farm income in the County for 2017 was \$129,078,240, which ranked 31st in the State. The most recent 2017 Census of Agriculture reported Chatham County as having 1,116 farms, of which 98% identified as family farms. Over one-third of the 1,700 agricultural producers within the county are female. Most farms range in size from 10 to 179 acres, and the total number of acres used for farming has changed very little over the past two decades. The stability of the County's agricultural economy is 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 2nd in the State in beef cattle (fourth in overall cattle production) and 16th in broiler chicken production out of the 100 counties. The county also ranks 11th in hay production, 3rd in equine population, and 2nd in sheep and goat population, as compared to other North Carolina counties. The number of dairy farms in Chatham County has remained static over the last seven years, and the County ranks 19th in the state for number of dairy cattle. 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. The County is also gaining a reputation as an area of innovative and sustainable agriculture practices. Because of the County's proximity to the Research Triangle and Piedmont Triad metropolitan regions, there is a large demand for local agricultural products. Producers in the County currently are unable to satisfy this demand. Agricultural tourism showcasing our diverse agricultural industry brings many visitors to Chatham County to spend their money then return home. The dynamic agricultural industry of the County is also attracting investors to potential new agribusiness enterprises.

To support the economic development goals of the Chatham County Board of Commissioners and the Chatham Economic Development Corporation's (EDC) 2015-2020 Strategic Action Agenda, the EDC continues to work on supporting businesses of all sizes, site development and infrastructure solutions. In December 2016, Golden LEAF Foundation announced the recipients of its new Major Site Development Initiative (MSDI) grant. The Town of Siler City was awarded \$4 million to extend water to the Chatham-Siler City Advanced Manufacturing (CAM) Site, and the City of Sanford, in neighboring Lee County, was awarded \$4 million dollars to provide wastewater to Chatham

County's Moncure Megasite. Siler City's water line was completed in early 2019. Construction is underway for the City of Sanford's sewer line, with an anticipated delivery in early 2020. With the goal of attracting new business and extending public utilities to underserved areas of Chatham County and as a requirement of the grant, Chatham County entered into 5-year option agreements on both sites in late 2017. The EDC, working with the Economic Development Partnership of North Carolina, leads marketing for both sites, aiming to attract large manufacturers. The EDC also markets the Chatham County-owned Central Carolina Business Campus near the intersection of US 64 and US 421 in Siler City. A new regional marketing initiative called Carolina Core was launched by the Piedmont Triad Partnership out of Greensboro in late 2018. The EDC closely collaborates with the Carolina Core effort to promote economic development assets.

In addition to the major industrial sites, the EDC works with developers for Chatham Park, a 7,100-acre mixed-use development. The development is approved for 22,000 new residential unit and 22 million square feet of non-residential space. At full buildout, the project is expected to create 61,000 new, permanent jobs in Chatham County. Eco Group LLC, the developers for Mosaic at Chatham Park project, broke ground on the 44-acre, \$140 million mixed-use project in early 2019, and anticipate completion in early 2021. The development will include retail, office, multifamily residential and a 120-key flagship hotel. Other Chatham Park projects underway or completed include a water reclamation facility, a solar farm, site work for the first residential development and infrastructure expansion. Penguin Place, a three-acre multi-tenant center, is fully leased with retail and office tenants. Two building pads for new medical offices were completed in summer 2018.

The US 15-501 corridor continues to be the focus for retail commercial development because of the population density in northeast Chatham County. Briar Chapel has completed site work for its second and third phases of commercial development, which will incorporate retail, multifamily, senior living and Central Carolina Community College's health science campus. Liberty Healthcare announced in June 2019 it would construct a 150-unit nursing and assisted-care facility, with a groundbreaking anticipated in 2020. Briar Chapel anticipates all commercial development to be complete by 2022. Veranda, the first commercial development for Briar Chapel, completed its third year in fall 2019 and remains 100% occupied.

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 Siler City Municipal Airport has a 5,000-foot paved, lighted runway with instrument approach capability and can accommodate small business aircraft. The Raleigh Executive Jetport in neighboring Lee County widened its taxiway and improved weight capacity to 100,000 pounds in 2018 and opened a new 14,500 square foot terminal in October 2019. The public airport 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. The county's official destination marketing organization (DMO), the Pittsboro-Siler City Convention & Visitors Bureau (CVB), has a strategic marketing campaign targeted to reach multiple traveler types.

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. Chatham County is also home to one of only a few of North Carolina's five-diamond restaurants and five-diamond inns in the state.

Domestic tourism in Chatham County generated an economic impact of \$36.9 million in 2018. This was a 5.4% change from 2017. The state report showed that the visitor industry generated a payroll of nearly \$4.74 million. Chatham's visitors also generated \$680,000 in local tax revenues. Chatham County's visitor-related economic impact reflects a nine-year trend of climbing visitor spending (data from Economic Impact of Travel on North Carolina Counties 2018, a study prepared for Visit North Carolina by the 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 wine, craft beer, spirits 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 farm-to-fork 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 its visitor-related businesses opportunities for partnership marketing beyond obvious partnerships with N.C. Division of Tourism, Film and Sports Development: Small Business Saturday, an American Express program; N.C. Department of Environment and Natural Resources NC Green Travel Recognition program; and several others.

The CVB continues to work with universities in North Carolina (North Carolina State University (NCSU) and East Carolina University's Center for Sustainable Tourism) on various initiatives and research for innovative rural entrepreneurship programs in tourism. Regardless of whether occupancy tax is generated (solely for the CVB's budget) and/or sales tax for the county; day trip and overnight guests are welcome and aggressive marketing and branding takes place by the DMO for all visitor-related businesses, including restaurants, venues, etc. The County has served as a popular site for sports events, including the multi-county American Tobacco Trail the site of the Tobacco Road Marathon (Boston Marathon qualifier).

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 the HeartOfNCTrails.com, a micro-website promoting B&B inns and craft beverage businesses, growing sectors in Chatham County. Attractions range from a wildlife sanctuary (tigers, lions, ocelots, binturongs, and more) with guided tours as a unique offering to visitors. Agritourism is one of the county's top-ranked tourism strengths, alongside the nature sites. Wineries, breweries, distillery, cidery, wine shops, 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

Implementation activities related to the Chatham Comprehensive Plan are well underway countywide. The plan, which focuses on the next 25 years, launched immediate short-term efforts as well as long-term planning initiatives around specific function areas.

IMPLEMENTING THE CHATHAM COMPREHENSIVE PLAN

Comprehensive plan activity initiated in FY 2018-19 includes the following:

- The Chatham County Planning Department is moving forward with a Unified Development Ordinance (UDO) in collaboration with CodeWright Planners LLC. This effort seeks to modernize the county's land development regulations to address issues and recommendations identified in the Chatham Comprehensive Plan while also combining all of the existing land use and development regulations into a single document.

- The kick-off presentation was provided to the Board of Commissioners in September 2019 with 9 additional presentations to advisory boards and groups in the fall of 2019.
- The drafting process is anticipated to take 44 months and will include an audit identifying the gap between existing regulations and the vision outlined in the Chatham Comprehensive Plan, focus groups composed of a cross section of county advisory boards and the development community, annotated outline that will be used as the UDO blueprint, public forums, testing the UDO, and adoption and implementation.
- Chatham County Parks & Recreation completed its Comprehensive Master Plan for parks, recreation programs and trails.
 - Parks & Recreation completed a Park Master Plan for Earl Thompson Park
 - Parks & Recreation completed a Park Master Plan for Southwest Park
- Chatham County Public Utilities partnered with the towns of Siler City, Pittsboro and Goldston to begin a Countywide Water and Wastewater Comprehensive Master Plan. It was completed in the summer of 2019.

EDUCATION

The County made significant progress on major school facility projects in FY 2018-19 in the county's Capital Improvement Plan.

The County issued \$11,300,000 in limited obligation bonds in July 2019 to construct a new elementary school (Chatham Grove), a new high school (Seaforth High), and a community college health sciences facility. Chatham Grove Elementary School is under construction and is expected to open to students in the fall of 2020. Construction work continues at Seaforth High which remains on track to open for the 2021-22 school year. The community college health sciences facility is expected to open in 2020.

Chatham County Schools celebrated the 10th anniversary of its 1-to-1 Student Device Program in 2019 by securing \$3.7 million dollars in federal and state eRate funding to build 88 miles of fiber optic connectivity between school campuses. The district is also participating in the 1 Million Project Foundation's cellular hotspot program which provides completely free devices and cellular data to interested high school students beginning the fall of 2019.

Chatham County Schools, through financial support from the State of North Carolina and Chatham County increased its partnership with the Chatham County Sheriff's Office by adding four additional School Resource Officers throughout Chatham County Schools. Safety improvements also included modernizing a number of older classroom doors for stronger ones with smaller windows. In addition, continued regular meetings and planning work with local law enforcement and emergency response agencies have strengthened local partnerships and crisis response planning. Every school in the district also received additional door security systems that build upon existing campus access controls further reinforcing campus security.

Chatham County Schools has worked to identify a variety of ways to further support the mental health needs of its staff and students. Students in grades K-5 will have a research-based curriculum to support social emotional needs. The district added a new social worker and behavior position to increase the level of support for students with mental health needs. The district also purchased an at-risk screener for grades K-5 that will help to identify students who are at-risk for mental health and behavioral needs so interventions and supports can be implemented early. A comprehensive anti-bullying curriculum has also been established in addition to a number of anti-bullying programs and events.

FACILITIES

The County moved forward on several projects:

- Construction is underway on the new shared use community center at Chatham Grove Elementary School and is expected to be complete in the summer of 2020. This will allow the county recreation department opportunities to provide indoor programming in the activity rooms as well as in the gymnasium.
- Construction is moving swiftly at the Central Carolina Community College Health Sciences Center and is expected to be complete this year. Health sciences programming should start January 2020 – specifically Medical Assisting Technologies and Certified Nursing Assistant training.

ECONOMIC DEVELOPMENT

Growth in Jobs

Number of jobs created through the expansion of existing businesses – 48:

- Wilson Brothers Trucking in Bear Creek announced a \$4 million investment and 25 new jobs.
- Southern Veneer purchased Boise Cascade and is investing \$8 million in the Moncure facility.
- Brookwood Farms received the 2018 Manufacturing Leadership Award for developing markets from the NC Manufacturing Extension Partnership. The company also plans to expand.
- Starrlight Mead expanded to a new, larger location in Pittsboro.
- Floorazzo will expand to a new location in Siler City with plans to create 8 new jobs.

Recruiting Businesses

Number of jobs created by new businesses located – 87:

- Continued working with property owners at Moncure Megasite and Chatham-Siler City Advanced Manufacturing Site on site readiness. The EDC continues to engage with the Carolina Core initiative to promote both sites to leading site consultants across the country.
- A.D. Tubi USA, an Italian welding company, announced 18 new jobs and \$6 million investment in Siler City. The company was approved for a \$235,000 building reuse grant.
- Capital Ready Mix Concrete announced a \$5 million investment and 60 jobs in Pittsboro, reusing a former poultry industry building.
- EG-GILERO will create 60 jobs and invest more than \$4.5 million in an industrial building in Pittsboro. The EDC is working with the company and the Town on a \$300,000 building reuse grant.

Entrepreneurship Opportunities

Jobs created by entrepreneurs and startup businesses – 26:

- Hosted an educational event for entrepreneurs with the Small Business Administration and Chapel Hill SCORE.
- Participated in 56 pre-application meetings with Chatham County, pre-development meetings with Siler City or scoping/planning meetings with Pittsboro.
- Three Chatham Loan Fund requests were made and two approved (Central Piedmont Community Action and The Country Bakeress). Two additional businesses are engaged at the time of this report.

Return on Investment

Over the past year, the EDC reported major improvements in return on investment:

- Capital investment by expansion of existing businesses in Chatham County is \$24 million, up 14 million from the previous year.
- Capital investment by new businesses locating in Chatham County is \$13.5 million, up three million from the previous year.

MAJOR LEADERSHIP NEWS

County Manager – Dan LaMontagne was appointed as county manager in March 2019 after serving in the interim role since October 2018. LaMontagne previously served as assistant county manager from December 2015 to October 2018. He also served Chatham County in leadership roles with the Public Works, Environmental Quality and Solid Waste Departments.

Assistant County Manager – Bryan Thompson became assistant county manager in July 2019. Thompson previously served as town manager for the North Carolina communities of Mount Gilead (2006-2008), Erwin (2008-2013) and Siler City (2013-2019).

Environmental Quality – Kevin Lindley became director of Environmental Quality in October 2018. Lindley came to Chatham County after serving with Orange County for 16 years in various civil engineering roles, including sewer collection, reservoir management, solid waste and landfill oversight. Lindley is registered as a professional engineer and as a manager of landfill operations.

Chatham Soil & Water Conservation – In 2018, Soil Conservation Specialist Susannah Goldston was promoted to department head/environmental specialist after the retirement of Henry Outz. Since 2013, Goldston had served as the soil conservationist for the Chatham Soil & Water Conservation District.

Economic Development Corporation – The EDC board appointed Alyssa Byrd as president in February 2019. Byrd enrolled in Oklahoma University’s Economic Development Institute and is pursuing credits towards a Certified Economic Developer designation. In March, she was awarded the Governor James E. Holshouser Professional Development Scholarship by the North Carolina Economic Development Association, the largest scholarship offered by the Association.

OTHER BIG NEWS

The Chatham County Planning Department is in the process of rezoning properties following a decision by the Board of Commissioners in the fall of 2016 to extend zoning to areas of the county that did not have zoning regulations in place. In June 2018 the first 49 business properties were rezoned, followed by an additional 12 properties in January 2019. The last round of rezoning cases is slated for a decision in the fall of 2019.

Domestic visitors to and within Chatham County spent \$36.9 million in 2018, an increase of 5.4% from 2017. This represents a nine-year trend of increases.

The Chatham County Tax Office collected 99.01% of 2018 property taxes.

The Chatham County Board of Elections had the highest voter turnout in North Carolina for the midterm general election in November 2018 with a 66.76 % turnout. Out of 54,199 registered voters, 36,182 individuals voted.

Chatham County CERT (Community Emergency Response Team) continues to prepare residents, neighborhoods and community groups for emergencies and disasters. During 2018-19 Chatham CERT was the fastest growing CERT organization in North Carolina, with more than 200 on its mailing list, and 36 that have received additional training to support Emergency Management. Classes were held on Hurricane Preparedness, Search & Rescue Support, County Points of Distribution, Law Enforcement Support, FEMA Integration Teams, Emergency Communications and Stop-the-Bleed certification course.

In June 2019, Chatham County Animal Services transitioned from the Chatham County Health Department to the Chatham County Sheriff’s Office. Under the leadership of Kimberly Harman, several key staff were added. Positive impacts include increased contact with the community, improved education and awareness campaigns, enhanced focus on prevention and volunteer efforts, and evaluation of ways to improve after-hours response for animal service needs.

The Chatham County Board of Commissioners approved Chatham County Promise in December 2018, and the program currently supports more than 160 Chatham County students. All eligible Chatham County residents who graduate from a public high school, private school, or homeschool for the years 2019, 2020, 2021 and 2022 will be guaranteed up to two years of free in-state tuition and required fees at Central Carolina Community College.

Chatham County Family Violence and Prevention Services developed a 24/7 crisis hotline to serve survivors in the community and developed a Hispanic Support Group to serve survivors in Siler City in collaboration with the Siler City Police Department.

Chatham County’s geographic information systems (GIS) data portal now features a new application that allows users to see important conservation-related locations as features on county GIS maps. The tool assists several county departments and also helps county advisory boards, developers, property owners, and any groups involved with conservation.

Chatham County Solid Waste & Recycling developed an educator’s guide for solid waste and recycling. “Don’t Waste It” has lesson plans covering many aspects of solid waste, waste reduction, composting and recycling. This guide is being introduced to Chatham County educators throughout the school year and will be available for any educator who is interested.

AWARDS & HONORS

Chatham County received the SolSmart Gold designation. This honor recognizes the County for streamlining and making transparent the process of installing residential solar panels and is the highest level of recognition given by the SolSmart organization.

The Chatham County Public Health Department received a Local Health Department Recognition Award from the North Carolina GlaxoSmithKline Foundation for its efforts to increase immunization rates among young children at the 2018 North Carolina Public Health Association Fall Educational Conference. The award specifically recognized the work of Marsha Andrews, Immunization Tracking Coordinator, and Dorothy Rawleigh, Childcare Health Consultant, and highlighted that Chatham consistently ranks at the top of the state for vaccination rates among young children.

Chatham County Schools was recognized by the National Association of Music Merchants (NAMM) for demonstrating outstanding distinction for the district's efforts to provide music education and access to all students. Chatham Central High School was selected by the AVID (Advancement Via Individual Determination) organization as an elite national demonstration site for their efforts to integrate AVID strategies throughout the school.

The Chatham County Board of Education received a national first place Magna Award from the North Carolina School Boards Association for their continued leadership supporting Dual Language programming for students.

Niche.com ranked Central Carolina Community College as the best North Carolina community college.

For the sixth straight year, Chatham County received several top awards from the NC Department of Labor for outstanding safety practices and exceeded the previous year's result. For 2018, Chatham County received 10 Gold Awards and two Silver Awards.

The Chatham County Watershed Protection Department received a statewide award for Best Local Program for Erosion Control (Small Program). Chatham County erosion control staff were noted for their adaptation to rapid growth, their frequent inspections, their enforcement initiatives and an easy-to-navigate website.

The Chatham County Cooperative Extension is the 2018 Recipient of the NC Cooperative Extension County Government Partnership Award by the North Carolina Association of County Commissioners (NCACC) for outstanding "best practices" partnership between Extension and local government.

The Chatham County Council on Aging and Chatham County received the Ernest B. Messer Award from the NC Division of Aging and Adult Services in February 2019. This prestigious annual award, named in honor of this former state representative and assistant secretary for aging, recognizes a community that has excelled in addressing the needs of its older citizens.

The Western Center of the Chatham County Council on Aging earned re-designation as a "Center of Excellence" from the NC Division of Aging and Adult Services.

Neha Shah, director of the Pittsboro-Siler City Convention & Visitors Bureau, was selected as a 2019 Ambassador for Meetings Mean Business Coalition (MMBC), an elite group of meeting and event professionals who serve as advocates for MMBC and the broader meetings industry.

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, 2018. This was the twenty ninth 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.

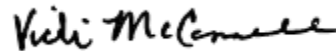
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the certificate of achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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,



Dan LaMontagne
Interim County Manager



Vicki McConnell
Deputy County Manager/Finance Officer

*Chatham County, North Carolina
Principal Officials
June 30, 2019*

Board of County Commissioners

<i>Mike Dasher</i>	<i>Chairman</i>
<i>Diana Hales</i>	<i>Vice Chairman</i>
<i>James Crawford</i>	<i>Commissioner</i>
<i>Karen Howard</i>	<i>Commissioner</i>
<i>Andy Wilkie</i>	<i>Commissioner</i>

County Officials:

<i>Dan LaMontagne</i>	<i>County Manager</i>
<i>Vicki McConnell</i>	<i>Deputy County Manager/Finance Officer</i>
<i>Bryan Thompson</i>	<i>Assistant County Manager</i>
<i>Mike Roberson</i>	<i>Sheriff</i>
<i>Lunday Riggsbee</i>	<i>Register of Deeds</i>
<i>Susannah Goldston</i>	<i>Soil and Water Director</i>
<i>Ginger Cunningham</i>	<i>Cooperative Extension Director</i>
<i>Layton Long</i>	<i>Health Director</i>
<i>Jennie Kristiansen</i>	<i>Social Services Director</i>
<i>Jenny Williams</i>	<i>Tax Administrator</i>
<i>Alyssa Byrd</i>	<i>Economic Development Director</i>
<i>Pandora Paschal</i>	<i>Elections Director</i>
<i>Dennis Streets</i>	<i>Senior Services Director</i>
<i>Mike Reitz</i>	<i>Communications Director</i>
<i>Renita Foxx</i>	<i>Court Programs Director</i>
<i>Steve Newton</i>	<i>Emergency Operations Director</i>
<i>Kevin Lindley</i>	<i>Environmental Director</i>
<i>Brian Stevens</i>	<i>Facilities Management</i>
<i>Carolyn Miller</i>	<i>Human Resources Director</i>
<i>Linda Clarke</i>	<i>Library Services Director</i>
<i>Darlene Yudell</i>	<i>Information Services Director</i>
<i>Tracy Burnett</i>	<i>Parks and Recreation Director</i>
<i>David Camp</i>	<i>Permits and Inspections Director</i>
<i>Neha Shah</i>	<i>Pittsboro-Siler City CVB Director</i>
<i>Jason Sullivan</i>	<i>Planning Director</i>
<i>Larry Bridges</i>	<i>Utilities Director</i>
<i>Rachael Thorn</i>	<i>Watershed Protection Director</i>



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Chatham
North Carolina**

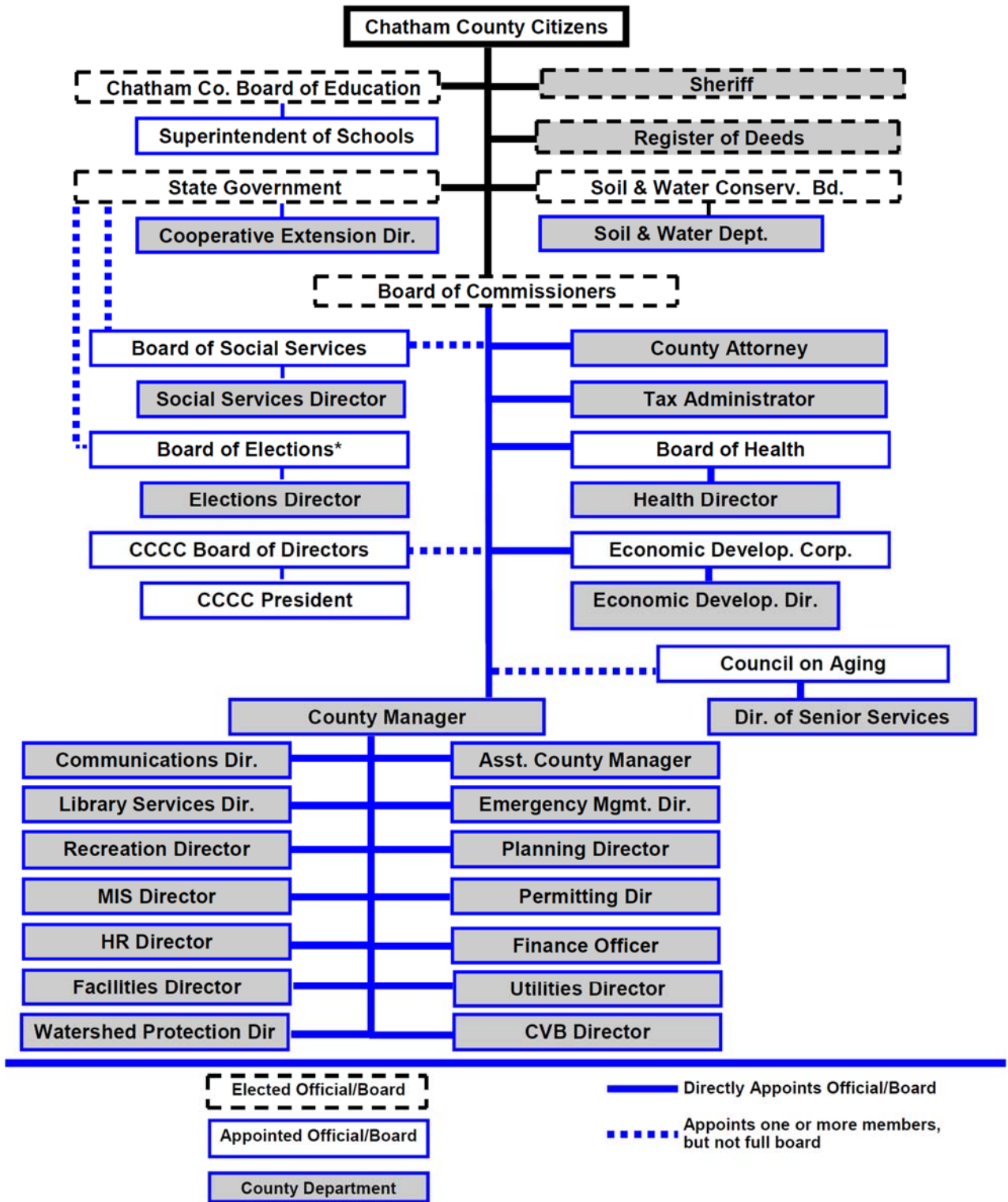
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

Chatham County Organizational Chart



FINANCIAL SECTION

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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, 2019, 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 did not audit the financial statements of the Chatham County ABC Board. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Chatham County ABC Board, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Chatham County ABC Board were not audited in accordance with *Government 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, based upon our audit and the report of the other auditors, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General 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, the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, the Other Post-Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System Schedules of County's Proportionate Share of Net Pension Asset (Liability) and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of County's Proportionate Share of the Net Pension Asset and Schedule of County 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist 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 the basic financial statements of Chatham County, North Carolina. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, statistical section, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards, 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the combining and individual fund financial statements, budgetary schedules, other schedules, and Schedule of Expenditures of Federal and State Awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information and the statistical section 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 8, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Chatham County's 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, North Carolina
November 8, 2019

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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, 2019. 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.

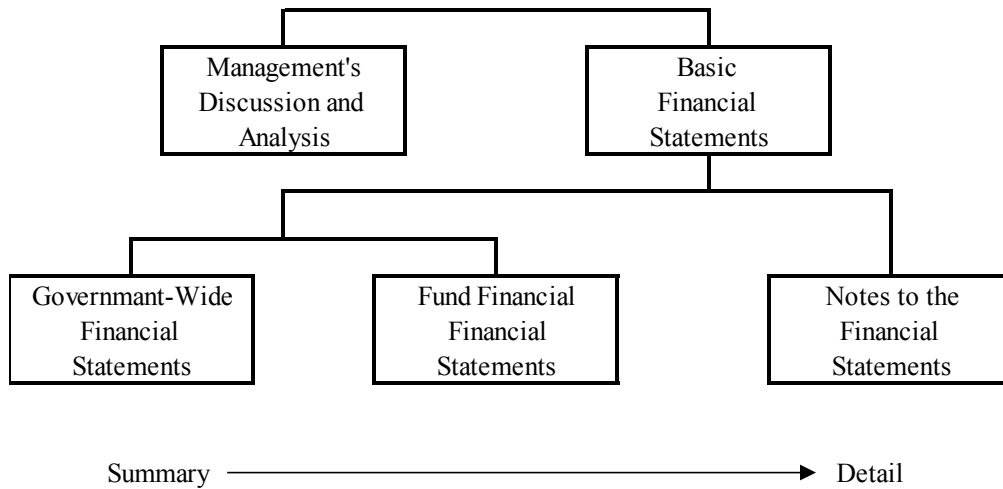
Financial Highlights

- 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 \$131,687,525 (*net position*).
- The government's total net position decreased by \$18,996,774 primarily due to the expenses incurred related to the construction of school and community college facilities.
- As of the close of the current fiscal year, Chatham County's governmental funds reported combined ending fund balances of \$190,981,014, a net increase in fund balance of \$98,302,888. Approximately 48.70% of this total amount, or \$93,016,411, is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$32,590,870 or 31.44% of total General Fund expenditures for the fiscal year.
- Long-term liabilities increased by \$121,231,135. This increase can be attributed to the issuing of limited obligation bonds during the fiscal year to construct educational facilities.

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 through J) 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. After the notes, supplemental information is provided to show details about the County's non-major governmental funds and internal service funds, 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.

Following the notes is the required supplemental information. This section contains funding information about the County's pension and benefit plans.

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 total of the County's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position 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 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 water, sewer, and waste management services offered by Chatham County. The final category is the component unit. Chatham County ABC Board is legally separate from the County; however, the County is financially accountable for the Board by appointing its members. Also, the ABC 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*. This method also has 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 governmental 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 water and sewer activity and for its 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.

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 26 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 beginning on pages 79-85 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$131,687,525.

During the 2018-2019 fiscal year the County's net position decreased by \$18,996,774. This decrease is a result of expenses incurred for the construction of a new high school, a new elementary school and a Community College health sciences facility. Net investment in capital assets (e.g. land, buildings, machinery, and equipment) makes up 60.43% of the County's total net position. 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. An additional portion of Chatham County's net position 9,521,662 (7.230%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$42,580,945 is unrestricted.

Chatham County's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	\$ 210,832,871	\$ 104,671,212	\$ 30,310,076	\$ 28,713,965	\$ 241,142,947	\$ 133,385,177
Capital assets	101,769,636	103,104,396	53,356,635	53,538,691	155,126,271	156,643,087
Total assets	312,602,507	207,775,608	83,666,711	82,252,656	396,269,218	290,028,264
Deferred Outflows of Resources	9,365,952	5,911,381	560,824	306,702	9,926,776	6,218,083
Liabilities:						
Long-term liabilities outstanding	244,121,015	122,162,535	15,103,049	15,830,394	259,224,064	137,992,929
Other liabilities	13,390,277	5,058,005	993,454	1,116,516	14,383,731	6,174,521
Total liabilities	257,511,292	127,220,540	16,096,503	16,946,910	273,607,795	144,167,450
Deferred Inflows of Resources	869,606	1,354,141	31,068	40,457	900,674	1,394,598
Net Position:						
Net investment in capital assets	40,039,979	37,007,498	39,544,939	38,652,392	79,584,918	75,659,890
Restricted	9,521,662	8,045,521	-	-	9,521,662	8,045,521
Unrestricted	14,025,920	40,059,289	28,555,025	26,919,599	42,580,945	66,978,888
Total net position	\$ 63,587,561	\$ 85,112,308	\$ 68,099,964	\$ 65,571,991	\$ 131,687,525	\$ 150,684,299

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

- Continued diligence in the collection of property taxes resulting in an increase in the already high collection percentage of 99.073%.
- The County continued to accumulate funds in the Capital Improvement Projects Reserve Fund. Chatham County Commissioners continued to set aside an equivalent of 7.7 cents on the tax rate to fund capital projects, including a new library completed in 2012, a new judicial facility completed in 2013, a new detention facility completed in 2015, a joint county/school garage completed in 2016, and the completion of agriculture and conference center in 2017. During fiscal year 2019, the County began construction of a new high school, a new elementary school, and a new Central Carolina Community College health sciences facility.
- Continued low cost of debt due to the County's high bond rating. The County maintained its AAA rating from Standard and Poor's and its Aa1 rating from Moody's Investor Service.
- In July of 2018, the County issued limited obligations bonds in the amount of \$111,730,000 to construct the new Sea Forth High School, Chatham Grove Elementary School, and a health sciences facility for Central Carolina Community College. While the County assumes the debt obligation for these facilities, the capital assets associated with this borrowing will be recorded by the Board of Education and Central Carolina Community College.

Chatham County's Changes in Net Position

Figure 3

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program revenues						
Charges for services	\$ 7,871,262	\$ 9,429,646	\$ 12,813,267	\$ 11,449,828	\$ 20,684,529	\$ 20,879,474
Operating grants and contributions	12,638,854	12,312,014	194,495	303,345	12,833,349	12,615,359
General revenues:						
Property taxes	80,046,695	76,064,823	-	-	80,046,695	76,064,823
Sales taxes	14,707,545	13,859,606	-	-	14,707,545	13,859,606
Other taxes and licenses	995,458	983,132	-	-	995,458	983,132
Grants and contributions not restricted	3,230,947	3,115,650	-	-	3,230,947	3,115,650
Unrestricted investment earnings	5,892,009	1,080,152	663,679	373,675	6,555,688	1,453,827
Other	562,984	-	53,571	-	616,555	-
Total revenues	<u>125,945,754</u>	<u>116,845,023</u>	<u>13,725,012</u>	<u>12,126,848</u>	<u>139,670,766</u>	<u>128,971,871</u>
Expenses:						
General government	16,700,851	15,068,952	-	-	16,700,851	15,068,952
Public safety	29,544,421	28,373,014	-	-	29,544,421	28,373,014
Economic and physical development	3,033,823	3,193,937	-	-	3,033,823	3,193,937
Human services	14,441,440	15,105,429	-	-	14,441,440	15,105,429
Cultural and recreational	2,638,700	2,578,431	-	-	2,638,700	2,578,431
Education	72,291,352	39,950,462	-	-	72,291,352	39,950,462
Interest on long-term debt	8,793,382	4,473,431	-	-	8,793,382	4,473,431
Utility	-	-	7,070,801	6,612,241	7,070,801	6,612,241
Southeast water district	-	-	665,634	637,880	665,634	637,880
Solid waste management	-	-	3,487,136	3,079,844	3,487,136	3,079,844
Total expenses	<u>147,443,969</u>	<u>108,743,656</u>	<u>11,223,571</u>	<u>10,329,965</u>	<u>158,667,540</u>	<u>119,073,621</u>
Change in net position before transfers	(21,498,215)	8,101,367	2,501,441	1,796,883	(18,996,774)	9,898,250
Transfers	(26,532)	(12,455)	26,532	12,455	-	-
Change in net position	<u>(21,524,747)</u>	<u>8,088,912</u>	<u>2,527,973</u>	<u>1,809,338</u>	<u>(18,996,774)</u>	<u>9,898,250</u>
Net Position:						
Beginning of year - July 1	85,112,308	80,670,267	65,571,991	64,002,036	150,684,299	144,672,303
Restatement	-	(3,646,871)	-	(239,383)	-	(3,886,254)
Beginning of year - July 1, as restated	<u>85,112,308</u>	<u>77,023,396</u>	<u>65,571,991</u>	<u>63,762,653</u>	<u>150,684,299</u>	<u>140,786,049</u>
End of year - June 30	<u>\$ 63,587,561</u>	<u>\$ 85,112,308</u>	<u>\$ 68,099,964</u>	<u>\$ 65,571,991</u>	<u>\$ 131,687,525</u>	<u>\$ 150,684,299</u>

Governmental Activities. Governmental activities decreased the County's net position by \$21,524,747.

Key elements affecting net position:

- Continued growth in the County's economy as reflected in an increase in sales tax revenue and property tax revenue.
- Maintenance of the County's high tax collection rate.
- Expenses incurred for the construction of the new high school and elementary school in the amount of \$37,484,722 and \$7,267,670 for the health sciences facility.
- **Business-Type Activities.** Business-type activities increased the County's net position by \$2,527,973. This increase can be attributed to continued growth in the County's local economy as reflected in an increase in the number of new connections for water services and fees collected for these services.

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.

At June 30, 2019, the governmental funds of Chatham County reported a combined fund balance of \$190,981,014, a 106.0691% increase over last year. This large increase can be attributed to the County issuing Limited Obligation Bonds in the amount of \$111,730,000 during the current fiscal year for the construction of education related facilities. Not all of those funds were expended. All projects are expected to be completed during the next fiscal year.

The General Fund is the chief operating fund of Chatham County. As shown on Exhibit C the County's total General Fund consist of five consolidated funds: the General Fund, the Revaluation Fund, the Housing Trust Fund, the Coal Ash Fund, and the Law Enforcement Pension Fund. At the end of the current fiscal year, Chatham County's fund balance available for appropriation in the General Fund was \$41,375,351, while total fund balance was \$48,458,846. The County currently has an available fund balance of 35.27% of General Fund expenditures and transfers out, while total fund balance represents 41.31% of that same amount.

During the year, the General Fund balance increased by \$3,282,273. This increase can be attributed to additional funds received from Duke Energy during the current fiscal year for the siting of a coal ash structural fill facility within the County, an increase in sales tax revenue and an increase in interest earned on investments. Fund balances in other governmental funds increased by \$95,020,615. This increase can be attributed to funds received and not spent from an installment financing.

The governing body of Chatham County has determined that the County should maintain an unassigned fund balance in its General Fund equal to 20% of the previous annual operating budget in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. At June 30, 2019, this percentage was 24.53%.

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 and transfers in by \$4, 867150 and expenditures and transfers out by \$6,809,817.

Proprietary Funds. Chatham County’s proprietary funds provide the same type of information found in the government-wide statements but in more detail. At the end of the fiscal year, unrestricted net position of the Utility Fund amounted to \$23,337,488, for the Southeast Water District \$649,338 and the Waste Management Fund \$4,568,199. The total increase in net position for all proprietary funds was \$2,527,973.

Capital Asset and Debt Administration

Capital assets. Chatham County’s capital assets for its governmental and business-type activities as of June 30, 2019, totals \$155,126,271 (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:

- Completion of the agricultural and conference center facility.

Chatham County's Capital Assets
(net of depreciation)
Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Non-Depreciable Assets:						
Land	\$ 13,377,941	\$ 13,374,796	\$ 980,258	\$ 980,258	\$ 14,358,199	\$ 14,355,054
Construction in progress	3,273,425	17,098,403	8,449,728	8,854,202	11,723,153	25,952,605
Depreciable Assets:						
Buildings	79,372,762	68,466,552	1,979,882	2,083,273	81,352,644	70,549,825
Equipment and vehicles	5,745,508	4,164,645	1,331,870	1,457,983	7,077,378	5,622,628
Infrastructure:						
Water lines	-	-	40,614,897	40,162,975	40,614,897	40,162,975
Total assets	<u>\$ 101,769,636</u>	<u>\$ 103,104,396</u>	<u>\$ 53,356,635</u>	<u>\$ 53,538,691</u>	<u>\$ 155,126,271</u>	<u>\$ 156,643,087</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, 2019, Chatham County had total bonded debt outstanding of \$2,853,000 all of which is debt backed by the full faith and credit of the County.

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ -	\$ -	\$ 2,853,000	\$ 2,902,000	\$ 2,853,000	\$ 2,902,000
Revenue bonds	-	-	1,659,000	1,691,000	1,659,000	1,691,000
Other long-term obligations	180,550,068	73,724,625	7,074,932	7,730,375	187,625,000	81,455,000
Direct placement/borrowings	29,205,044	31,078,220	2,224,764	2,562,924	31,429,808	33,641,144
Premium on long-term obligations	14,159,395	2,222,406	-	-	14,159,395	2,222,406
Compensated absences	1,918,844	1,647,123	130,905	123,836	2,049,749	1,770,959
LGERS Pension	8,173,173	5,232,650	585,988	375,163	8,759,161	5,607,813
LEOSSA Pension	2,102,099	2,049,455	-	-	2,102,099	2,049,455
OPEB	8,012,392	6,208,056	574,460	445,096	8,586,852	6,653,152
Total	<u>\$ 244,121,015</u>	<u>\$ 122,162,535</u>	<u>\$ 15,103,049</u>	<u>\$ 15,830,394</u>	<u>\$ 259,224,064</u>	<u>\$ 137,992,929</u>

Chatham County's total general obligation bonds and other long-term obligations increased by \$96,451,144 (1.088%) over the past fiscal year. Limited Obligation Bonds in the amount of \$111,730,000 were issued in July 2018.

Chatham County maintained its Aa1 bond rating from Moody's Investor Service and it AAA rating from Standard and Poor's Corporation. This bond rating is an indication of the sound financial condition of Chatham County.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Chatham County is \$684,765,522.

Additional information regarding Chatham County's long-term debt can be found in Note 2 of this audited financial report.

Economic Factors and Next Year's Budgets and Rates

- Chatham continues to maintain a AAA rating from Standard and Poor's. Only eight other counties in North Carolina and 89 across the US have AAA ratings from Standard and Poor's. The County also maintained a rating from Moody's of Aa1.
- As of 2017, the latest data available, Chatham County has the second highest per capita income in the state, 36% higher than the state average.
- Chatham County's seasonally unadjusted unemployment rate (3.9% in August 2019) continues to trend well below the state (4.3%).
- The County's property tax rate increased from 62.81 cents/\$100 valuation of property in FY (fiscal year) 2019 to 67 cents in FY 2020. The FY 2019 collection percentage was 99.07%, up from 98.83 in the prior year.
- Total property values increased by 4.59%. Values for each part of the base are expected to increase/decrease as follows:
 - Real property, a 3.75% increase is projected in FY 2020, mostly from residential development.
 - Personal property, a 7.34% increase, resulting from increases in business property listings.
 - Public utility values, 2.08% decrease; Utility values are provided by NC Department of Revenue.
 - Motor vehicles, 15.52% increase due to increased vehicle purchases in the County and statewide collection of vehicle taxes;
 - Data for FY 2020 is not available, but in FY 2019 Chatham County's valuation per capita was \$150,105, a 4.6% increase over the prior year.

- In FY 2019, sales tax distributed based on where collected grew by 7%, compared to 3% statewide growth.
- Building permit revenue decreased by 4%, due in large part to the two hurricanes and extreme wet weather throughout the year that greatly slowed development. The number of residential building permits in FY 2019 was 632, a decrease from 718 the previous year. Building permit revenue was budgeted slightly higher for FY 2020 than FY 2019 to reflect the addition of handling and collecting Siler City inspection fees in FY 2020. Register of Deeds stamps, which are paid when properties are sold within the County, were down 1% from FY 2018.

Budget Highlights for the Fiscal Year Ending June 30, 2020

- **Governmental Activities:** Chatham's FY 2020 budget was developed to give substance to the goals adopted by the Board of Commissioners during its annual planning session in January 2019. The overarching vision is: "We envision Chatham County is a thriving community of healthy people living in, a safe environment that provides opportunities for prosperity for all." The vision is supported by the Board's adoption of the goals in the comprehensive plan and these additional long-term goals:
 - Demonstrate sound fiscal stewardship and economic support to ensure we can meet the important service needs of our residents.
 - Provide effective, efficient government that is responsive to the different needs of residents and varying circumstances across the County.
 - Support Pre-K through 12 and the community college in providing a quality education for all students.
 - The County continued to prioritize funding of Chatham County Schools. The budget fully funds the Board of Education's request to add \$1,540,000 to current expense to increase supplement funding and provide for inflationary increases and program enhancements in several areas. The budget implements the second phase of converting from a flat-rate supplement for licensed employees to one based on a percent of salary to ensure Chatham remains competitive with surrounding jurisdictions. The overall increase in operating funds for Chatham County Schools is \$5.1 million or 13%. In addition to the increase in current expense, the overall increase reflects initial debt payments for construction of a new elementary and high school, scheduled to open in August 2020 and August 2021, respectively.
 - The County is partnering with Central Carolina Community College to begin Chatham County Promise, a program that will guarantee up to two years of free tuition and fees at CCCC to all eligible Chatham County residents who graduate from high school in 2019 through 2022. The program requires \$200,000 in FY

2020. In addition, the general allocation for the college will increase by \$245,450 to support the opening of the new Health Sciences building in January of 2020. The Health Sciences building will expand program offerings in a growing field.

- The FY 2020-2026 Approved Capital Improvements Plan included 3 new debt-funded projects: 1) Replacement of the existing VHF/UHF radio system used by County public safety agencies; 2) Expansion of the Emergency Operations Center (EOC) and 3) Construction of a new Chatham County Schools Central Services Building. The FY2020 budget adds an additional contribution equivalent to 1.5 cents on the property tax rate (\$1.7 million) to the debt reserve to support these projects.
- Continuation of funding for the Affordable Housing Trust Fund includes an additional \$50,000 to the base \$200,000 to be earmarked for emergency rental housing. The Affordable Housing Trust Fund serves as seed money, a loan, or a grant for different project types. It may be used for land acquisition, rental subsidy, or gap funding. The budget also provides \$25,000 in funding to Rebuilding Together of the Triangle to continue their partnership with Council on Aging to address substandard housing.
- The Council on Aging will be severely impacted by significant cuts in state funding for FY 2020 at a time when the growth in the County's aging population is clear and compelling. The County budget allocates an additional \$177,140 to hold transportation services for seniors harmless in the face of a 50% reduction in the availability of NC Department of Transportation funds. The County has also approved an additional \$91,020 to support in-home aide personal care services to seniors and an increase of \$30,362 to restore the general allocation to pre-recession levels.
- A major undertaking that began in FY 2019 is the development of a Unified Development Ordinance (UDO). This multi-year project will modernize and streamline County rules and will operationalize many of the comprehensive plan recommendations. The FY 2020 budget includes \$90,000 towards the project.

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 Vicki McConnell, Deputy County Manager/Finance Officer, Chatham County, Post Office Box 608, Pittsboro, North Carolina 27312. You can also call (919)-542-8210, or visit our website www.chathamnc.org for more information.

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BASIC FINANCIAL STATEMENTS

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CHATHAM COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		Total	Chatham
	Governmental Activities	Business-Type Activities		County Board of Alcoholic Beverage Control
Assets:				
Current:				
Cash, cash equivalents and investments	\$ 116,703,898	\$ 28,449,708	\$ 145,153,606	\$ 730,956
Property taxes receivable, net	1,112,517	-	1,112,517	-
Accounts receivable, net	1,306,829	1,168,735	2,475,564	-
Due from other governments	6,689,444	61,673	6,751,117	-
Other receivables	-	202,845	202,845	-
Inventories	-	-	-	496,515
Prepaid items	-	-	-	31,579
Total current assets	125,812,688	29,882,961	155,695,649	1,259,050
Non-current assets:				
Cash - restricted	84,874,752	427,115	85,301,867	-
Net pension asset	145,431	-	145,431	-
Capital assets:				
Land, improvements and construction in progress	16,651,366	9,429,986	26,081,352	206,623
Other capital assets, net of depreciation	85,118,270	43,926,649	129,044,919	210,577
Total capital assets	101,769,636	53,356,635	155,126,271	417,200
Total non-current assets	186,789,819	53,783,750	240,573,569	417,200
Total assets	312,602,507	83,666,711	396,269,218	1,676,250
Deferred Outflows of Resources:				
Pension deferrals	6,587,076	456,456	7,043,532	68,665
OPEB deferrals	1,455,696	104,368	1,560,064	16,124
Charge on refunding	1,323,180	-	1,323,180	-
Total deferred outflows of resources	9,365,952	560,824	9,926,776	84,789
Liabilities:				
Accounts payable and accrued liabilities	12,304,017	566,339	12,870,356	277,215
Liabilities to be paid from restricted assets	1,031,305	427,115	1,458,420	-
Due to other governments	54,955	-	54,955	-
Long-term liabilities:				
Due within one year	10,552,959	1,180,523	11,733,482	-
Due in more than one year	233,568,056	13,922,526	247,490,582	103,996
Total long-term liabilities	244,121,015	15,103,049	259,224,064	103,996
Total liabilities	257,511,292	16,096,503	273,607,795	381,211
Deferred Inflows of Resources:				
Pension deferrals	229,973	6,205	236,178	820
OPEB deferrals	346,789	24,863	371,652	4,607
Prepaid taxes	292,844	-	292,844	-
Total deferred inflows of resources	869,606	31,068	900,674	5,427
Net Position:				
Net investment in capital assets	40,039,979	39,544,939	79,584,918	417,200
Restricted for:				
Stabilization by State Statute	7,932,324	-	7,932,324	-
Register of Deeds	353,346	-	353,346	-
Register of Deeds Pension Plan	172,809	-	172,809	-
Courthouse Clock	69,410	-	69,410	-
Emergency Telephone	398,894	-	398,894	-
Economic Development	20,519	-	20,519	-
Fire Protection	334,757	-	334,757	-
Law Enforcement	239,603	-	239,603	-
Working capital	-	-	-	131,943
Unrestricted	14,025,920	28,555,025	42,580,945	825,258
Total net position	\$ 63,587,561	\$ 68,099,964	\$ 131,687,525	\$ 1,374,401

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

CHATHAM COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 16,700,851	\$ 1,414,303	\$ 3,071,043	\$ -
Public safety	29,544,421	1,509,098	1,983,928	-
Economic and physical development	3,033,823	446,578	346,421	-
Human services	14,441,440	1,282,723	6,822,116	-
Cultural and recreational	2,638,700	277,460	415,346	-
Education	72,291,352	2,941,100	-	-
Interest on long-term debt	8,793,382	-	-	-
Total governmental activities	<u>147,443,969</u>	<u>7,871,262</u>	<u>12,638,854</u>	<u>-</u>
Business-Type Activities:				
Utility	7,070,801	8,828,589	37	-
Southeast Water District	665,634	771,243	-	-
Solid waste management	<u>3,487,136</u>	<u>3,213,435</u>	<u>194,458</u>	<u>-</u>
Total business-type activities	<u>11,223,571</u>	<u>12,813,267</u>	<u>194,495</u>	<u>-</u>
Total primary government	<u>\$ 158,667,540</u>	<u>\$ 20,684,529</u>	<u>\$ 12,833,349</u>	<u>\$ -</u>
Component Unit:				
Chatham County Board of Alcoholic Beverage Control	\$ 3,342,126	\$ 3,430,524	\$ -	\$ -

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

CHATHAM COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions / Programs	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Chatham County Board of Alcoholic Beverage Control
	Governmental Activities	Business Type Activities	Total	
Primary Government:				
Governmental Activities:				
General government	\$ (12,215,505)	\$ -	\$ (12,215,505)	
Public safety	(26,051,395)	-	(26,051,395)	
Economic and physical development	(2,240,824)	-	(2,240,824)	
Human services	(6,336,601)	-	(6,336,601)	
Cultural and recreational	(1,945,894)	-	(1,945,894)	
Education	(69,350,252)	-	(69,350,252)	
Interest on long-term debt	(8,793,382)	-	(8,793,382)	
Total governmental activities	<u>(126,933,853)</u>	<u>-</u>	<u>(126,933,853)</u>	
Business-Type Activities:				
Utility	-	1,757,825	1,757,825	
Southeast Water District	-	105,609	105,609	
Solid waste management	-	(79,243)	(79,243)	
Total business-type activities	<u>-</u>	<u>1,784,191</u>	<u>1,784,191</u>	
Total primary government	<u>(126,933,853)</u>	<u>1,784,191</u>	<u>(125,149,662)</u>	
Component Unit:				
Chatham County Board of Alcoholic Beverage Control				\$ <u>88,398</u>
General Revenues:				
Taxes:				
Property taxes, levied for general purposes	80,046,695	-	80,046,695	-
Local option sales tax	14,707,545	-	14,707,545	-
Other taxes and licenses	995,458	-	995,458	-
Grants and contributions not restricted	3,230,947	-	3,230,947	-
Unrestricted investment earnings	5,892,009	663,679	6,555,688	104
Miscellaneous	562,984	53,571	616,555	-
Total general revenues	<u>105,435,638</u>	<u>717,250</u>	<u>106,152,888</u>	<u>104</u>
Transfers	(26,532)	26,532	-	-
Total general revenues and transfers	<u>105,409,106</u>	<u>743,782</u>	<u>106,152,888</u>	<u>104</u>
Change in net position	(21,524,747)	2,527,973	(18,996,774)	88,502
Net Position:				
Beginning of year - July 1	<u>85,112,308</u>	<u>65,571,991</u>	<u>150,684,299</u>	<u>1,285,899</u>
End of year - June 30	<u>\$ 63,587,561</u>	<u>\$ 68,099,964</u>	<u>\$ 131,687,525</u>	<u>\$ 1,374,401</u>

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

CHATHAM COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	Major Funds					Total Nonmajor Funds	Total Governmental Funds
	General	Capital Reserve	Capital Improvements Project Reserve	Facilities Improvements	School Construction Fund		
Assets:							
Cash, cash equivalents, and investments	\$ 44,354,044	\$ 11,562,864	\$ 39,524,711	\$ 1,867,585	\$ 5,056,353	\$ 7,284,415	\$ 109,649,972
Cash - restricted	1,207,194	-	-	7,956,715	75,710,843	-	84,874,752
Property taxes receivable, net	991,080	-	-	-	-	121,437	1,112,517
Due from other governments	6,545,997	-	-	-	-	143,447	6,689,444
Other receivables	562,134	64,947	195,982	-	386,962	57,491	1,267,516
Total assets	<u>\$ 53,660,449</u>	<u>\$ 11,627,811</u>	<u>\$ 39,720,693</u>	<u>\$ 9,824,300</u>	<u>\$ 81,154,158</u>	<u>\$ 7,606,790</u>	<u>\$ 203,594,201</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:							
Liabilities:							
Accounts payable and accrued liabilities	\$ 2,822,174	\$ -	\$ -	\$ 900,523	\$ 6,357,075	\$ 17,158	\$ 10,096,930
Liabilities to be paid from restricted assets	1,031,305	-	-	-	-	-	1,031,305
Due to other governments	54,955	-	-	-	-	-	54,955
Total liabilities	<u>3,908,434</u>	<u>-</u>	<u>-</u>	<u>900,523</u>	<u>6,357,075</u>	<u>17,158</u>	<u>11,183,190</u>
Deferred Inflows of Resources:							
Prepaid taxes	277,453	-	-	-	-	15,391	292,844
Property taxes receivable	991,080	-	-	-	-	121,437	1,112,517
Health clinic receivable	24,636	-	-	-	-	-	24,636
Total deferred inflows of resources	<u>1,293,169</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,828</u>	<u>1,429,997</u>
Fund Balances:							
Restricted:							
Stabilization by State Statute	7,083,495	64,947	195,982	-	386,962	200,938	7,932,324
Register of Deeds	353,346	-	-	-	-	-	353,346
Courthouse Clock	-	-	-	-	-	69,410	69,410
Capital Projects	-	-	-	7,956,715	75,710,843	-	83,667,558
Emergency Telephone	-	-	-	-	-	398,894	398,894
Economic and Physical Development	-	-	-	-	-	20,519	20,519
Fire Protection	-	-	-	-	-	334,757	334,757
Law Enforcement	-	-	-	-	-	239,603	239,603
Committed:							
LEO Special Separation Allowance	770,904	-	-	-	-	-	770,904
Tax Revaluation	175,889	-	-	-	-	-	175,889
Housing Trust	58,000	-	-	-	-	-	58,000
Capital Projects	-	-	39,524,711	967,062	-	-	40,491,773
Assigned:							
Subsequent year's expenditures	7,426,342	8,500,000	-	-	-	-	15,926,342
General Government	-	3,062,864	-	-	-	148,695	3,211,559
Education	-	-	-	-	-	4,935,246	4,935,246
Cultural and Recreation	-	-	-	-	-	1,107,644	1,107,644
Unassigned	32,590,870	-	-	-	(1,300,722)	(2,902)	31,287,246
Total fund balances	<u>48,458,846</u>	<u>11,627,811</u>	<u>39,720,693</u>	<u>8,923,777</u>	<u>74,797,083</u>	<u>7,452,804</u>	<u>190,981,014</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 53,660,449</u>	<u>\$ 11,627,811</u>	<u>\$ 39,720,693</u>	<u>\$ 9,824,300</u>	<u>\$ 81,154,158</u>	<u>\$ 7,606,790</u>	

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

Total fund balance - governmental funds	\$ 190,981,014
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	101,769,636
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.	6,568,475
Charges related to advance refunding bond issue	1,323,180
Net pension asset	145,431
Pension related deferred outflows	6,587,076
OPEB related deferred outflows	1,455,696
Net pension liability - LGERS	(8,173,173)
Total pension liability - LEOSSA	(2,102,099)
Net OPEB liability	(8,012,392)
Deferred inflows of resources for taxes and other receivables	1,137,153
Pension related deferred inflows	(229,973)
OPEB related deferred inflows	(346,789)
Compensated absences not expected to be materially liquidated with expendable available resources.	(1,918,844)
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.	(225,596,830)
Net position of governmental activities	<u>\$ 63,587,561</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, 2019

	Major Funds						Total Nonmajor Funds	Total Governmental Funds
	General	Capital Reserve	Capital Improvement Project Reserve	Facilities Improvements	School Construction Fund			
Revenues:								
Ad valorem taxes	\$ 70,367,605	\$ -	\$ -	\$ -	\$ -	\$ 9,641,526	\$ 80,009,131	
Local option sales tax	14,707,545	-	-	-	-	-	14,707,545	
Other taxes	995,458	-	-	-	-	-	995,458	
Unrestricted intergovernmental	3,230,947	-	-	-	-	-	3,230,947	
Restricted intergovernmental	8,604,508	-	626,300	-	-	490,475	9,721,283	
Permits and fees	1,714,829	-	-	-	-	3,094,400	4,809,229	
Sales and services	2,566,085	-	-	-	-	-	2,566,085	
Investment earnings	2,560,254	255,658	745,423	-	1,900,477	234,162	5,695,974	
Other general revenues	2,852,383	-	-	-	-	610,078	3,462,461	
Total revenues	<u>107,599,614</u>	<u>255,658</u>	<u>1,371,723</u>	<u>-</u>	<u>1,900,477</u>	<u>14,070,641</u>	<u>125,198,113</u>	
Expenditures:								
Current:								
General government	11,030,719	-	-	174,155	-	150,810	11,355,684	
Public safety	20,226,764	-	-	165,799	-	10,200,185	30,592,748	
Economic and physical development	3,823,071	-	-	-	-	-	3,823,071	
Human services	15,862,442	-	-	-	-	-	15,862,442	
Cultural and recreational	2,589,592	-	-	-	-	99,928	2,689,520	
Intergovernmental:								
Education	35,346,742	-	-	5,473,300	32,366,658	-	73,186,700	
Capital outlay								
Debt service:								
Principal retirement	6,777,733	-	-	-	-	-	6,777,733	
Interest and fees	8,013,886	-	-	-	-	-	8,013,886	
Total expenditures	<u>103,670,949</u>	<u>-</u>	<u>-</u>	<u>5,813,254</u>	<u>32,366,658</u>	<u>10,450,923</u>	<u>152,301,784</u>	
Revenues over (under) expenditures	3,928,665	255,658	1,371,723	(5,813,254)	(30,466,181)	3,619,718	(27,103,671)	
Other Financing Sources (Uses):								
Transfers from other funds	12,982,558	3,355,595	19,432,683	400,127	1,581,471	231,375	37,983,809	
Transfers (to) other funds	(13,628,950)	(2,093,475)	(8,573,234)	(2,127,565)	(6,699,535)	(4,887,582)	(38,010,341)	
Total transfers from (to) other funds	<u>(646,392)</u>	<u>1,262,120</u>	<u>10,859,449</u>	<u>(1,727,438)</u>	<u>(5,118,064)</u>	<u>(4,656,207)</u>	<u>(26,532)</u>	
Debt proceeds:								
Premium on limited obligation bonds issued	-	-	-	1,644,163	12,058,928	-	13,703,091	
Limited obligation bonds issued	-	-	-	13,407,600	98,322,400	-	111,730,000	
Total bonds issued	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,051,763</u>	<u>110,381,328</u>	<u>-</u>	<u>125,433,091</u>	
Total other financing sources (uses)	<u>(646,392)</u>	<u>1,262,120</u>	<u>10,859,449</u>	<u>13,324,325</u>	<u>105,263,264</u>	<u>(4,656,207)</u>	<u>125,406,559</u>	
Net change in fund balances	3,282,273	1,517,778	12,231,172	7,511,071	74,797,083	(1,036,489)	98,302,888	
Fund Balances:								
Beginning of year - July 1	45,176,573	10,110,033	27,489,521	1,412,706	-	8,489,293	92,678,126	
End of year - June 30	<u>\$ 48,458,846</u>	<u>\$ 11,627,811</u>	<u>\$ 39,720,693</u>	<u>\$ 8,923,777</u>	<u>\$ 74,797,083</u>	<u>\$ 7,452,804</u>	<u>\$ 190,981,014</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, 2019**

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

Net changes in fund balances - total governmental funds \$ 98,302,888

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	1,860,947
Current year's depreciation	(3,164,030)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Amount of donated capital assets	6,650
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Cost of capital asset disposed of during the year, not recognized on modified accrual basis	(38,327)
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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.

Principal payment and amortization on long-term debt	8,543,835
Increase in accrued interest payable	(779,496)
Debt proceeds and premium	(125,433,091)
Deferred charge on refunding	(82,699)

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.

Compensated absences	(271,721)
OPEB plan expense	(524,267)
Contributions to pension plan in the current fiscal year	1,885,704
Pension expense - LGERS	(2,330,014)
Pension expense - ROD	(24,142)
Pension expense - LEOSA	(217,975)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental fund statements.	49,008
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Net revenue of the Self-Insurance Internal Service Fund determined to be governmental-type.	691,983
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Total change in net position of governmental activities	\$ (21,524,747)
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The accompanying notes are an integral part of the financial statements.

CHATHAM COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund			Variance With Final Budget Over/Under
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 68,773,000	\$ 68,773,000	\$ 70,367,605	\$ 1,594,605
Local option sales tax	13,600,000	13,600,000	14,707,545	1,107,545
Other taxes	924,700	934,700	995,458	60,758
Unrestricted intergovernmental	3,094,405	3,094,405	3,230,947	136,542
Restricted intergovernmental	5,901,090	6,690,492	8,604,508	1,914,016
Permits and fees	1,782,300	1,782,300	1,714,829	(67,471)
Sales and services	2,356,829	2,356,829	2,566,085	209,256
Investment earnings	175,000	175,000	2,391,755	2,216,755
Other general revenues	728,285	1,046,595	1,356,660	310,065
Total revenues	<u>97,335,609</u>	<u>98,453,321</u>	<u>105,935,392</u>	<u>7,482,071</u>
Expenditures:				
Current:				
General government	12,259,483	11,991,114	10,806,608	1,184,506
Public safety	20,624,414	21,037,641	20,257,733	779,908
Economic and physical development	3,039,392	3,341,051	3,100,779	240,272
Human services	16,351,006	17,212,329	15,862,442	1,349,887
Cultural and recreational	2,635,458	2,872,655	2,589,592	283,063
Intergovernmental:				
Education	34,966,271	35,357,342	35,346,742	10,600
Debt service:				
Principal retirement	6,777,736	6,777,736	6,777,733	3
Interest and fees	4,264,860	8,014,298	8,013,886	412
Total expenditures	<u>100,918,620</u>	<u>106,604,166</u>	<u>102,755,515</u>	<u>3,848,651</u>
Revenues over (under) expenditures	<u>(3,583,011)</u>	<u>(8,150,845)</u>	<u>3,179,877</u>	<u>11,330,722</u>
Other Financing Sources (Uses):				
Transfers from other funds	10,724,660	14,474,098	12,982,558	(1,491,540)
Transfers to other funds	<u>(13,104,680)</u>	<u>(14,228,951)</u>	<u>(14,228,950)</u>	<u>1</u>
Total other financing sources (uses)	<u>(2,380,020)</u>	<u>245,147</u>	<u>(1,246,392)</u>	<u>(1,491,539)</u>
Appropriated fund balance	<u>5,963,031</u>	<u>7,905,698</u>	<u>-</u>	<u>(7,905,698)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,933,485</u>	<u>\$ 1,933,485</u>
Fund Balances:				
Beginning of year - July 1			<u>38,548,080</u>	
End of year - June 30			<u>\$ 40,481,565</u>	

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

CHATHAM COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities - Enterprise				Governmental
	Utility	Southeast Water District	Solid Waste and Recycling	Total	Self-Insurance Internal Service
Assets:					
Current assets:					
Cash, cash equivalents, and investments	\$ 22,973,229	\$ 559,280	\$ 4,917,199	\$ 28,449,708	\$ 7,053,926
Cash - restricted	396,521	30,344	250	427,115	-
Receivables, net	979,172	131,998	57,565	1,168,735	3,665
Due from other governments	13,702	-	47,971	61,673	-
Other receivables	121,048	4,753	77,044	202,845	35,648
Total current assets	<u>24,483,672</u>	<u>726,375</u>	<u>5,100,029</u>	<u>30,310,076</u>	<u>7,093,239</u>
Capital assets:					
Land, improvements, and construction in progress	8,934,481	-	495,505	9,429,986	-
Other capital assets, net of depreciation	<u>37,309,924</u>	<u>4,457,357</u>	<u>2,159,368</u>	<u>43,926,649</u>	<u>-</u>
Total capital assets, net	<u>46,244,405</u>	<u>4,457,357</u>	<u>2,654,873</u>	<u>53,356,635</u>	<u>-</u>
Total assets	<u>70,728,077</u>	<u>5,183,732</u>	<u>7,754,902</u>	<u>83,666,711</u>	<u>7,093,239</u>
Deferred Outflows of Resources:					
Pension deferrals	290,658	-	165,798	456,456	-
OPEB deferrals	<u>66,458</u>	<u>-</u>	<u>37,910</u>	<u>104,368</u>	<u>-</u>
Total deferred outflows of resources	<u>357,116</u>	<u>-</u>	<u>203,708</u>	<u>560,824</u>	<u>-</u>
Liabilities:					
Current liabilities:					
Accounts payable and accrued liabilities	258,251	46,693	261,395	566,339	524,764
Liabilities to be paid from restricted assets	396,521	30,344	250	427,115	-
Compensated absences payable	56,047	-	34,021	90,068	-
General obligation bonds payable	-	51,000	-	51,000	-
Revenue bonds payable	-	33,000	-	33,000	-
Installment notes payable	<u>1,006,455</u>	<u>-</u>	<u>-</u>	<u>1,006,455</u>	<u>-</u>
Total current liabilities	<u>1,717,274</u>	<u>161,037</u>	<u>295,666</u>	<u>2,173,977</u>	<u>524,764</u>
Non-current liabilities:					
Compensated absences payable	33,758	-	7,079	40,837	-
Net pension liability	373,140	-	212,848	585,988	-
Total OPEB liability	<u>365,800</u>	<u>-</u>	<u>208,660</u>	<u>574,460</u>	<u>-</u>
General obligation bonds payable	-	2,802,000	-	2,802,000	-
Revenue bonds payable	-	1,626,000	-	1,626,000	-
Installment notes payable	<u>8,293,241</u>	<u>-</u>	<u>-</u>	<u>8,293,241</u>	<u>-</u>
Total non-current liabilities	<u>9,065,939</u>	<u>4,428,000</u>	<u>428,587</u>	<u>13,922,526</u>	<u>-</u>
Total liabilities	<u>10,783,213</u>	<u>4,589,037</u>	<u>724,253</u>	<u>16,096,503</u>	<u>524,764</u>
Deferred Inflows of Resources:					
Pension deferrals	3,951	-	2,254	6,205	-
OPEB deferrals	<u>15,832</u>	<u>-</u>	<u>9,031</u>	<u>24,863</u>	<u>-</u>
Total deferred inflows of resources	<u>19,783</u>	<u>-</u>	<u>11,285</u>	<u>31,068</u>	<u>-</u>
Net Position:					
Net investment in capital assets	36,944,709	(54,643)	2,654,873	39,544,939	-
Unrestricted	<u>23,337,488</u>	<u>649,338</u>	<u>4,568,199</u>	<u>28,555,025</u>	<u>6,568,475</u>
Total net position	<u>\$ 60,282,197</u>	<u>\$ 594,695</u>	<u>\$ 7,223,072</u>	<u>\$ 68,099,964</u>	<u>\$ 6,568,475</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, 2019

	Business-Type Activities - Enterprise			Governmental	
	Utility	Southeast Water District	Solid Waste and Recycling	Self-Insurance Internal Service	
Operating Revenues:					
Charges for services	\$ 8,828,589	\$ 771,243	\$ 3,213,435	\$ 12,813,267	\$ 6,762,306
Other operating revenues	37	-	-	37	-
Total operating revenues	<u>8,828,626</u>	<u>771,243</u>	<u>3,213,435</u>	<u>12,813,304</u>	<u>6,762,306</u>
Operating Expenses:					
Operating expenses	5,439,484	387,305	3,190,146	9,016,935	6,266,358
Depreciation	1,229,198	106,339	296,990	1,632,527	-
Total operating expenses	<u>6,668,682</u>	<u>493,644</u>	<u>3,487,136</u>	<u>10,649,462</u>	<u>6,266,358</u>
Operating income (loss)	<u>2,159,944</u>	<u>277,599</u>	<u>(273,701)</u>	<u>2,163,842</u>	<u>495,948</u>
Non-Operating Revenues (Expenses):					
Investment earnings	532,417	19,256	112,006	663,679	196,035
Interest and other charges	(402,119)	(171,990)	-	(574,109)	-
Gain on disposal of assets	-	-	53,571	53,571	-
Other grants and revenue	-	-	194,458	194,458	-
Total non-operating revenues (expenses)	<u>130,298</u>	<u>(152,734)</u>	<u>360,035</u>	<u>337,599</u>	<u>196,035</u>
Income before transfers	2,290,242	124,865	86,334	2,501,441	691,983
Transfers from other funds, net	<u>26,532</u>	<u>-</u>	<u>-</u>	<u>26,532</u>	<u>-</u>
Change in net position	2,316,774	124,865	86,334	2,527,973	691,983
Net Position:					
Beginning of year - July 1	<u>57,965,423</u>	<u>469,830</u>	<u>7,136,738</u>	<u>65,571,991</u>	<u>5,876,492</u>
End of year - June 30	<u>\$ 60,282,197</u>	<u>\$ 594,695</u>	<u>\$ 7,223,072</u>	<u>\$ 68,099,964</u>	<u>\$ 6,568,475</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, 2019

	Business-Type Activities - Enterprise			Governmental	
	Utility	Southeast Water District	Solid Waste and Recycling	Self-Insurance Internal Service	
Cash Flows from Operating Activities:					
Cash received from customers	\$ 8,756,323	\$ 735,840	\$ 3,158,412	\$ 12,650,575	\$ 6,761,362
Cash paid for goods and services	(4,179,194)	(387,305)	(2,227,492)	(6,793,991)	(6,190,801)
Cash paid to or on behalf of employees for services	(1,540,211)	-	(732,818)	(2,273,029)	-
Customer deposits	16,045	569	(1,500)	15,114	-
Net cash provided (used) by operating activities	3,052,963	349,104	196,602	3,598,669	570,561
Cash Flows from Non-Capital Financing Activities:					
Intergovernmental non-operating revenues/transfers received	78,704	-	244,390	323,094	-
Net cash provided (used) by non-capital financing activities	78,704	-	244,390	323,094	-
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(1,210,453)	-	(240,764)	(1,451,217)	-
Principal paid on bonds, notes and capital leases	(993,603)	(81,000)	-	(1,074,603)	-
Interest paid on bonds, notes and capital leases	(405,630)	(172,823)	-	(578,453)	-
Net cash provided (used) by capital and related financing activities	(2,609,686)	(253,823)	(240,764)	(3,104,273)	-
Cash Flows from Investing Activities:					
Interest on investments	485,545	17,133	102,814	605,492	182,687
Net increase (decrease) in cash and cash equivalents	1,007,526	112,414	303,042	1,422,982	753,248
Cash and Cash Equivalents:					
Beginning of year - July 1	22,362,224	477,210	4,614,407	27,453,841	6,300,678
End of year - June 30	\$ 23,369,750	\$ 589,624	\$ 4,917,449	\$ 28,876,823	\$ 7,053,926
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 2,159,944	\$ 277,599	\$ (273,701)	\$ 2,163,842	\$ 495,948
Adjustment to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation	1,229,198	106,339	296,990	1,632,527	-
Changes in assets and liabilities, and deferred outflows and inflows of resources:					
(Increase) decrease in accounts receivable	(72,303)	(35,403)	(55,023)	(162,729)	(944)
(Increase) decrease in deferred outflows of resources - pension	(105,839)	-	(60,373)	(166,212)	-
(Increase) decrease in deferred outflows of resources - OPEB	(55,977)	-	(31,933)	(87,910)	-
Increase (decrease) in net pension liability	134,247	-	76,578	210,825	-
Increase (decrease) in OPEB liability	82,376	-	46,988	129,364	-
Increase (decrease) in deferred inflows of resources - pensions	(2,463)	-	(1,405)	(3,868)	-
Increase (decrease) in deferred inflows of resources - OPEB	(3,516)	-	(2,005)	(5,521)	-
Increase (decrease) in accounts payable and accrued liabilities	(336,319)	-	202,487	(133,832)	75,557
Increase (decrease) in customer deposits	16,045	569	(1,500)	15,114	-
Increase (decrease) in accrued vacation pay	7,570	-	(501)	7,069	-
Total adjustments	893,019	71,505	470,303	1,434,827	74,613
Net cash provided (used) by operating activities	\$ 3,052,963	\$ 349,104	\$ 196,602	\$ 3,598,669	\$ 570,561

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

CHATHAM COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2019

	<u>Agency Funds</u>
Assets:	
Cash, cash equivalents, and investments	\$ 194,561
Property taxes receivables, net	135,319
Due from other governmental agencies	75,328
Other receivables	<u>1,120</u>
Total assets	<u>\$ 406,328</u>
Liabilities:	
Accounts payable and other accrued liabilities	
Due to agency participants	\$ 38,857
Due to other government agencies	<u>367,471</u>
Total liabilities	<u>\$ 406,328</u>

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

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CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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 73,139. 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 services. 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 district. 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 serve as the governing board for the District. The County has operational responsibility for the District.	None Issued
Southwest Water District	Blended	Under State law [NCGS 162A-89], the County's board of commissioners also serve as the governing board for the District. The County will have operational responsibility for the District.	None Issued
Northwest Water District	Blended	Under State law [NCGS 162A-89], the County's board of commissioners also serve as the governing board for the District. The County will have operational responsibility for 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, US 15-501 Chapel Hill, NC 27516

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-Wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government's 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. Because the operations of the County's Internal Service Fund benefits predominantly governmental activities the Internal Service Fund has been included within the governmental activities in the government-wide statements.

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 of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major 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 required to be accounted for in another fund. The Tax Revaluation Fund, Housing Trust Fund, Law Enforcement Separation Allowance Fund and the Coal Ash Fund are legally budgeted funds under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, they are consolidated in the General Fund.

Capital Reserve Fund. This fund is used to account for monies set aside by the County to fund general capital projects that are not funded through debt service, including school roof replacements, renovations to existing school buildings, school mobile classrooms, telephone system replacements, software system replacements, and renovations to existing county buildings.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Capital Improvement Project Reserve Fund. The County transfers annually an amount equivalent to seven and seven tenths cents on the property tax rate into this fund. The money will be used to fund debt service on a variety of general capital projects, including a new high school, an elementary school, and a health sciences building.

Facilities Improvements 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 and Recycling 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:

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Detention Center Fund, which accounts for money deposited on behalf of detention facility inmates; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to 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; 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 Impact Fees Fund, the Bynum Canoe Access/Easement Monitoring Fund, the Courthouse Clock Fund, the Library Foundation Fund, and the Special Fire District Funds are reported as nonmajor special revenue funds. The Tech/System Improvement Project Fund, County Parks Project Fund, and Emergency Vehicle Replacement Capital Reserve Project are reported as nonmajor capital project funds.

Internal Service Fund. 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 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.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, and donations 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 and sewer 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. Issuances 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 for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Since September 1, 2013, the State of North Carolina has been responsible for billing and collecting the property taxes on registered vehicles on behalf of all municipalities and special tax districts. These property taxes are due when vehicles are registered. Motor vehicle property tax revenues are applicable to the fiscal year in which they are received. Uncollected taxes that were billed by the County for periods prior to September 1, 2013 or those for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Sales taxes and certain intergovernmental revenues, such as the beer and wine 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. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. 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 is both restricted and unrestricted net position 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 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, including the Self-Insurance Internal Service Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the General Capital Projects Funds and Enterprise Capital Projects Funds. The Enterprise Capital Projects Funds are consolidated with the enterprise operating funds for reporting purposes.

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 project 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 tie until the annual ordinance can be adopted.

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, 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).

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

The majority of the County and the ABC Board's investments are carried at fair value. Non-participating interest earning investment contracts are accounted for at cost.

The North Carolina Capital Management Trust (NCCMT) is a SEC registered money market mutual fund allowable by G.S. 159-30(c)(8). The NCCMT Governmental Portfolio is a 2a-7 fund maintaining an AAAM rating from S&P. The NCCMT term Portfolio is a bond fund, has no rating and has a duration of .11 years. Both the NCCMT Government and Term Portfolios have a weighted average maturity and are reported at fair value.

2. Cash and Cash Equivalents

The County pools moneys 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 all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

3. Restricted Assets

The unexpended bond proceeds of the Facilities Improvement and School Capital Projects Funds are classified as restricted assets because their use is restricted to ongoing capital projects for which the bonds were originally issued. Money in the Tax Revaluation Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Customer deposits and financial guarantees held by the County before any services are supplied are restricted to the service for which they were collected.

Restricted Cash		
Governmental Activities:		
General Fund	Tax revaluaton	\$ 175,889
	Customer deposits	36,726
	Financial guarantees	994,579
Facilities Improvements fund	Unexpended bond proceeds	7,956,715
School Construction Fund	Unexpended bond proceeds	75,710,843
Total Governmental Activities		<u>\$ 84,874,752</u>
Business-Type Activities:		
Utility Fund	Customer deposits	396,521
Southeast Water District	Customer deposits	30,344
Waste Management	Customer deposits	250
Total Business-type Activities		<u>\$ 427,115</u>
Total Restricted Cash		<u>\$ 85,301,867</u>

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2018.

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 bad debts has been provided.

6. Inventories and Prepaid Items

The inventories of the ABC Board are valued at the lower of cost or net realizable value using the first-in, first-out method. The ABC Board has prepaid expenses that consist of prepaid insurance and prepaid maintenance contract.

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 County as assets with an initial, individual cost of more than \$2,500 and an estimated useful life of more than one year. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. 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 limited obligation bonds and installment purchase financing for the purpose 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 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 and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets 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.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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	
Plant and Distribution System	50 years	
Computer, Equipment, and Vehicles	3-5 years	4-10 years
Leasehold Improvements		10-40 years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net financial 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 the following items that meet this criterion – a charge on refunding, pension related deferrals, and OPEB related deferrals. In addition to liabilities, the statement of financial 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 the following items that meet the criterion for this category - prepaid taxes, property taxes receivable, health clinic receivables, pension related deferrals and OPEB related deferrals.

9. Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statements of net position. In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources. Bond premiums and discounts are amortized over the life of the bonds using the straight line method which approximates the effective interest method. Bonds payable are recorded net of any applicable premiums or discounts. Bond issuance costs, except for prepaid insurance costs, are expenses in the reporting period in which they are incurred.

The County's general obligation bonds were issued to finance the construction of facilities utilized in the operations of the Southeast Water District system and are being retired by its resources and reported as long-term debt in the Southeast Water District Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the County. Principal and interest requirement are appropriated when due.

The County has constructed new school facilities, county office facilities, made water system improvements and purchased equipment under private-placement loan agreements, limited obligation bonds, loans from the North Carolina Department of Environment and Natural Resources, and the United States Department of Agriculture. Loan agreements are recorded in the appropriate columns of the government-wide and proprietary fund financial statements. The Southeast Water District issued revenue bonds to construct water lines within the District. Loan agreements are recorded in the proprietary fund financial statements.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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. An expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned in the County's government-wide and proprietary funds.

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 accruals for sick leave have been made.

11. 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 a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through state statute.

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 intact.

Restricted Fund Balance - This classification includes revenue sources that are restricted to specific purposes externally imposed or imposed by law.

Restricted for Stabilization by State Statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Per GASB guidance, RSS is considered a resource upon which a restriction is “imposed by law through constitutional provisions or enabling legislation.” RSS is reduced by inventories and prepaids as they are classified as non-spendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the Balance Sheet.

Restricted for Register of Deeds - portion of fund balance that is restricted by revenue source for automation and imaging enhancement improvements for the Register of Deeds’ office.

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

Restricted for Emergency Telephone – portion of fund balance restricted by state statute to enhance the County’s 911 system.

Restricted for Law Enforcement – portion of fund balance restricted by state statute for law enforcement.

Restricted for Fire Protection – portion of fund balance restricted by revenue source for fire protection.

Restricted for Economic and Physical Development – portion of fund balance restricted by revenue source for economic and physical development

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

The difference in restricted Fund Balance on Exhibit C from restricted net position on Exhibit A is ROD pension plan of \$172,809 and unexpended debt proceeds of \$83,667,558.

Committed Fund Balance - This classification represents the portion of fund balance that can only be used for specific purpose imposed by majority vote of Chatham County’s Governing Board (highest level of decision-making authority). Any changes or removal of specific purposes requires majority action by the governing board.

Committed for Tax Revaluation – portion of fund balance that can only be used for Tax Revaluation.

Committed for Capital Projects - portion of fund balance to be used for the construction of capital projects. The governing board has adopted an ordinance committing these funds to these projects.

Committed for LEO pension obligation – portion of fund balance that will be used for the Law Enforcement Officers’ Special Separation Allowance obligations.

Committed for Housing Trust – portion of fund balance to be used for Board designated affordable housing projects. The governing board has adopted a policy committing the use of these funds for emergency housing.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Assigned Fund Balance - Portion of fund balance that Chatham County's Governing Board has budgeted for specific purposes.

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 board 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 General Government - portion of fund balance budgeted by the Board for capital reserve expenditures.

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 - Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The General Fund may report a positive unassigned fund balance. In governmental funds other than the General fund, it may be necessary to report a negative unassigned fund balance if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned for those purposes.

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 unassigned 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 FISCAL YEAR ENDED JUNE 30, 2019

Reconciliation of the Statement of Revenues, Expenditures, and Fund Balance – Budget and Actual – General Fund to the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds

The Coal Ash Fund, Law Enforcement Separation Allowance Fund, Housing Trust Fund, and Tax Revaluation Fund are consolidated into the General Fund for reporting purposes on the Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds (Exhibit D). Fund balance for the General Fund is reconciled as follows:

	Revaluation Fund	Coal Ash Fund	Housing Trust Fund	Law Enforcement Separation Allowance Fund	Total
Fund balance, ending - General Fund (Exhibit F)	\$ -	\$ -	\$ -	\$ -	\$40,481,565
Revenues:					
Investemnt earnings	-	153,420	-	15,079	168,499
Other general revenues	-	1,495,723	-	125,000	1,620,723
Total Revenues	-	1,649,143	-	140,079	1,789,222
Expenditures:					
General government	224,111	-	-	-	-
Public safety	-	-	-	94,031	94,031
Economic and physical development	-	580,292	142,000	-	722,292
Cultural and recreational	-	-	-	-	-
Total Expenditures	224,111	580,292	142,000	94,031	816,323
Total revenues over expenditures	(224,111)	1,068,851	(142,000)	46,048	972,899
Other financing sources (uses)					
Transfers in	400,000	-	200,000	-	600,000
Transfers out	-	-	-	-	-
Total other financing sources (uses)	400,000	-	200,000	-	600,000
Total revenues and other financing sources over expenditures and other finacing uses	175,889	1,068,851	58,000	46,048	1,572,899
Fund balance:					
Beginning of year - July 1	-	5,900,180	-	728,313	6,628,493
End of year - June 30	\$ 175,889	\$ 6,969,031	\$ 58,000	\$ 774,361	7,977,281
Total ending fund balance (Exhibit D)					\$48,458,846

12. Defined Benefit-Cost Sharing Plans

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees’ Retirement System (LGERS) and the Registers of Deeds’ Supplemental Pension Fund (RODSPF) (collectively, the “state-administered defined benefit pension plans”). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans’ fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments for all plans are reported at fair value.

E. Reconciliation of Government-wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position.

The governmental fund Balance Sheet includes a reconciliation between total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide Statement of Net Position. The net adjustment of \$(127,393,453) consists of the following:

Capital assets (net) used in governmental activities are not financial resources and are therefore not reported in the funds	\$ 101,769,636
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.	6,568,475
Charges related to advance refunding bond issue	1,323,180
Net pension asset	145,431
Pension related deferred outflows	6,587,076
OPEB related deferred outflows	1,455,696
Pension related deferred inflows	(229,973)
OPEB related deferred inflows	(346,789)
Deferred inflows of resources for taxes and other receivables	1,137,153
Liabilities that because they are not due and payable in the current period, do not require current resources to pay and are not reported in the fund statements:	
Bonds and installment financing	(223,914,507)
Accrued interest payable	(1,682,323)
Compensated absences	(1,918,844)
Net pension liability - LGERS	(8,173,173)
Total pension liability - LEOSSA	(2,102,099)
Net OPEB liability	<u>(8,012,392)</u>
Total adjustment	<u>\$ (127,393,453)</u>

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-Wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. The total adjustment of \$(119,827,635) is comprised of the following:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 1,860,947
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(3,164,030)
Cost of disposed capital asset not recorded in fund statements	(38,327)
Issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes resources of governmental funds. Neither transaction has any effect on net position. 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.	
Debt proceeds and premium	(125,433,091)
Principal Payments	8,543,835
Deferred charge on refunding	(82,699)
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	1,885,704
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded in the fund statements.	
Difference in interest expense between fund statements and government wide statement (modified accrual) and government wide statement (full accrual)	(779,496)
Compensated absences	(271,721)
OPEB plan expense	(524,267)
Pension expense:	
Local Government Employee Retirement System (LGERS)	(2,330,014)
Register of Deeds (LGERS-ROD)	(24,142)
Law Enforcement Officers Special Separation Allowance (LEOSSA)	(217,975)
Revenues reported in the statement of activities that do not provide current resources are not recorded in the fund statements:	
Fair value of donated asset not recorded in the fund statements	6,650
Net revenue of the Self-Insurance Internal Service Fund determined to be governmental-type	691,983
Increase in deferred inflows of resources at end of year - taxes receivable	49,008
	\$ (119,827,635)

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

II. Detail Notes on All Funds

A. Assets

1. Deposits

All of the County's and the ABC Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding 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 their agents in the entities' 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 with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or 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 that deposits are properly secured. The County and the ABC Board have no formal policy regarding custodial credit risk for deposits.

At June 30, 2019, the County's deposits had a carrying amount of \$3,032,184 and a bank balance of \$3,877,539. Of the bank balance, \$752,919 was covered by federal depository insurance, \$3,124,620 was covered by collateral held under the Pooling Method. The County had \$1,925 of cash on hand at year-end.

At June 30, 2019, the carrying amount of deposits for Chatham County ABC Board was \$728,956 and the bank balance was \$701,328. All of the bank balance was covered by federal depository insurance except for \$141,486. The ABC Board had \$2,000 of cash on hand at year-end.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

2. Investments

As of June 30, 2019, the County had the following investments and maturities:

<i>Investment Type</i>	Valuation	Fair Value	Less Than 6	6-12	1-5 Years
	Measurement Method		Months	Months	
US Government Agencies	Fair Value-Level 2	77,845,276	12,974,248	11,770,635	53,100,393
US Government Treasuries	Fair Value-Level 1	93,334,861	47,221,282	27,711,334	18,402,245
Commerical Paper	Fair Value-Level 2	28,891,291	28,891,291	-	-
NC Capital Management Trust - Government Portfolio	Fair Value-Level 1	16,990,578	16,990,578	N/A	N/A
NC Capital Management Trust - Term Portfolio	Fair Value-Level 1	10,553,919	10,553,919	-	-
Total		<u>\$ 227,615,925</u>	<u>\$ 116,631,318</u>	<u>\$ 39,481,969</u>	<u>\$ 71,502,638</u>

** As of June 30, 2019, the NCCMT Term Portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.*

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1 – Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 – Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County has an informal investment policy that requires purchases of securities to be tiered with staggered maturity dates and 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, 2019, 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 Government Portfolio carried a credit rating of AAAM by Standard & Poor’s as of June 30, 2019. 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.

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, 2019, all of the County’s investments were in the County’s name.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Concentration of Credit 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 a 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. More than 5% of the County’s investments are in the following issuers:

	Percent of total investments
Federal Farm Credit Bank	19.82%
Federal Home Loan Bank	22.92%
Federal Home Loan Mortgage Corporation	18.98%
Federal National Mortgage Association	10.63%

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
2016	\$	5,234,510	\$ 1,243,244	\$ 6,477,754
2017		5,433,831	801,522	6,235,353
2018		5,484,947	315,387	5,800,333
2019		5,852,960	-	5,852,960
Total	\$	22,006,247	\$ 2,360,153	\$ 24,366,401

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

4. Receivables

Receivables at the government-wide level at June 30, 2019, were as follows:

	Taxes	Accounts	Interest	Due from	Total
	Receivable	Receivable	Receivable	Other	Governments
Governmental Activities:					
General	\$ 1,608,386	\$ 518,373	\$ 165,655	\$ 6,545,997	\$ 8,838,411
Other governmental	200,973	-	705,382	143,447	1,049,802
Internal service	-	3,665	35,648	-	39,313
Total	1,809,359	522,038	906,685	6,689,444	9,927,526
Allowance for doubtful accounts	696,842	121,894	-	-	818,736
Total governmental activities	\$ 1,112,517	\$ 400,144	\$ 906,685	\$ 6,689,444	\$ 9,108,790
Business-Type Activities					
Utility	\$ -	\$ 1,069,014	\$ 121,048	\$ 13,702	\$ 1,203,764
Southeast water district	-	143,476	4,753	-	148,229
Solid waste management	-	95,264	77,044	47,971	220,279
Total	-	1,307,754	202,845	61,673	1,572,272
Allowance for doubtful accounts	-	139,019	-	-	139,019
Total business-type activities	\$ -	\$ 1,168,735	\$ 202,845	\$ 61,673	\$ 1,433,253

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

Governmental Activities:

Local Option Sales Tax	\$ 3,911,698
Sales Tax Refunds	573,495
Motor Vehicle Tax	451,960
Federal and State Grants	1,752,291
Total governmental activities	\$ 6,689,444

Business-Type Activities:

Solid Waste Disposal Tax	\$ 13,184
White Goods Disposal Tax	7,636
Scrap Tire Tax	27,151
Local municipalities	13,702
Total business-type activities	\$ 61,673

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

5. Capital Assets

Governmental capital asset activity for the year ended June 30, 2019, was as follows:

	Balance			Transfers	Balance
	July 1, 2018	Increases	Decreases	In (Out)	July 1, 2019
Non-depreciable assets:					
Land	\$ 13,374,796	\$ 3,145	\$ -	\$ -	\$ 13,377,941
Construction in progress	17,098,403	628,852	-	(14,453,830)	3,273,425
Total	<u>30,473,199</u>	<u>631,997</u>	<u>-</u>	<u>(14,453,830)</u>	<u>16,651,366</u>
Depreciable assets:					
Buildings	79,780,715	-	-	12,455,061	92,235,776
Equipment and vehicles	16,915,798	1,235,600	830,923	2,021,775	19,342,250
Total	<u>96,696,513</u>	<u>1,235,600</u>	<u>830,923</u>	<u>14,476,836</u>	<u>111,578,026</u>
Less accumulated depreciation for:					
Buildings	11,314,163	1,548,851	-	-	12,863,014
Equipment and vehicles	12,751,153	1,615,179	792,596	23,006	13,596,742
Total	<u>24,065,316</u>	<u>3,164,030</u>	<u>792,596</u>	<u>23,006</u>	<u>26,459,756</u>
Depreciable assets, net	<u>72,631,197</u>	<u>(1,928,430)</u>	<u>38,327</u>	<u>14,453,830</u>	<u>85,118,270</u>
Total governmental activities capital assets, net	<u>\$ 103,104,396</u>	<u>\$ (1,296,433)</u>	<u>\$ 38,327</u>	<u>\$ -</u>	<u>\$ 101,769,636</u>

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

Governmental Activities:

General government	\$ 1,040,731
Public safety	1,452,236
Human services	307,925
Economic and Physical Development	55,410
Cultural and recreational	307,728
Total	<u>\$ 3,164,030</u>

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Enterprise Fund capital asset activity for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Increases	Decreases	Transfers In (Out)	Balance July 1, 2019
Utility Fund Non-depreciable assets:					
Land	\$ 484,753	\$ -	\$ -	\$ -	\$ 484,753
Construction in progress	8,854,202	1,183,559	-	(1,588,033)	8,449,728
Total	9,338,955	1,183,559	-	(1,588,033)	8,934,481
Depreciable assets:					
Buildings	5,478,618	-	-	-	5,478,618
Equipment and vehicles	2,472,268	26,894	-	1,588,033	4,087,195
Distribution lines	48,013,176	-	-	-	48,013,176
Total	55,964,062	26,894	-	1,588,033	57,578,989
Less accumulated depreciation:					
Buildings	5,122,594	51,473	-	-	5,174,067
Equipment and vehicles	1,503,376	147,953	-	-	1,651,329
Distribution lines	12,413,897	1,029,772	-	-	13,443,669
Total	19,039,867	1,229,198	-	-	20,269,065
Depreciable assets, net	36,924,195	(1,202,304)	-	1,588,033	37,309,924
Total utility fund capital assets, net	\$ 46,263,150	\$ (18,745)	\$ -	\$ -	\$ 46,244,405
Southeast Water District:					
Depreciable assets:					
Distribution lines	\$ 5,307,500	\$ -	\$ -	\$ -	\$ 5,307,500
Less accumulated depreciation:					
Distribution lines	743,804	106,339	-	-	850,143
Depreciable assets, net	4,563,696	(106,339)	-	-	4,457,357
Total Southeast Water District Fund capital assets, net	\$ 4,563,696	\$ (106,339)	\$ -	\$ -	\$ 4,457,357

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Balance July 1, 2018	Increases	Decreases	Transfers In (Out)	Balance July 1, 2019
Solid Waste Management Non-depreciable assets:					
Land	\$ 495,505	\$ -	\$ -	\$ -	\$ 495,505
Depreciable assets:					
Buildings	3,500,195	-	-	-	3,500,195
Equipment and vehicles	<u>2,429,943</u>	<u>240,764</u>	<u>167,936</u>	<u>(23,006)</u>	<u>2,479,765</u>
Total	<u>5,930,138</u>	<u>240,764</u>	<u>167,936</u>	<u>(23,006)</u>	<u>5,979,960</u>
Less accumulated depreciation:					
Buildings	1,772,946	51,918	-	-	1,824,864
Equipment and vehicles	<u>1,940,852</u>	<u>245,072</u>	<u>167,190</u>	<u>(23,006)</u>	<u>1,995,728</u>
Total	<u>3,713,798</u>	<u>296,990</u>	<u>167,190</u>	<u>(23,006)</u>	<u>3,820,592</u>
Depreciable assets, net	<u>2,216,340</u>	<u>(56,226)</u>	<u>746</u>	<u>-</u>	<u>2,159,368</u>
Total Solid Waste Management Fund capital assets, net	<u>\$ 2,711,845</u>	<u>\$ (56,226)</u>	<u>\$ 746</u>	<u>\$ -</u>	<u>\$ 2,654,873</u>
Total Enterprise fund capital assets	<u>\$ 53,538,691</u>	<u>\$ (181,310)</u>	<u>\$ 746</u>	<u>\$ -</u>	<u>\$ 53,356,635</u>

6. Net Investment in Capital Assets

	Governmental Activities	Business- Type Activities
Capital assets, net of depreciation	<u>\$ 101,769,636</u>	<u>\$ 53,356,635</u>
Long-term debt	209,755,112	13,811,696
Add premium on long-term obligations	14,159,395	-
Less debt not tied to capital assets	<u>(162,184,850)</u>	<u>-</u>
Long-term debt related to capital assets	<u>61,729,657</u>	<u>13,811,696</u>
Invested in capital assets net of related debt	<u>\$ 40,039,979</u>	<u>\$ 39,544,939</u>

CHATHAM COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

7. Discretely Presented Component Units

Activity for the ABC Board for the year ended June 30, 2019, was as follows:

	Balance			Balance
	July 1, 2018	Additions	Disposals	July 1, 2019
Depreciable assets:				
Non-depreciable assets:				
Land	\$ 160,854	\$ 36,904	\$ -	\$ 197,758
Construction in progress	<u>8,865</u>	<u>-</u>	<u>-</u>	<u>8,865</u>
Total	<u>169,719</u>	<u>36,904</u>	<u>-</u>	<u>206,623</u>
Depreciable assets:				
Leasehold improvements	275,596	-	-	275,596
Equipment and fixtures	<u>161,351</u>	<u>36,942</u>	<u>-</u>	<u>198,293</u>
Total	<u>436,947</u>	<u>36,942</u>	<u>-</u>	<u>473,889</u>
Less accumulated depreciation:				
Furniture/equipment and leasehold improvements	<u>215,417</u>	<u>47,895</u>	<u>-</u>	<u>263,312</u>
Total	<u>215,417</u>	<u>47,895</u>	<u>-</u>	<u>263,312</u>
Total ABC Board capital assets, net	<u>\$ 391,249</u>	<u>\$ 25,951</u>	<u>\$ -</u>	<u>\$ 417,200</u>

8. Construction Commitments

The County has active construction projects as of June 30, 2019. The projects include an elementary school, a high school, and a community college health sciences building. At June 30, 2019, the County's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Chatham Grove Elementary School	13,600,197	13,284,315
Health Sciences Building	6,045,691	3,316,453
Seaforth High School	<u>14,431,937</u>	<u>47,289,020</u>
Totals	<u>\$ 34,077,825</u>	<u>\$ 63,889,788</u>

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2019, were as follows:

	Vendors	Salaries and Benefits	Claims Liability	Total
Governmental activities:				
General	\$ 3,716,776	\$ 787,721	\$ -	\$ 4,504,497
Internal service	86,764	-	438,000	524,764
Other governmental	<u>7,274,756</u>	<u>-</u>	<u>-</u>	<u>7,274,756</u>
Total governmental activities	<u>\$ 11,078,296</u>	<u>\$ 787,721</u>	<u>\$ 438,000</u>	<u>\$ 12,304,017</u>
Business-type activities:				
Utility	\$ 225,047	\$ 33,204	\$ -	\$ 258,251
Southeast water district	46,693	-	-	46,693
Solid waste management	<u>245,144</u>	<u>16,251</u>	<u>-</u>	<u>261,395</u>
Total business-type activities	<u>\$ 516,884</u>	<u>\$ 49,455</u>	<u>\$ -</u>	<u>\$ 566,339</u>

2. Operating Leases

The ABC Board occupies a facility in Moncure that had an operating lease agreement which expired January 31, 2016. The facility is being leased on a month-to-month basis. The base rental rate was \$1,075 and was adjusted annually. The monthly rent at June 30, 2019 and 2018 was \$1,125 and \$1,075, respectively.

The Governor's Village facility has an operating lease agreement with a five-year term, which expires October 31, 2021. The monthly rent at June 30, 2019 and 2018 was \$4,545 and \$4,413, respectively.

The ABC Board has an operating lease for Chatham Crossing, 1132 US Highway 15-501 N, Suite 302, Chapel Hill, North Carolina. The lease is a ten year lease expiring June 28, 2022. The monthly rent at June 30, 2019 and 2018 was \$5,175 and \$5,029, respectively.

Total lease expense for the years ended June 30, 2019 and 2018 amounted to \$136,243 and \$143,927, respectively.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Minimum future lease payments are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2020	\$ 115,312
2021	117,160
2022	<u>80,502</u>
Total	<u>\$ 312,974</u>

3. Pension Plan and Other Postemployment 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 membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. 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, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.75% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,912,737 for the year ended June 30, 2019.

Refunds of Contributions – County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the County reported a liability of \$8,759,161 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the County's proportion was .369% (measured as of June 30, 2018), which was an increase of .002% from its proportion as of June 30, 2018 (measured as of June 30, 2017).

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

For the year ended June 30, 2019, the County recognized pension expense of \$2,497,069. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,351,330	\$ 45,344
Changes of assumptions	2,324,343	-
Net difference between projected and actual earnings on pension plan investments	1,202,373	-
Changes in proportion and difference between County contributions and proportionate share of contributions	32,174	47,401
County contributions subsequent to the measurement date	1,912,737	-
Total	\$ 6,822,957	\$ 92,745

The \$1,912,737 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2020	\$ 2,345,547
2021	1,517,721
2022	264,853
2023	689,354
2024	-
Thereafter	-
	\$ 4,817,475

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent	
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor	
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation	

The plan actuary currently uses mortality rates based on the RP-2014 *Total Data Set for Healthy Annuitants Mortality Table* that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 21,040,264	\$ 8,759,161	\$ (1,503,120)

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

b. Law Enforcement Officers' Special Separation Allowance

1. 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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. 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. A separate report was not issued for the plan.

All full-time County law enforcement officers are covered by the Separation Allowance. At the December 31, 2017 valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	5
Active plan members	<u>101</u>
Total	<u><u>106</u></u>

2. 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.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statement 73.

3. Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2017 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount Rate	3.64 percent

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

The discount rate used to measure the TPL is the S&P Municipal Bond 20-Year High Grade Rate Index. The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2014. Other key assumptions include:

Deaths After Retirement (Healthy): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 104% for males and 100% for females.

Deaths Before Retirement: RP-2014 Employee base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

Deaths After Retirement (Beneficiary): RP-2014 Health Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 123% for males and females.

Deaths After Retirement (Disabled): RP-2014 Disabled Retiree base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 103% for males and 99% for females.

4. 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 cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The County paid \$94,031 as benefits came due for the reporting period. Administration costs of the separation allowance are paid in the General Fund. There were no contributions made by employees.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the County reported a total pension liability of \$2,102,099. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was rolled forward to December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the County recognized pension expense of \$218,836.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 27,404	\$ 15,861
Changes of assumptions	107,392	116,187
County benefit payments and plan administrative expense made subsequent to the measurement date	47,016	-
Total	\$ 181,812	\$ 132,048

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

The County paid \$47,016 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pension which will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30:

2020	\$	1,571
2021		1,571
2022		1,571
2023		2,328
2024		1,854
Thereafter		<u>(6,147)</u>
	\$	<u>2,748</u>

Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate

The following presents the County's total pension liability calculated using the discount rate of 3.64 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	<u>1% Decrease</u> <u>(2.64%)</u>	<u>Discount Rate</u> <u>(3.64%)</u>	<u>1% Increase</u> <u>(4.64%)</u>
Total pension liability	\$ 2,320,856	\$ 2,102,099	\$ 1,906,174

**Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance**

	<u>2019</u>
Beginning Balance	\$ 2,049,455
Service Cost	153,127
Interest on the total pension liability	63,277
Changes in benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	32,315
Changes of assumptions or other inputs	(102,044)
Benefit payments	(94,031)
Other changes	-
Net pension obligation, end of year	<u>\$ 2,102,099</u>

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.16 percent at June 30, 2018 to 3.64 percent at June 30, 2019.

Changes in Benefit Terms. Reported compensation adjusted to reflect the assumed rate of pay as of the valuation date.

The plan currently uses mortality tables that vary by age and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2014.

c. Supplemental Retirement Income Plan for Law Enforcement Officers (401k)

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 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, 2019 were \$301,464, which consisted of \$246,688 from the County and \$54,776 from law enforcement officers. No amounts were forfeited.

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, the employees may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2019 were \$1,163,802, which consisted of \$860,458 from the County and \$303,344 from employees.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2019 were \$70,037.

f. Registers of Deeds' Supplemental Pension Fund

Plan Description. The County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, cost-sharing multiple-employer benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government 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. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. 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, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$6,899 for the year ended June 30, 2019.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the County reported an asset of \$145,431 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2019, the County's proportion was .878%, which was a decrease of .002% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the County recognized pension expense of \$24,142. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,282	\$ 6,638
Changes of assumptions	6,840	-
Net difference between projected and actual earnings on pension plan investments	23,181	-
Changes in proportion and difference between County contributions and proportionate share of contributions	561	4,747
County contributions subsequent to the measurement date	6,899	-
Total	\$ 38,763	\$ 11,385

\$6,899 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2020.

Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2020	\$	8,441
2021		1,607
2022		6,831
2023		3,600
2024		-
Thereafter		-
	\$	20,479

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary Increases	3.50 to 7.75 percent, including inflation and productivity factor
Discount Rate	3.75 percent net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2014. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2018 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that System contributions will continue to follow the current funding policy. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Sensitivity of the County's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension asset (liability)	\$ 114,665	\$ 145,431	\$ 171,378

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for LGERS and ROD was measured as of December 31, 2017, and the total pension liability used to calculate the net position liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of December 31, 2018, with an actuarial valuation date of December 31, 2017. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expenses:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of Net Pension Asset (Liability)	\$ (8,759,161)	\$ 145,431		\$ (8,613,730)
Proportion of the Net Pension Asset (Liability)	(0.36922%)	0.87805%	n/a	
Total Pension Liability	\$ -	\$ -	\$ (2,102,099)	\$ (2,102,099)
Pension Expense	\$ 2,497,069	\$ 24,142	\$ 217,975	\$ 2,739,186

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 1,351,330	\$ 1,282	\$ 27,404	\$ 1,380,016
Changes of assumptions	2,324,343	6,840	107,392	2,438,575
Net difference between projected and actual earnings on pension plan investments	1,202,373	23,181	-	1,225,554
Changes in proportion and differences between County contributions and proportionate share of contributions	32,174	561	-	32,735
County contributions (LGERS,ROD)/benefits payments and administration costs (LEOSSA) subsequent to the measurement date	1,912,737	6,899	47,016	1,966,652
	<u>\$ 6,822,957</u>	<u>\$ 38,763</u>	<u>\$ 181,812</u>	<u>\$ 7,043,532</u>
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ 45,344	\$ 6,638	\$ 15,861	\$ 67,843
Changes of assumptions	-	-	116,187	116,187
Changes in proportion and differences between County contributions and proportionate share of contributions	47,401	4,747	-	52,148
	<u>\$ 92,745</u>	<u>\$ 11,385</u>	<u>\$ 132,048</u>	<u>\$ 236,178</u>

h. Other Postemployment Benefits

Healthcare Benefits

Plan Description. The County and the ABC Board under the terms of resolutions, administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The Boards have the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. Retirees qualify for benefits 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. The County is self-insured for its health care coverage and contributes funding for all employee groups annually. Currently, 13 retirees are eligible for post-employment health benefits. 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 premium cost for pre-medicare eligible health coverage for the retiree. For members that retire with at least 25 years of service, the County pays 75% of the premium cost for pre-

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Medicare eligible health coverage. For members that retire with at least 20 years of service, the County pays 50% of the premium cost for pre-Medicare eligible health coverage. Retirees who qualify for coverage receive the same benefits as active employees. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare. The retiree is responsible for paying the entire premium cost of dependent coverage if dependent coverage is elected. The plan may be amended by the Board of Commissioners. A separate report was not issued for the plan.

<u>Years of County Service at Retirement</u>	<u>County Contribution</u>
30 or more	100.00%
25-29	75.00%
20-24	50.00%
Less than 20	Not Eligible

Membership of the other post-employment health benefit plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	13
Active plan members	487
Total	500

Total OPEB Liability

The County's total OPEB liability of \$8,586,852 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified.

Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases, including wage inflation	
General Employees	3.50%-7.75%
Law Enforcement Officers	3.50%-7.35%
Municipal Bond Index Rate (Discount)	
Prior Measurement Date	3.56%
Measurement Date	3.89%
Health Care Cost Trends, Pre-Medicare	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

The discount rate used to measure the total OPEB liability was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Bond Buyer.

Changes in the total OPEB Liability:

Total OPEB Liability as of June 30, 2018	\$ <u>6,653,152</u>
Changes for the year:	
Service Cost	440,217
Interest	232,649
Changes of benefit terms	-
Differences between expected and actual experience	1,035,430
Changes of assumptions or other inputs	463,615
Benefit payments	<u>(238,211)</u>
Net changes	<u>1,933,700</u>
Total OPEB Liability as of June 30, 2019	<u>\$ 8,586,852</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56% to 3.89% due to a change in the Municipal Bond Rate.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

	<u>1% Decrease (2.89%)</u>	<u>Discount Rate (3.89%)</u>	<u>1% Increase (4.89%)</u>
Total OPEB Liability	\$ 9,709,035	\$ 8,586,852	\$ 7,608,494

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using current healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 7,388,416	\$ 8,586,852	\$ 10,051,342

CHATHAM COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the County recognized OPEB expense of \$800,064. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 913,039	\$ 7,961
Changes of assumptions	408,814	363,691
Benefit payments and administrative costs made subsequent to the measurement date	238,211	-
Total	\$ 1,560,064	\$ 371,652

\$238,211 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

Year Ended June 30:

2020	\$	119,392
2021		119,392
2022		119,392
2023		119,392
2024		119,392
Thereafter		353,241
	\$	950,201

h. 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. Because all death benefit payments are made from the Death Benefit Plan and not by the County,

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

the County does not determine the number of eligible participants. 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. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. 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.

4. Deferred Outflows and Inflows of Resources

The County has several deferred inflows and outflows of resources. The deferred amounts are comprised of the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Charges on refunding of debt	\$ 1,323,180	\$ -
Pensions - difference between projected and actual investment earnings	1,225,554	-
Pensions - net difference between expected and actual experience	2,293,055	75,804
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	32,735	52,148
Pensions/OPEB - change of assumptions	2,847,389	479,878
Contributions to pension plans subsequent to the measurement date (LGERS, ROD)	1,919,636	-
Benefit payments for the OPEB plan paid subsequent to the measurement date	238,211	-
Benefit payments and admin costs paid subsequent to the measurement date (LEOSSA)	47,016	-
Prepaid taxes not yet earned (General)	-	277,453
Prepaid taxes not yet earned (Special Revenue)	-	15,391
Total	<u>\$ 9,926,776</u>	<u>\$ 900,674</u>

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

5. Closure and Postclosure Landfill 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, 2019 were approximately \$11,659. 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 required 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 is an estimate subject to changes resulting from inflation, technology, or changes in applicable laws or regulations. Future post-closure costs will expensed as incurred.

6. 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 replacement cost up to a limit of \$153,411,611. The County carries flood insurance for non-flood zones 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. The County carries a workers' compensation policy that has a \$1,000,000 per occurrence limit, with a \$1,000,000 per employee limit and a total \$1,000,000 policy limit. The County self-insures for employee health coverage, which is administered by a private company, with a stop loss provision of \$125,000 per occurrence. The maximum lifetime benefit is unlimited, in accordance with health care 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. In accordance with G.S. 159-29, the County's employees that have access to \$100 or more of the County's funds at any given time are performance bonded through a commercial surety bond. The Finance Officer, Register of Deed and Tax Collector are each individually bonded for \$100,000. The Sheriff is individually bonded for \$25,000. The remaining employees that have access to funds are bonded under a blanket bond for \$300,000.

The ABC Board has commercial property, general liability, auto liability, liquor legal liability, workmen's compensation and employee health coverage. There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the last three fiscal years. Each Board member and employees designated as General Manager and Finance Officer are bonded in the amount of \$50,000 secured by a corporate surety.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

7. Contingent Liabilities and Commitments

At June 30, 2019, the County was a defendant to various lawsuits. 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.

The County self-insures 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, 2017	\$ 348,000
Additions	4,305,278
Benefits paid	<u>(4,285,278)</u>
Accrued claims and judgments, June 30, 2018	368,000
Additions	5,400,984
Benefits paid	<u>(5,330,984)</u>
Accrued claims and judgments, June 30, 2019	<u>\$ 438,000</u>

8. 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. In the event of a default, the County agrees to pay to the Purchaser, on demand, interest on any and all amounts due and owing by the County under this Agreement.

The County's general obligation bonds payable at June 30, 2019 is comprised of the following individual issue:

Serviced by the County's Southeast Water District:

\$3,200,000 Bonds issued March 23, 2010, interest at 4%; due serially to 2049 \$2,853,000

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ -	\$ -	\$ 51,000	\$ 114,120
2021	-	-	53,000	112,080
2022	-	-	56,000	109,960
2023	-	-	58,000	107,720
2024	-	-	60,000	105,400
2025-2029	-	-	339,000	488,880
2030-2034	-	-	412,000	415,560
2035-2039	-	-	501,000	326,240
2040-2044	-	-	611,000	217,640
2045-2049	-	-	712,000	85,400
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,853,000</u>	<u>\$ 2,083,000</u>

b. Revenue Bonds

In March 2010, the County's Southeast Water District issued \$1,886,000 of direct placement revenue bonds through the USDA to provide funds for the acquisition and construction of major water system capital improvements. The revenue bonds do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any of the County's property or upon its income, receipts, or revenues. 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 of its property in connection with any default under the bond order.

The County's revenue bonds payable at June 30, 2019 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	\$ 234,000
\$1,624,000 Bonds issued March 23, 2010, interest at 4%; due serially to 2049	<u>1,425,000</u>
	<u>\$ 1,659,000</u>

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

<u>Year Ending June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 33,000	\$ 55,673
2021	34,000	54,570
2022	35,000	53,435
2023	37,000	52,268
2024	38,000	51,028
2025-2029	207,000	235,360
2030-2034	245,000	198,248
2035-2039	289,000	154,337
2040-2044	341,000	102,442
2045-2049	400,000	41,212
	\$ 1,659,000	\$ 998,573

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 Bond 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, 2019, is as follows:

Operating revenues	\$ 771,243
Operating expenses	<u>(493,644)</u>
Operating income*	277,599
Nonoperating revenues (expenses)**	<u>(96,285)</u>
Income available for debt service	181,314
Debt service, principal and interest paid (Revenue bond only)	<u>\$ 88,449</u>
Debt service coverage ratio	205%

* Per revenue covenants, this does not include depreciation of \$106,339

** Per revenue covenants, this does not include revenue bond interest of \$56,449

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

c. Other Long-Term Obligations

The County has executed various other long-term obligations including Quality School Construction 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.

Other long-term debt payables by the County at June 30, 2019 are comprised of the following individual issues:

Governmental Activities:

Direct Placements:

\$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	\$ 20,103,517
\$17,050,000 Private placement loan with Capital Bank 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	7,050,000
Qualified School Construction Bonds (QSCB) in the amount of \$4,396,129 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%.	<u>2,051,527</u>
Total Direct Placements	<u>29,205,044</u>

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Other Long-Term Obligations:

Limited Obligation Bonds Series 2012 in the amount of \$6,717,498 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. 3,935,068

Limited Obligation Bonds Series 2013 in the amount of \$15,495,000 issued in January 2013 for the construction of a new detention facility; due in semi-annual payments with interest at 2.00%. To 4.00% maturing in 2033; collateralized by the real estate 11,395,000

Limited Obligation Bonds Series 2014 in the amount of \$45,445,000 issued in November 2014 for the construction of a new agriculture center, the Margaret Pollard Middle School and a joint county-school garage; due in semi-annual payments with interest at 3.00% to 5.00%; maturing in 2033; collateralized by real estate 36,895,000

Limited obligation bonds Series 2015 (refunding) in the amount of \$21,655,000 issued in July 2015; interest at 2.00% to 5.00%; due serially to 2035. Proceeds used 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, other miscellaneous school capital projects; collateralized by real estate 16,595,000

Limited Obligation Bonds Series 2018 in the amount of \$111,730,000 issued in July 2018 for the construction of a new high school, a new elementary school and a Health Science Community College Facility; interest at 3.00% to 5.00% due serially to 2038; collateralized by real estate 111,730,000

Total other long term obligations 180,550,068

Total Governmental Activities \$ 209,755,112

Business-type Activities

Direct Borrowings

\$355,645 State revolving loan with North Carolina Department of Environment and Natural Resources; due in annual installments with an interest rate of 2.55% maturing in 2020 17,782

\$6,229,235 State revolving loan with North Carolina Department of Environment and Natural Resources; due in annual installments with an interest rate of 2.305%; maturing in 2026 2,180,232

\$151,580 State revolving loan with North Carolina Department of Environment and Natural Resources; due in annual installments with an interest rate of 2.80%; maturing in 2021 26,750

2,224,764

Other long term obligations

\$12,077,502 Refunding limited obligation bonds, Series 2012 issued April 5, 2012; interest at 1.00% to 5.00 %; due serially to 2029 7,074,932

Total Business-type Activities \$ 9,299,696

Total other long-term obligations \$ 219,054,808

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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 June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 6,105,195	\$ 8,925,067	\$ 1,006,455	\$ 371,274
2021	6,264,771	7,653,797	1,004,736	336,339
2022	12,501,463	8,246,247	1,024,016	301,150
2023	12,530,285	7,680,374	1,037,590	261,495
2024	12,529,461	7,112,364	1,060,081	217,448
2025-2029	61,875,450	26,973,496	4,166,818	415,526
2030-2034	50,039,669	13,937,243	-	-
2035-2039	37,069,608	4,863,814	-	-
2040-2044	3,352,729	1,490,526	-	-
2045-2049	3,910,373	932,882	-	-
2050-2053	3,576,108	282,972	-	-
	<u>\$ 209,755,112</u>	<u>\$ 88,098,782</u>	<u>\$ 9,299,696</u>	<u>\$ 1,903,232</u>

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

d. Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2019:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Current</u> <u>Portion</u>
Governmental Activities:					
Other long-term obligations	\$ 73,724,625	\$ 111,730,000	\$ 4,904,557	\$ 180,550,068	\$ 4,766,704
Direct placement installment purchase	31,078,220		1,873,176	29,205,044	1,338,491
Premium on long-term obligations	2,222,406	13,703,091	1,766,102	14,159,395	3,196,922
Net Pension Liability-LGERS	5,232,650	2,940,523	-	8,173,173	-
Total Pension Liability-LEOSSA	2,049,455	52,644	-	2,102,099	-
Total OPEB Liability	6,208,056	1,804,336	-	8,012,392	-
Compensated absences	1,647,123	1,522,563	1,250,842	1,918,844	1,250,842
Total Governmental Activities	<u>\$ 122,162,535</u>	<u>\$ 131,753,157</u>	<u>\$ 9,794,677</u>	<u>\$ 244,121,015</u>	<u>\$ 10,552,959</u>
Business-Type Activities:					
Solid Waste and Recycling:					
Net Pension Liability-LGERS	\$ 136,270	\$ 76,578	\$ -	\$ 212,848	\$ -
Total OPEB Liability	161,672	46,988	-	208,660	-
Compensated absences	41,601	33,520	34,021	41,100	34,021
Total Solid Waste Management:	<u>339,543</u>	<u>157,086</u>	<u>34,021</u>	<u>462,608</u>	<u>34,021</u>
Southeast Water District:					
General obligation bonds	2,902,000	-	49,000	2,853,000	51,000
Direct placement revenue bonds	1,691,000	-	32,000	1,659,000	33,000
Total Southeast Water District	<u>4,593,000</u>	<u>-</u>	<u>81,000</u>	<u>4,512,000</u>	<u>84,000</u>
Utility:					
Other long-term obligations	7,730,375	-	655,443	7,074,932	668,295
Direct borrowings	2,562,924		338,160	2,224,764	338,160
Net Pension Liability-LGERS	238,893	134,247	-	373,140	-
Total OPEB Liability	283,424	82,376	-	365,800	-
Compensated absences	82,235	63,617	56,047	89,805	56,047
Total Utility:	<u>10,897,851</u>	<u>280,240</u>	<u>1,049,650</u>	<u>10,128,441</u>	<u>1,062,502</u>
Total Business Type Activities	<u>\$ 15,830,394</u>	<u>\$ 437,326</u>	<u>\$ 1,164,671</u>	<u>\$ 15,103,049</u>	<u>\$ 1,180,523</u>

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

At June 30, 2019, Chatham County had a legal debt margin of \$684,765,522.

The County's outstanding notes from direct placements related to governmental activities of \$29,205,044 contain a provision that in an event of default, outstanding amounts become immediately due if the County is unable to make payment. Net pension liability, total pension liability, and net other postemployment liability for governmental activities are all typically liquidated in the General Fund. Compensated absences for governmental activities typically have been liquidated in the General Fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

Debt Related to Capital Activities – Of the total Governmental Activities debt listed, only \$40,039,979 relates to assets to which the County holds title.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2019, 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	\$ 8,554,390	\$ -	Fund debt on planned capital
Major Governmental	Capital Improvements Project Reserve Fund	-	8,554,390	projects.
Major Governmental	General Fund	165,676	-	Fund current facilities capital
Major Governmental	Facilities Improvements Fund	-	165,676	project
Major Governmental	General Fund	4,259,204	-	Fund debt on planned capital
Non-Major Governmental	Impact Fees Fund	-	4,259,204	projects.
Major Governmental	General Fund	3,288	-	Fund land purchases
Non-Major Governmental	Recreation Payment in Lieu Fund	-	3,288	
Non-Major Governmental	Emergency Telephone System Fund	2,258	-	Reimburse E911 fund for
Major Governmental	General Fund	-	2,258	expenses.
Major Governmental	Capital Reserve	2,830,433	-	Fund future capital projects.
Major Governmental	General Fund	-	2,830,433	
Major Governmental	Capital Reserve	525,162	-	Close project out to capital
Non-Major Governmental	Tech/Systems Improvement Project	-	525,162	reserve to fund future
Major Governmental	Capital Improvements Project Reserve Fund	1,961,889	-	Close project out to capital
Major Governmental	Facilities Improvements Fund	-	1,961,889	reserve to fund future
Major Governmental	Capital Improvements Project Reserve Fund	10,771,259	-	Service future debt on planned
Major Governmental	General Fund	-	10,771,259	capital projects
Major Governmental	Capital Improvements Project Reserve Fund	6,699,535	-	Repayment of funds used for
Major Governmental	School Construction Project	-	6,699,535	initial capital project expenses.
Non-Major Governmental	Tech/Systems Improvement Project	104,189	-	Close project out to capital
Major Governmental	Capital Reserve	-	104,189	reserve to fund future
Major Governmental	Facilities Improvements Fund	400,127	-	Close project out to capital
Major Governmental	Capital Reserve	-	400,127	reserve to fund future
Non-Major Governmental	Parks Project Fund	25,000	-	Fund current parks capital
Major Governmental	General Fund	-	25,000	project
Non-Major Governmental	Parks Project Fund	99,928	-	Fund park expenses
Non-Major Governmental	Recreation Payment in Lieu Fund	-	99,928	
Major Governmental	School Construction Project	1,562,627	-	Fund current school capital
Major Governmental	Capital Reserve	-	1,562,627	projects
Major Governmental	School Construction Project	18,844	-	Fund current school capital
Major Governmental	Capital Improvements Project Reserve Fund	-	18,844	projects
Major Governmental	Capital Reserve	-	26,532	Fund capital project expenses
Total Governmental Transfers		\$ 37,983,809	\$ 38,010,341	
Enterprise	Utility Capital Projects Fund	26,532	-	Fund capital project expenses
Enterprise	Utility Operating Fund	609,943	-	Fund capital project expenses
Enterprise	Utility Capital Reserve Fund	-	609,943	
Enterprise	Utility Capital Projects Fund	1,157,077	-	Fund capital project expenses
Enterprise	Utility Capital Reserve Fund	-	1,157,077	
Total Enterprise Transfers		\$ 1,793,552	\$ 1,767,020	
Grand Total		\$ 39,777,361	\$ 39,777,361	

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

ABC Board

The ABC Board had long-term liabilities as of June 30, 2019 of \$103,996, which included \$74,492 of other postemployment benefits and net pension liability of \$29,504.

D. Fund Balance

Chatham County has a revenue spending policy that provides a policy for programs with multiple revenue sources. The Finance Officers will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, city 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.

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

Total Fund Balance-General Fund	\$ 48,458,846
Less:	
Restricted:	
Stablization by State Statute	7,083,495
Register of Deeds	353,346
Committed:	
LEO Special Separation Allowance	770,904
Revaluation	175,889
Housing Trust	58,000
Assigned:	
Subsequent Year's Expenditures	7,426,342
County Fund Balance Policy Minimum	<u>21,560,947</u>
Remaining Fund Balance	<u>\$ 11,029,923</u>

Chatham County has 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.

III. Related Organization

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, 2019.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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 participates 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, 2019. The County appropriated \$416,731 to the Authority to supplement its activities for the year ended June 30, 2019.

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 non-voting 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 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 \$781,444 to the Community College for operating purposes during the fiscal year ended June 30, 2019. The participating governments do not have an equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2019.

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 \$373,484 to the Corporation during the fiscal year ended June 30, 2019. 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, 2019.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Complete financial statements for the Chatham County Economic Development Corporation may be obtained from the Corporation's administrative offices at 964 East Street, Pittsboro, North Carolina 27312.

V. Jointly Governed Organization

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 \$127,821 to the Council during the fiscal year ended June 30, 2019.

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 August of 2013 pursuant to NC G.S. 14-234. Walter Petty did not participate in any way or vote on the resolution. The County paid \$27,715 to Atlantic Power Solutions Inc. during the fiscal year ended June 30, 2019.

VII. 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.

VIII. Significant Effects of Subsequent Events

On July 12, 2019, the County refunded a 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. The par amount was \$7,120,000.

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REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- Schedule of Proportionate Share of the Net Pension Liability (Asset) for the Local Government Employees' Retirement System
- Schedule of County Contributions - Local Governmental Employees' Retirement System
- Schedule of the County's Proportionate Share of the Net Pension Asset – Register of Deeds' Supplemental Pension Fund
- Schedule of County Contributions - Register of Deeds' Supplemental Pension Fund
- Schedule of Changes in Total Pension Liability for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Changes in the Net OPEB Liability and Related Ratios - Healthcare Benefits Plan

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CHATHAM COUNTY, NORTH CAROLINA

**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (ASSET)
LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
LAST SIX FISCAL YEARS***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.369%	0.367%	0.366%	0.341%	0.332%	0.321%
County's proportionate share of the net pension liability (asset) \$	\$ 8,759,161	\$ 5,607,813	\$ 7,760,106	\$ 1,534,786	\$ (1,960,376)	\$ 3,868,077
County's covered payroll	\$ 22,889,672	\$ 22,413,231	\$ 20,498,220	\$ 20,508,359	\$ 19,459,465	\$ 18,620,663
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	38.267%	25.020%	37.857%	7.484%	-10.074%	20.773%
Plan fiduciary net position as a percentage of the total pension liability	92.000%	94.180%	91.470%	98.090%	102.640%	94.350%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ended June 30.

* Information for this schedule is not presented retroactively.

Ten years of information will be presented as additional years of information becomes available.

CHATHAM COUNTY, NORTH CAROLINA

SCHEDULE OF COUNTY CONTRIBUTIONS
 LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
 LAST SIX FISCAL YEARS *

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,912,737	\$ 1,763,243	\$ 1,675,171	\$ 1,401,182	\$ 1,465,177	\$ 1,326,337
Contributions in relation to the contractually required contribution	<u>1,912,737</u>	<u>1,763,243</u>	<u>1,675,171</u>	<u>1,401,182</u>	<u>1,465,177</u>	<u>1,326,337</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 24,085,796	\$ 22,889,672	\$ 22,413,231	\$ 20,498,220	\$ 20,508,359	\$ 19,459,465
Contributions as a percentage of covered payroll	7.941%	7.703%	7.474%	6.836%	7.140%	7.110%

* Information for this schedule is not presented retroactively.

Ten years of information will be presented as additional years of information becomes available.

CHATHAM COUNTY, NORTH CAROLINA

**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (ASSET)
REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND
LAST SIX FISCAL YEARS***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.878%	0.876%	0.820%	0.840%	0.828%	0.800%
County's proportionate share of the net pension liability (asset) \$	\$ (145,431)	\$ (149,543)	\$ (153,131)	\$ (194,731)	\$ (187,622)	\$ (170,953)
County's covered payroll	78,589	79,152	73,773	67,399	67,396	65,053
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-185.053%	-188.931%	-207.571%	-288.923%	-278.387%	-262.790%
Plan fiduciary net position as a percentage of the total pension liability	153.310%	153.770%	160.170%	197.290%	193.880%	190.500%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ended June 30.

* Information for this schedule is not presented retroactively.

 Ten years of information will be presented as additional years of information becomes available.

CHATHAM COUNTY, NORTH CAROLINA

SCHEDULE OF COUNTY CONTRIBUTIONS
REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND
LAST SIX FISCAL YEARS *

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 6,899	\$ 7,514	\$ 7,612	\$ 7,299	\$ 6,116	\$ 6,758
Contributions in relation to the contractually required contribution	<u>6,899</u>	<u>7,514</u>	<u>7,612</u>	<u>7,299</u>	<u>6,116</u>	<u>6,758</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 80,946	\$ 78,589	\$ 79,152	\$ 73,773	\$ 67,399	\$ 67,396
Contributions as a percentage of covered payroll	8.523%	9.561%	9.617%	9.894%	9.074%	10.027%

* Information for this schedule is not presented retroactively.

Ten years of information will be presented as additional years of information becomes available.

CHATHAM COUNTY, NORTH CAROLINA

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST THREE FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 2,049,455	\$ 1,804,635	\$ 1,716,137
Service cost	153,127	128,004	134,235
Interest on the total pension liability	63,277	68,070	60,310
Differences between expected and actual experience in the measurement of the total pension liability	32,315	(22,711)	-
Changes of assumptions or other inputs	(102,044)	153,782	(52,457)
Benefit payments	<u>(94,031)</u>	<u>(82,325)</u>	<u>(53,590)</u>
Ending balance of the total pension liability	<u>\$ 2,102,099</u>	<u>\$ 2,049,455</u>	<u>\$ 1,804,635</u>

* Information for this schedule is not presented retroactively.

Ten years of information will be presented as additional years of information becomes available.

CHATHAM COUNTY, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST THREE FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 2,102,099	\$ 2,049,455	\$ 1,804,635
Covered payroll	4,875,211	4,749,118	4,818,486
Total pension liability as a percentage of covered payroll	43.12%	43.15%	37.45%

Notes to the Schedule:

Chatham County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

CHATHAM COUNTY, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
HEALTHCARE BENEFITS PLAN
LAST TWO FISCAL YEARS

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 440,217	\$ 480,948
Interest	232,649	196,636
Differences between expected and actual experience	1,035,430	(10,437)
Changes of assumptions	463,615	(476,815)
Benefit payments	<u>(238,211)</u>	<u>(138,851)</u>
Net change in total OPEB liability	1,933,700	51,481
Total OPEB liability - beginning	<u>6,653,152</u>	<u>6,601,671</u>
Total OPEB liability - ending	<u>\$ 8,586,852</u>	<u>\$ 6,653,152</u>
Covered payroll	22,136,241	20,549,678
Total OPEB liability as a percentage of covered payroll	38.79%	32.38%

Notes to Schedule:

Changes of Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Rate</u>
2018	3.56%
2019	3.89%

*The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

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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.

REVALUATION FUND

The Tax Revaluation Fund accounts for funds accumulated by the County to fund cost associated with the revaluation of county real and personal property. The County is on a four year revaluation cycle.

COAL ASH FUND

The Coal Ash Fund accounts for the funds received from Duke Energy to compensate the County for the siting of a coal ash structural fill facility within the County. Funds will be used for various projects including monitoring the facility for any environmental impacts.

HOUSING TRUST FUND

The Housing Trust Fund accounts for funds accumulated by the County to support affordable housing projects.

LAW ENFORCEMENT SEPARATION ALLOWANCE

The Law Enforcement Separation Allowance accounts for funds accumulated by the County to fund cost associated with law enforcement officer's special separation allowance obligations.

CAPITAL IMPROVEMENT PROJECT RESERVE

The Capital Improvement Reserve Fund accounts for the accumulation of funds to pay debt service and other expenses for major construction projects.

CAPITAL RESERVE

The Capital Reserve Fund accounts for the accumulation of funds for large capital purchases.

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.

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CHATHAM COUNTY, NORTH CAROLINA

GENERAL FUND CONSOLIDATED
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Revaluation Fund	Coal Ash Fund	Housing Trust Fund	Law Enforcement Separation Allowance Fund	Eliminations	Total General Fund
Revenues:							
Ad valorem taxes	\$ 70,367,605	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,367,605
Local option sales taxes	14,707,545	-	-	-	-	-	14,707,545
Other taxes	995,458	-	-	-	-	-	995,458
Unrestricted intergovernmental revenues	3,230,947	-	-	-	-	-	3,230,947
Restricted intergovernmental revenues	8,604,508	-	-	-	-	-	8,604,508
Permits and fees	1,714,829	-	-	-	-	-	1,714,829
Sales and services	2,566,085	-	-	-	-	-	2,566,085
Interest earned on investments	2,391,755	-	153,420	-	15,079	-	2,560,254
Other general revenues	1,356,660	-	1,495,723	-	125,000	(125,000)	2,852,383
Total revenues	<u>105,935,392</u>	<u>-</u>	<u>1,649,143</u>	<u>-</u>	<u>140,079</u>	<u>(125,000)</u>	<u>107,599,614</u>
Expenditures:							
General government	10,806,608	224,111	-	-	-	-	11,030,719
Public safety	20,257,733	-	-	-	94,031	(125,000)	20,226,764
Economic and physical development	3,100,779	-	580,292	142,000	-	-	3,823,071
Human services	15,862,442	-	-	-	-	-	15,862,442
Cultural and recreation	2,589,592	-	-	-	-	-	2,589,592
Intergovernmental:							
Education	35,346,742	-	-	-	-	-	35,346,742
Debt service:							
Principal repayments	6,777,733	-	-	-	-	-	6,777,733
Interest	8,013,886	-	-	-	-	-	8,013,886
Total expenditures	<u>102,755,515</u>	<u>224,111</u>	<u>580,292</u>	<u>142,000</u>	<u>94,031</u>	<u>(125,000)</u>	<u>103,670,949</u>
Revenues over (under) expenditures	<u>3,179,877</u>	<u>(224,111)</u>	<u>1,068,851</u>	<u>(142,000)</u>	<u>46,048</u>	<u>-</u>	<u>3,928,665</u>
Other Financing Sources (Uses):							
Transfers in	12,982,558	400,000	-	200,000	-	(600,000)	12,982,558
Transfers out	(14,228,950)	-	-	-	-	600,000	(13,628,950)
Total other financing sources (uses)	<u>(1,246,392)</u>	<u>400,000</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>(646,392)</u>
Net change in fund balances	<u>1,933,485</u>	<u>175,889</u>	<u>1,068,851</u>	<u>58,000</u>	<u>46,048</u>	<u>-</u>	<u>3,282,273</u>
Fund Balances:							
Beginning of year - July 1	<u>38,548,080</u>	<u>-</u>	<u>5,900,180</u>	<u>-</u>	<u>728,313</u>	<u>-</u>	<u>45,176,573</u>
End of year - June 30	<u>\$ 40,481,565</u>	<u>\$ 175,889</u>	<u>\$ 6,969,031</u>	<u>\$ 58,000</u>	<u>\$ 774,361</u>	<u>\$ -</u>	<u>\$ 48,458,846</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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Current year taxes:				
Real/personal	\$ 63,303,000	\$ 64,440,673	\$ 1,137,673	\$ 61,565,798
DMV - Motor vehicles	4,690,000	5,242,171	552,171	4,852,105
Total current year taxes	<u>67,993,000</u>	<u>69,682,844</u>	<u>1,689,844</u>	<u>66,417,903</u>
Prior year taxes	650,000	649,386	(614)	612,825
Penalties, interest, other	130,000	35,375	(94,625)	91,983
Total ad valorem taxes	<u>68,773,000</u>	<u>70,367,605</u>	<u>1,594,605</u>	<u>67,122,711</u>
Local Option Sales Tax:				
Article 39 - 1 percent	4,700,000	5,273,229	573,229	5,006,610
Article 40 - 1/2 percent	4,600,000	4,753,361	153,361	4,479,724
Article 42 - 1/2 percent	3,200,000	3,438,327	238,327	3,194,877
Article 44 - 1/2 percent	1,100,000	1,242,628	142,628	1,178,395
Total local option sales tax	<u>13,600,000</u>	<u>14,707,545</u>	<u>1,107,545</u>	<u>13,859,606</u>
Other Taxes and Licenses:				
Deed stamp excise tax	798,000	835,504	37,504	846,282
Occupancy tax	119,000	139,165	20,165	118,808
Other	17,700	20,789	3,089	18,042
Total other taxes and licenses	<u>934,700</u>	<u>995,458</u>	<u>60,758</u>	<u>983,132</u>
Intergovernmental:				
Unrestricted intergovernmental:				
Payments in lieu of taxes	92,000	107,557	15,557	105,225
Beer and wine excise tax	247,000	246,227	(773)	248,806
ABC profit distribution	102,000	124,247	22,247	111,533
Medicaid hold harmless	2,640,000	2,737,985	97,985	2,637,516
Other	13,405	14,931	1,526	12,570
Total unrestricted	<u>3,094,405</u>	<u>3,230,947</u>	<u>136,542</u>	<u>3,115,650</u>
Restricted intergovernmental:				
State and federal grants	6,463,176	7,996,139	1,532,963	6,228,847
Other	227,316	608,369	381,053	223,126
Total restricted	<u>6,690,492</u>	<u>8,604,508</u>	<u>1,914,016</u>	<u>6,451,973</u>
Total intergovernmental	<u>9,784,897</u>	<u>11,835,455</u>	<u>2,050,558</u>	<u>9,567,623</u>
Permits and Fees:				
Inspections fees	1,300,000	1,275,869	(24,131)	1,332,114
Register of Deeds fees	433,590	391,929	(41,661)	424,623
Other	48,710	47,031	(1,679)	47,826
Total permits and fees	<u>1,782,300</u>	<u>1,714,829</u>	<u>(67,471)</u>	<u>1,804,563</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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Sales and Services:				
Charges to other funds	327,241	351,159	23,918	303,399
Environmental health	409,123	339,029	(70,094)	382,590
Environmental services	304,400	359,220	54,820	341,000
Fire inspections	55,500	47,025	(8,475)	46,548
Health	663,281	926,454	263,173	1,282,954
Library	32,405	32,526	121	32,343
Planning	80,000	85,910	5,910	105,887
Recreation fees	85,030	91,634	6,604	82,791
Sheriff	83,570	74,235	(9,335)	85,707
Social services	26,000	17,240	(8,760)	31,638
Tax	237,000	175,267	(61,733)	224,072
Other	53,279	66,386	13,107	36,933
Total sales and services	<u>2,356,829</u>	<u>2,566,085</u>	<u>209,256</u>	<u>2,955,862</u>
Investment Earnings:				
Interest on investments	175,000	2,391,755	2,216,755	259,416
Total investment earnings	<u>175,000</u>	<u>2,391,755</u>	<u>2,216,755</u>	<u>259,416</u>
Other General Revenues:				
Rent	268,400	284,820	16,420	286,166
Contributions and donations	746,183	892,489	146,306	735,215
Sale of surplus property	-	57,626	57,626	94,942
Miscellaneous	32,012	121,725	89,713	125,582
Total other general revenues	<u>1,046,595</u>	<u>1,356,660</u>	<u>310,065</u>	<u>1,241,905</u>
Total revenues	<u>98,453,321</u>	<u>105,935,392</u>	<u>7,482,071</u>	<u>97,794,818</u>
Expenditures:				
General Government:				
Governing Board:				
Salaries and benefits	291,135	284,426	6,709	235,518
Other operating expenditures	123,263	108,225	15,038	94,897
Total	<u>414,398</u>	<u>392,651</u>	<u>21,747</u>	<u>330,415</u>
County Manager:				
Salaries and benefits	1,038,964	1,002,405	36,559	932,585
Other operating expenditures	61,655	46,300	15,355	87,429
Total	<u>1,100,619</u>	<u>1,048,705</u>	<u>51,914</u>	<u>1,020,014</u>
Finance:				
Salaries and benefits	825,725	771,440	54,285	763,651
Other operating expenditures	258,739	256,178	2,561	243,014
Total	<u>1,084,464</u>	<u>1,027,618</u>	<u>56,846</u>	<u>1,006,665</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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Information Services:				
Salaries and benefits	1,184,500	1,162,650	21,850	1,016,625
Other operating expenditures	631,355	604,595	26,760	598,107
Capital outlay	11,046	6,245	4,801	-
Total	1,826,901	1,773,490	53,411	1,614,732
Tax:				
Salaries and benefits	1,057,216	1,007,373	49,843	959,474
Other operating expenditures	501,235	392,991	108,244	312,945
Capital outlay	3,146	3,145	1	38,858
Total	1,561,597	1,403,509	158,088	1,311,277
County Attorney:				
Salaries and benefits	71,700	64,164	7,536	68,700
Other operating expenses	331,621	292,137	39,484	277,898
Total	403,321	356,301	47,020	346,598
Court Facilities:				
Other operating expenditures	219,539	199,375	20,164	193,775
Capital outlay	8,000	-	8,000	-
Total	227,539	199,375	28,164	193,775
Elections:				
Salaries and benefits	299,653	279,758	19,895	238,155
Other operating expenses	160,570	150,669	9,901	130,326
Total	460,223	430,427	29,796	368,481
General Services:				
Salaries and benefits	90,205	90,205	-	-
Other operating expenses	529,156	236,264	292,892	913,559
Capital outlay	-	-	-	4,440
Total	619,361	326,469	292,892	917,999
Register of Deeds:				
Salaries and benefits	404,800	404,799	1	384,914
Other operating expenses	111,755	78,923	32,832	161,008
Total	516,555	483,722	32,833	545,922
Public Works:				
Facilities Management:				
Salaries and benefits	1,101,061	1,033,132	67,929	1,011,086
Other operating expenditures	2,260,633	1,947,924	312,709	1,668,920
Capital outlay	142,005	141,864	141	114,289
Total	3,503,699	3,122,920	380,779	2,794,295
Agriculture and Conference Center:				
Salaries and benefits	227,508	196,590	30,918	183,672
Other operating expenditures	44,929	44,831	98	46,335
Total	272,437	241,421	31,016	230,007
Total general government	11,991,114	10,806,608	1,184,506	10,680,180

CHATHAM COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Public Safety:				
Sheriff:				
Salaries and benefits	7,027,515	6,874,117	153,398	6,539,299
Other operating expenditures	1,521,957	1,267,802	254,155	1,154,475
Capital outlay	644,450	595,572	48,878	470,213
Total	9,193,922	8,737,491	456,431	8,163,987
Detention Center:				
Salaries and benefits	2,749,605	2,731,603	18,002	2,693,894
Other operating expenses	605,446	608,190	(2,744)	593,593
Capital outlay	12,600	12,600	-	-
Total	3,367,651	3,352,393	15,258	3,287,487
Animal Resources:				
Salaries and benefits	549,596	524,454	25,142	519,189
Other operating expenses	243,312	180,880	62,432	203,271
Capital outlay	40,345	38,072	2,273	37,921
Total	833,253	743,406	89,847	760,381
Total sheriff	13,394,826	12,833,290	561,536	12,211,855
Law Enforcement Special Separation	125,000	125,000	-	125,000
Emergency Operations:				
Salaries and benefits	319,552	319,549	3	304,707
Other operating expenditures	419,862	378,228	41,634	311,895
Capital outlay	17,955	13,668	4,287	30,270
Total	757,369	711,445	45,924	646,872
Telecommunications:				
Salaries and benefits	1,532,954	1,519,599	13,355	1,370,720
Other operating expenses	153,044	146,880	6,164	139,452
Capital outlay	6,950	6,950	-	38,597
Total	1,692,948	1,673,429	19,519	1,548,769
Emergency Medical Services:				
Other operating expenditures	2,889,491	2,862,128	27,363	2,785,605
Assistance fire and rescue	45,000	42,859	2,141	108,089
Other	22,535	22,164	371	1,923
Total	2,957,026	2,927,151	29,875	2,895,617
Total emergency operations	5,407,343	5,312,025	95,318	5,091,258
Building Inspections:				
Salaries and benefits	682,662	670,246	12,416	630,629
Other operating expenditures	83,146	51,690	31,456	67,627
Capital outlay	-	-	-	86,079
Total	765,808	721,936	43,872	784,335
Fire Inspections:				
Salaries and benefits	321,335	321,335	-	295,472
Other operating expenses	39,810	28,219	11,591	38,339
Capital outlay	-	-	-	26,599
Total	361,145	349,554	11,591	360,410

CHATHAM COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Court-Related Programs:				
Salaries and benefits	586,432	537,837	48,595	480,814
Operating expenses	397,087	378,091	18,996	326,079
Total	983,519	915,928	67,591	806,893
Total public safety	21,037,641	20,257,733	779,908	19,379,751
Economic and Physical Development:				
Planning:				
Salaries and employee benefits	751,857	739,994	11,863	644,890
Other operating expenditures	66,955	54,394	12,561	108,161
Capital outlay	29,070	25,821	3,249	-
Total	847,882	820,209	27,673	753,051
Central Permitting:				
Salaries and employee benefits	329,166	308,975	20,191	317,804
Other operating expenses	289,882	151,335	138,547	109,400
Capital outlay	-	-	-	16,090
Total	619,048	460,310	158,738	443,294
Sedimentation and Erosion Control:				
Salaries and benefits	333,806	321,953	11,853	271,710
Operating expenses	19,239	13,965	5,274	16,786
Capital outlay	52,240	50,589	1,651	-
Total	405,285	386,507	18,778	288,496
Cooperative Extension:				
Salaries and benefits	14,500	13,104	1,396	13,863
Other operating expenditures	384,420	375,045	9,375	363,152
Capital outlay	24,122	24,122	-	-
Total	423,042	412,271	10,771	377,015
Soil and Water Conservation:				
Salaries and employee benefits	227,367	214,790	12,577	220,274
Other operating expenditures	20,972	13,137	7,835	20,523
Total	248,339	227,927	20,412	240,797
Economic Development:				
Salaries and employee benefits	685,446	685,412	34	-
Other operating expenditures	-	-	-	465,562
Total	685,446	685,412	34	465,562
Pittsboro/Siler City Convention & Visitors Bureau:				
Salaries and employee benefits	103,644	100,224	3,420	90,754
Other operating expenses	8,365	7,919	446	10,154
Total	112,009	108,143	3,866	100,908
Total economic/physical development	3,341,051	3,100,779	240,272	2,669,123

CHATHAM COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Human Services:				
Health:				
Salaries and benefits	4,714,108	4,311,962	402,146	4,149,045
Other operating expenditures	1,410,401	929,058	481,343	974,373
Capital outlay	87,621	84,927	2,694	21,671
Total	6,212,130	5,325,947	886,183	5,145,089
Social Services:				
Administration:				
Salaries and benefits	5,943,255	5,909,525	33,730	5,511,972
Other operating expenditures	792,762	697,362	95,400	592,905
Capital outlay	26,120	24,417	1,703	-
Total	6,762,137	6,631,304	130,833	6,104,877
Public Assistance:				
Assistance programs	1,799,977	1,674,635	125,342	2,243,753
Total social services	8,562,114	8,305,939	256,175	8,348,630
Mental Health:				
Mental health appropriation	432,527	427,151	5,376	443,946
Total	432,527	427,151	5,376	443,946
Council on Aging:				
Salaries and benefits	213,598	213,190	408	203,695
Appropriation	796,508	794,596	1,912	809,002
Total	1,010,106	1,007,786	2,320	1,012,697
Appropriations to Non-Profit Agencies:				
Chatham Trades	182,000	182,000	-	182,000
Chatham Transit	216,993	145,852	71,141	139,702
Pass-through grants	174,959	174,617	342	174,959
Other non-profit agencies	421,500	293,150	128,350	227,408
Total	995,452	795,619	199,833	724,069
Total human services	17,212,329	15,862,442	1,349,887	15,674,431
Cultural and Recreational:				
Library:				
Salaries and benefits	1,057,357	1,044,330	13,027	1,004,134
Other operating expenditures	578,444	387,103	191,341	340,011
Capital outlay	5,418	5,418	-	-
Total	1,641,219	1,436,851	204,368	1,344,145
Recreation:				
Salaries and benefits	588,980	548,230	40,750	486,469
Other operating expenditures	587,589	550,460	37,129	396,374
Capital outlay	54,867	54,051	816	27,078
Total	1,231,436	1,152,741	78,695	909,921
Total cultural and recreational	2,872,655	2,589,592	283,063	2,254,066

CHATHAM COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Education:				
Public Schools:				
Appropriation	31,887,310	31,887,310	-	30,770,310
Capital outlay	2,677,988	2,677,988	-	2,362,872
Total	34,565,298	34,565,298	-	33,133,182
Community College:				
Community college	792,044	781,444	10,600	721,415
Total	792,044	781,444	10,600	721,415
Total education	35,357,342	35,346,742	10,600	33,854,597
Debt Service:				
Principal:				
Public schools - principal	2,837,264	2,837,262	2	2,839,738
Community college - principal	762,941	762,940	1	762,940
General building projects - principal	2,759,112	2,759,112	-	2,749,031
Business campus - principal	418,419	418,419	-	418,872
Total	6,777,736	6,777,733	3	6,770,581
Interest and Fees:				
Public schools - interest	5,039,021	5,038,615	406	1,843,636
Community college - interest	700,056	700,056	-	280,793
General building projects - interest	2,035,069	2,035,065	4	2,133,227
Business campus - interest	240,152	240,150	2	256,897
Total	8,014,298	8,013,886	412	4,514,553
Total debt service	14,792,034	14,791,619	415	11,285,134
Total expenditures	106,604,166	102,755,515	3,848,651	95,797,282
Revenues over (under) expenditures	(8,150,845)	3,179,877	11,330,722	1,997,536
Other Financing Sources (Uses):				
Operating Transfers In:				
Special revenue funds:				
Recreation payment in lieu	-	3,288	3,288	129,519
Impact fee	4,258,845	4,259,204	359	2,570,280
Capital projects funds:				
Facilities improvements	-	165,676	165,676	-
Capital improvements project reserve	10,215,253	8,554,390	(1,660,863)	6,601,567
Total operating transfers in	14,474,098	12,982,558	(1,491,540)	9,301,366

CHATHAM COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Operating Transfers Out:				
Revaluation	(400,000)	(400,000)	-	-
Housing Trust	(200,000)	(200,000)	-	-
Special revenue funds:				
Emergency telephone system	(2,259)	(2,258)	1	-
Capital Projects:				
Capital improvements project reserve	(10,771,259)	(10,771,259)	-	(9,667,052)
Parks	(25,000)	(25,000)	-	-
Capital reserve	(2,830,433)	(2,830,433)	-	(1,333,419)
Total operating transfers out	(14,228,951)	(14,228,950)	1	(11,000,471)
Total operating transfers in (out)	245,147	(1,246,392)	(1,491,539)	(1,699,105)
Total other financing sources (uses)	245,147	(1,246,392)	(1,491,539)	(1,699,105)
Net change in fund balance	(7,905,698)	1,933,485	9,839,183	298,431
Appropriated fund balance	7,905,698	-	(7,905,698)	-
Net change in fund balance	<u>\$ -</u>	1,933,485	<u>\$ 1,933,485</u>	298,431
Fund Balance:				
Beginning of year - July 1		38,548,080		38,249,649
End of year - June 30		<u>\$ 40,481,565</u>		<u>\$ 38,548,080</u>

CHATHAM COUNTY, NORTH CAROLINA

REVALUATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>2019</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
General government	\$ 400,000	\$ 224,111	\$ 175,889
Revenues over (under) expenditures	(400,000)	(224,111)	175,889
Other Financing Sources (Uses):			
Transfers from (to) other funds			
General Fund	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	175,889	<u>\$ 175,889</u>
Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ 175,889</u>	

CHATHAM COUNTY, NORTH CAROLINA

COAL ASH

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ 7,500	\$ 153,420	\$ 145,920	\$ 49,949
Other general revenues	<u>3,000,000</u>	<u>1,495,723</u>	<u>(1,504,277)</u>	<u>3,369,759</u>
Total revenues	<u>3,007,500</u>	<u>1,649,143</u>	<u>(1,358,357)</u>	<u>3,419,708</u>
Expenditures:				
Public safety	-	-	-	44,250
Economic and physical development	2,560,000	580,292	1,979,708	972,266
Cultural and recreational	<u>2,447,500</u>	-	<u>2,447,500</u>	<u>25,000</u>
Total expenditures	<u>5,007,500</u>	<u>580,292</u>	<u>4,427,208</u>	<u>1,041,516</u>
Revenues over (under) expenditures	(2,000,000)	1,068,851	3,068,851	2,378,192
Appropriated fund balance	<u>2,000,000</u>	-	<u>(2,000,000)</u>	-
Net change in fund balance	<u>\$ -</u>	1,068,851	<u>\$ 1,068,851</u>	2,378,192
Fund Balance:				
Beginning of year - July 1		<u>5,900,180</u>		<u>3,521,988</u>
End of year - June 30		<u>\$ 6,969,031</u>		<u>\$ 5,900,180</u>

CHATHAM COUNTY, NORTH CAROLINA

HOUSING TRUST FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

	<u>2019</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Economic and physical development	\$ 200,000	\$ 142,000	\$ 58,000
Other Financing Sources (Uses):			
Transfers from (to) other funds			
General Fund	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	58,000	<u>\$ 58,000</u>
Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ 58,000</u>	

CHATHAM COUNTY, NORTH CAROLINA

LAW ENFORCEMENT SEPARATION ALLOWANCE
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Investment earnings	\$ 2,000	\$ 15,079	\$ 13,079	\$ 9,450
Other general revenues	<u>125,000</u>	<u>125,000</u>	<u>-</u>	<u>125,000</u>
Total revenues	<u>127,000</u>	<u>140,079</u>	<u>13,079</u>	<u>134,450</u>
Expenditures:				
Public safety	<u>127,000</u>	<u>94,031</u>	<u>32,969</u>	<u>90,465</u>
Net change in fund balance	<u>\$ -</u>	46,048	<u>\$ 46,048</u>	43,985
Fund Balance:				
Beginning of year		<u>728,313</u>		<u>684,328</u>
End of year - June 30		<u>\$ 774,361</u>		<u>\$ 728,313</u>

CHATHAM COUNTY, NORTH CAROLINA

**MAJOR - CAPITAL IMPROVEMENT PROJECT RESERVE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental:				
Lottery proceeds	\$ 500,000	\$ 626,300	\$ 126,300	\$ 444,000
Investment earnings	125,000	745,423	620,423	384,454
Total revenues	<u>625,000</u>	<u>1,371,723</u>	<u>746,723</u>	<u>828,454</u>
Expenditures:				
General government	<u>2,841,869</u>	<u>-</u>	<u>2,841,869</u>	<u>-</u>
Revenues over (under) expenditures	<u>(2,216,869)</u>	<u>1,371,723</u>	<u>3,588,592</u>	<u>828,454</u>
Other Financing Sources (Uses):				
Transfers from (to) other funds:				
Transfer from other funds:				
General Fund	10,771,259	10,771,259	-	9,667,052
Facility Project	-	1,961,889	1,961,889	-
School Construction Project	-	6,699,535	6,699,535	-
County-Wide Park Project	-	-	-	90,749
Total transfers from other funds	<u>10,771,259</u>	<u>19,432,683</u>	<u>8,661,424</u>	<u>9,757,801</u>
Transfer to other funds:				
General Fund	(8,554,390)	(8,554,390)	-	(6,601,567)
School Construction Project	-	(18,844)	(18,844)	(4,123,190)
Facilities Improvement	-	-	-	(1,637,655)
Total transfers (to) other funds	<u>(8,554,390)</u>	<u>(8,573,234)</u>	<u>(18,844)</u>	<u>(12,362,412)</u>
Total other financing sources (uses)	<u>2,216,869</u>	<u>10,859,449</u>	<u>8,642,580</u>	<u>(2,604,611)</u>
Net change in fund balance	<u>\$ -</u>	<u>12,231,172</u>	<u>\$ 12,231,172</u>	<u>(1,776,157)</u>
Fund Balance:				
Beginning of year - July 1		<u>27,489,521</u>		<u>29,265,678</u>
End of year - June 30		<u>\$ 39,720,693</u>		<u>\$ 27,489,521</u>

CHATHAM COUNTY, NORTH CAROLINA

MAJOR - CAPITAL RESERVE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR

FOR YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ 30,000	\$ 255,658	\$ 225,658	\$ 147,290
Expenditures:				
General government	2,716,524	-	2,716,524	-
Revenues over (under) expenditures	(2,686,524)	255,658	2,942,182	147,290
Other Financing Sources (Uses):				
Transfers from other funds:				
General Fund	2,308,421	2,830,433	522,012	1,333,419
Capital Projects:				
Tech/Improvement Project	-	525,162	525,162	-
Total transfers from other funds	2,308,421	3,355,595	1,047,174	1,333,419
Transfers to other funds				
Capital Projects:				
Tech/Improvement Project	-	-	-	(91,935)
Facilities Improvement	(400,128)	(400,127)	1	-
Tech/Improvement Project	(104,189)	(104,189)	-	-
Utility Capital Project	(26,532)	(26,532)	-	(12,455)
School Construction Project	(1,562,627)	(1,562,627)	-	(1,520,538)
Total transfers to other funds	(2,093,476)	(2,093,475)	1	(1,624,928)
Total transfers to (from) other funds	214,945	1,262,120	1,047,175	(291,509)
Appropriated fund balance	2,471,579	-	(2,471,579)	-
Net change in fund balance	\$ -	1,517,778	\$ 1,517,778	(144,219)
Fund Balance:				
Beginning of year - July 1		10,110,033		10,254,252
End of year - June 30		\$ 11,627,811		\$ 10,110,033

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, 2019**

	Project Budget	Actual		Total	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Intergovernmental					
State grants	\$ 960,745	\$ -	\$ -	\$ -	\$ (960,745)
Investment earnings	31,003	30,994	-	30,994	(9)
Total revenues	991,748	30,994	-	30,994	(960,754)
Expenditures:					
General government:					
Agriculture center	13,255,848	13,291,863	(36,019)	13,255,844	4
Transit facility	900,000	-	68,809	68,809	831,191
Annex renovations	4,063,002	1,669,942	141,365	1,811,307	2,251,695
Total general government	18,218,850	14,961,805	174,155	15,135,960	3,082,890
Public safety:					
Communication improvements	16,186,525	-	-	-	16,186,525
EMS base	1,329,715	-	-	-	1,329,715
Animal shelter	5,585,630	-	165,799	165,799	5,419,831
Total public safety	23,101,870	-	165,799	165,799	22,936,071
Total County Facility Construction	41,320,720	14,961,805	339,954	15,301,759	26,018,961
Other:					
Education:					
Health Sciences Building	10,336,718	1,961,889	5,307,781	7,269,670	3,067,048
CCCC - Trail	298,750	-	165,519	165,519	133,231
Total education	10,635,468	1,961,889	5,473,300	7,435,189	3,200,279
Total expenditures	51,956,188	16,923,694	5,813,254	22,736,948	29,219,240
Revenues over (under) expenditures	(50,964,440)	(16,892,700)	(5,813,254)	(22,705,954)	28,258,486
Other Financing Sources (Uses):					
Transfers from other funds:					
General Fund	3,312,513	3,312,520	-	3,312,520	7
Capital Reserve	12,348,869	-	400,127	400,127	(11,948,742)
School Construction Project	1,209,208	1,209,207	-	1,209,207	(1)
CIP Debt Reserve	-	1,961,889	-	1,961,889	1,961,889
Total transfers from other funds	16,870,590	6,483,616	400,127	6,883,743	(9,986,847)
Transfers (to) other funds:					
General Fund	(1,791,619)	(1,625,943)	(165,676)	(1,791,619)	-
CIP Debt Reserve	(1,961,890)	-	(1,961,889)	(1,961,889)	1
Total transfer (to) other funds	(3,753,509)	(1,625,943)	(2,127,565)	(3,753,508)	1
Total transfers from (to) other funds	13,117,081	4,857,673	(1,727,438)	3,130,235	(9,986,846)
Issuance of long-term debt (net):					
Limited obligation bonds	35,289,614	12,000,000	13,407,600	25,407,600	(9,882,014)
Other debt proceeds	1,110,012	-	-	-	(1,110,012)
Premium on limited obligation bond	1,447,733	1,447,733	1,644,163	3,091,896	1,644,163
Total proceeds	37,847,359	13,447,733	15,051,763	28,499,496	(9,347,863)
Total other financing sources (uses)	50,964,440	18,305,406	13,324,325	31,629,731	(19,334,709)
Net change in fund balance	\$ -	\$ 1,412,706	\$ 7,511,071	\$ 8,923,777	\$ 8,923,777

CHATHAM COUNTY, NORTH CAROLINA

MAJOR - SCHOOL CONSTRUCTION PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	Project Budget	Actual		Total	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Investment earnings	\$ -	\$ -	\$ 1,900,477	\$ 1,900,477	\$ 1,900,477
Other general revenues	638,060	638,060	-	638,060	-
Total revenues	638,060	638,060	1,900,477	2,538,537	1,900,477
Expenditures:					
Education:					
Construction:					
Sea Forth High School	70,153,956	4,677,192	15,971,182	20,648,374	49,505,582
Chatham Grove Elementary School	31,087,278	2,022,343	14,814,005	16,836,348	14,250,930
Central Services Facility	11,142,055	-	18,844	18,844	11,123,211
Total capital	112,383,289	6,699,535	30,804,031	37,503,566	74,879,723
Facility improvements:					
Locker renovations	1,139,950	39,600	631,269	670,869	469,081
Mobile classrooms	1,331,695	224,292	-	224,292	1,107,403
Paving	189,002	-	179,143	179,143	9,859
Indoor bleachers	272,250	-	213,810	213,810	58,440
Perry Harrison traffic	471,000	49,952	420,048	470,000	1,000
HVAC	234,605	229,942	-	229,942	4,663
Roof replacements	6,461,354	5,575,272	118,357	5,693,629	767,725
Total facility improvements	10,099,856	6,119,058	1,562,627	7,681,685	2,418,171
Total expenditures	122,483,145	12,818,593	32,366,658	45,185,251	77,297,894
Revenues over (under) expenditures	(121,845,085)	(12,180,533)	(30,466,181)	(42,646,714)	79,198,371
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
Transfer from other funds:					
CIP Debt Reserve	-	6,699,535	18,844	6,718,379	6,718,379
Capital Reserve	6,523,715	2,542,917	1,562,627	4,105,544	(2,418,171)
General Fund	1,780,422	1,780,422	-	1,780,422	-
Total	8,304,137	11,022,874	1,581,471	12,604,345	4,300,208
Transfer to other funds:					
CIP Debt Reserve	(6,699,535)	-	(6,699,535)	(6,699,535)	-
Net transfers	1,604,602	11,022,874	(5,118,064)	5,904,810	4,300,208
Proceeds from borrowing:					
Limited obligation bonds issued	119,082,824	-	98,322,400	98,322,400	(20,760,424)
Premium on borrowing	-	-	12,058,928	12,058,928	12,058,928
Installment	1,157,659	1,157,659	-	1,157,659	-
Total debt obligations issued	120,240,483	1,157,659	110,381,328	111,538,987	(8,701,496)
Total other financing sources (uses)	121,845,085	12,180,533	105,263,264	117,443,797	(4,401,288)
Net change in fund balance	\$ -	\$ -	\$ 74,797,083	\$ 74,797,083	\$ 74,797,083

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NONMAJOR GOVERNMENTAL FUNDS

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CHATHAM COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2019**

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Assets:			
Cash, cash equivalents, and investments	\$ 7,135,720	\$ 148,695	\$ 7,284,415
Property taxes receivable, net of allowance	121,437	-	121,437
Due from other governmental agencies	93,483	49,964	143,447
Other receivables	56,879	612	57,491
Total assets	<u>\$ 7,407,519</u>	<u>\$ 199,271</u>	<u>\$ 7,606,790</u>
Liabilities:			
Accounts payable and accrued liabilities	<u>\$ 17,158</u>	<u>\$ -</u>	<u>\$ 17,158</u>
Deferred Inflows of Resources:			
Unearned revenues	15,391	-	15,391
Taxes receivable	121,437	-	121,437
Total deferred inflows of resources	<u>136,828</u>	<u>-</u>	<u>136,828</u>
Fund Balances:			
Restricted:			
Stabilization by State statute	150,362	50,576	200,938
Courthouse clock	69,410	-	69,410
Emergency telephone	398,894	-	398,894
Fire protection	334,757	-	334,757
Law enforcement	239,603	-	239,603
Economic and physical development	20,519	-	20,519
Assigned:			
General government	-	148,695	148,695
Education	4,935,246	-	4,935,246
Cultural and recreation	1,107,644	-	1,107,644
Unassigned	(2,902)	-	(2,902)
Total fund balances	<u>7,253,533</u>	<u>199,271</u>	<u>7,452,804</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,407,519</u>	<u>\$ 199,271</u>	<u>\$ 7,606,790</u>

CHATHAM COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2019**

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Revenues:			
Ad valorem taxes	\$ 9,641,526	\$ -	\$ 9,641,526
Restricted intergovernmental	440,511	49,964	490,475
Permits and fees	3,094,400	-	3,094,400
Investment earnings	231,456	2,706	234,162
Other general revenues	135	609,943	610,078
Total revenues	<u>13,408,028</u>	<u>662,613</u>	<u>14,070,641</u>
Expenditures:			
General government	-	150,810	150,810
Public safety	10,162,025	38,160	10,200,185
Cultural and recreational	-	99,928	99,928
Total expenditures	<u>10,162,025</u>	<u>288,898</u>	<u>10,450,923</u>
Revenues over (under) expenditures	<u>3,246,003</u>	<u>373,715</u>	<u>3,619,718</u>
Other Financing Sources (Uses):			
Transfers from other funds	2,258	229,117	231,375
Transfers (to) other funds	<u>(4,362,420)</u>	<u>(525,162)</u>	<u>(4,887,582)</u>
Total	<u>(4,360,162)</u>	<u>(296,045)</u>	<u>(4,656,207)</u>
Net change in fund balances	(1,114,159)	77,670	(1,036,489)
Fund Balances:			
Beginning of year - July 1	8,367,692	121,601	8,489,293
End of year - June 30	<u>\$ 7,253,533</u>	<u>\$ 199,271</u>	<u>\$ 7,452,804</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** – 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** – 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/Easement Monitoring** – Accounts for the funds received from Triangle Land Conservancy to aid in the maintenance and upkeep of the Haw River canoe access and fund received from Mid-Atlantic Mitigation, LLC at the request of the Soil and Water Conservation District for easement monitoring.
- **Impact Fees** - 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
- **Courthouse Clock** – Accounts for monies held for maintenance of the courthouse clock.
- **Library Foundation** – Accounts for the money received to aid in financing library capital and other expenses.
- **Special Fire Districts** – Accounts for the property tax revenues received and distributed to the fire districts within the County.

CHATHAM COUNTY, NORTH CAROLINA

SPECIAL REVENUE FUNDS - NONMAJOR FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	Emergency Telephone System Fund	Forfeited Property	Impact Fee	Recreation Payment In Lieu	Bynum Canoe Access/ Easement Monitoring
Assets:					
Cash, cash equivalents and investments	\$ 410,207	\$ 239,603	\$ 4,935,246	\$ 1,094,925	\$ 20,519
Property taxes receivable, net	-	-	-	-	-
Due from other governmental agencies	33,006	-	-	-	-
Other receivables	2,439	1,330	45,141	5,909	102
Total assets	<u>\$ 445,652</u>	<u>\$ 240,933</u>	<u>\$ 4,980,387</u>	<u>\$ 1,100,834</u>	<u>\$ 20,621</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	<u>\$ 11,313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>11,313</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:					
Prepaid taxes	-	-	-	-	-
Taxes receivable	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted:					
Stabilization by State statute	35,445	1,330	45,141	5,909	102
Courthouse clock	-	-	-	-	-
Emergency telephone	398,894	-	-	-	-
Economic and physical development	-	-	-	-	20,519
Fire protection	-	-	-	-	-
Law enforcement	-	239,603	-	-	-
Assigned:					
Education	-	-	4,935,246	-	-
Cultural and recreation	-	-	-	1,094,925	-
Unassigned	-	-	-	-	-
Total fund balances	<u>434,339</u>	<u>240,933</u>	<u>4,980,387</u>	<u>1,100,834</u>	<u>20,621</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 445,652</u>	<u>\$ 240,933</u>	<u>\$ 4,980,387</u>	<u>\$ 1,100,834</u>	<u>\$ 20,621</u>

CHATHAM COUNTY, NORTH CAROLINA

SPECIAL REVENUE FUNDS - NONMAJOR FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	<u>Courthouse Clock</u>	<u>Library Foundation</u>	<u>Special Fire Districts</u>	<u>Total</u>
Assets:				
Cash, cash equivalents and investments	\$ 69,410	\$ 12,719	\$ 353,091	\$ 7,135,720
Property taxes receivable, net	-	-	121,437	121,437
Due from other governmental agencies	-	-	60,477	93,483
Other receivables	343	63	1,552	56,879
Total assets	<u>\$ 69,753</u>	<u>\$ 12,782</u>	<u>\$ 536,557</u>	<u>\$ 7,407,519</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,845</u>	<u>\$ 17,158</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>5,845</u>	<u>17,158</u>
Deferred Inflows of Resources:				
Prepaid taxes	-	-	15,391	15,391
Taxes receivable	-	-	121,437	121,437
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>136,828</u>	<u>136,828</u>
Fund Balances:				
Restricted:				
Stabilization by State statute	343	63	62,029	150,362
Courthouse clock	69,410	-	-	69,410
Emergency telephone	-	-	-	398,894
Economic and physical development	-	-	-	20,519
Fire protection	-	-	334,757	334,757
Law enforcement	-	-	-	239,603
Assigned:				
Education	-	-	-	4,935,246
Cultural and recreation	-	12,719	-	1,107,644
Unassigned	-	-	(2,902)	(2,902)
Total fund balances	<u>69,753</u>	<u>12,782</u>	<u>393,884</u>	<u>7,253,533</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 69,753</u>	<u>\$ 12,782</u>	<u>\$ 536,557</u>	<u>\$ 7,407,519</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, 2019

	<u>Emergency Telephone System Fund</u>	<u>Forfeited Property</u>	<u>Impact Fee</u>	<u>Recreation Payment In Lieu</u>	<u>Bynum Canoe Access/ Easement Monitoring</u>
Revenues:					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	396,071	44,440	-	-	-
Permits and fees	-	-	2,941,100	153,300	-
Investment earnings	12,991	5,956	175,079	24,530	449
Other general revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>409,062</u>	<u>50,396</u>	<u>3,116,179</u>	<u>177,830</u>	<u>449</u>
Expenditures:					
Public safety	<u>616,070</u>	<u>67,379</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>(207,008)</u>	<u>(16,983)</u>	<u>3,116,179</u>	<u>177,830</u>	<u>449</u>
Other Financing Sources (Uses):					
Transfers from other funds	2,258	-	-	-	-
Transfers to other funds	<u>-</u>	<u>-</u>	<u>(4,259,204)</u>	<u>(103,216)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,258</u>	<u>-</u>	<u>(4,259,204)</u>	<u>(103,216)</u>	<u>-</u>
Net change in fund balances	(204,750)	(16,983)	(1,143,025)	74,614	449
Fund Balances:					
Beginning of year - July 1	<u>639,089</u>	<u>257,916</u>	<u>6,123,412</u>	<u>1,026,220</u>	<u>20,172</u>
End of year - June 30	<u>\$ 434,339</u>	<u>\$ 240,933</u>	<u>\$ 4,980,387</u>	<u>\$ 1,100,834</u>	<u>\$ 20,621</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, 2019

	<u>Courthouse Clock</u>	<u>Library Foundation</u>	<u>Special Fire Districts</u>	<u>Total</u>
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ 9,641,526	\$ 9,641,526
Restricted intergovernmental	-	-	-	440,511
Permits and fees	-	-	-	3,094,400
Investment earnings	1,518	277	10,656	231,456
Other general revenues	-	135	-	135
Total revenues	<u>1,518</u>	<u>412</u>	<u>9,652,182</u>	<u>13,408,028</u>
Expenditures:				
Public safety	-	-	9,478,576	10,162,025
Revenues over (under) expenditures	<u>1,518</u>	<u>412</u>	<u>173,606</u>	<u>3,246,003</u>
Other Financing Sources (Uses):				
Transfers from other funds	-	-	-	2,258
Transfers (to) other funds	-	-	-	(4,362,420)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,360,162)</u>
Net change in fund balances	1,518	412	173,606	(1,114,159)
Fund Balances:				
Beginning of year - July 1	68,235	12,370	220,278	8,367,692
End of year - June 30	<u>\$ 69,753</u>	<u>\$ 12,782</u>	<u>\$ 393,884</u>	<u>\$ 7,253,533</u>

CHATHAM COUNTY, NORTH CAROLINA

EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR
THE FISCAL YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental:				
Service fee collections	\$ 440,852	\$ 396,071	\$ (44,781)	\$ 548,040
Investment earnings	4,000	12,991	8,991	9,032
Total revenues	<u>444,852</u>	<u>409,062</u>	<u>(35,790)</u>	<u>557,072</u>
Expenditures:				
Public safety:				
Emergency telephone system				
Phone system/furniture	677,691	616,070	61,621	272,631
Software	-	-	-	132,561
Hardware	-	-	-	227,979
Training	-	-	-	7,119
Implemental functions	-	-	-	45,881
Total emergency telephone system	<u>677,691</u>	<u>616,070</u>	<u>61,621</u>	<u>686,171</u>
Revenues over (under) expenditures	(232,839)	(207,008)	25,831	(129,099)
Other Financing Sources (Uses):				
Transfers from (to) other funds:				
Transfer from other funds:*				
General Fund	-	2,258	2,258	-
Appropriated fund balance	<u>232,839</u>	-	<u>(232,839)</u>	-
Net change in fund balance	<u>\$ -</u>	<u>(204,750)</u>	<u>\$ (204,750)</u>	<u>(129,099)</u>
Fund Balance:				
Beginning of year - July 1		639,089		768,188
End of year - June 30		<u>\$ 434,339</u>		<u>\$ 639,089</u>

* The County transferred \$2,258 into the Emergency Telephone System Fund from the General Fund to reimburse the Fund for fiscal year 2017 expenses deemed to be ineligible by the E911 Board.

CHATHAM COUNTY, NORTH CAROLINA

**FORFEITED PROPERTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR
THE FISCAL YEAR ENDED JUNE 30, 2018**

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental:				
Controlled substance tax	\$ -	\$ 14,496	\$ 14,496	\$ 101,106
Drug forfeiture funds	-	29,944	29,944	60,267
Investment earnings:				
Controlled substance tax		2,859	2,859	1,475
Drug forfeiture funds	250	3,097	2,847	1,803
Total revenues	<u>250</u>	<u>50,396</u>	<u>50,146</u>	<u>164,651</u>
Expenditures:				
Public safety:				
Controlled substance tax:				
Operating expenditures	36,500	17,902	18,598	6,410
Capital outlay	23,500	-	23,500	-
Forfeited property:				
Operating expenditures	25,250	13,577	11,673	16,245
Capital outlay	45,000	35,900	9,100	21,389
Total expenditures	<u>130,250</u>	<u>67,379</u>	<u>62,871</u>	<u>44,044</u>
Revenues over (under) expenditures	<u>(130,000)</u>	<u>(16,983)</u>	<u>113,017</u>	<u>120,607</u>
Appropriated fund balance:				
Controlled substance tax	60,000	-	(60,000)	-
Drug forfeiture funds	70,000	-	(70,000)	-
Total	<u>130,000</u>	<u>-</u>	<u>(130,000)</u>	<u>-</u>
Net change in fund balance:				
Controlled substance tax	-	(547)	(547)	96,171
Drug forfeiture funds	-	(16,436)	(16,436)	24,436
Total	<u>\$ -</u>	<u>(16,983)</u>	<u>\$ (16,983)</u>	<u>120,607</u>
Fund Balance:				
Beginning of year - July 1:				
Controlled substance tax		116,204		20,033
Drug forfeiture funds		141,712		117,276
		<u>257,916</u>		<u>137,309</u>
End of year - June 30:				
Controlled substance tax		115,657		116,204
Drug forfeiture funds		125,276		141,712
		<u>\$ 240,933</u>		<u>\$ 257,916</u>

CHATHAM COUNTY, NORTH CAROLINA

RECREATION - PAYMENT IN LIEU
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019
 WITH COMPARATIVE ACTUAL AMOUNTS FOR
 THE FISCAL YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Permits and fees	\$ 253,000	\$ 153,300	\$ (99,700)	\$ 370,948
Investment earnings	2,500	24,530	22,030	16,153
Total revenues	<u>255,500</u>	<u>177,830</u>	<u>(77,670)</u>	<u>387,101</u>
Expenditures:				
Cultural and recreational	<u>502,283</u>	<u>-</u>	<u>502,283</u>	<u>-</u>
Total expenditures	<u>502,283</u>	<u>-</u>	<u>502,283</u>	<u>-</u>
Revenues over (under) expenditures	<u>(246,783)</u>	<u>177,830</u>	<u>424,613</u>	<u>387,101</u>
Other Financing Sources (Uses):				
Transfer to other funds:				
General Fund	(3,288)	(3,288)	-	(129,519)
County-Wide Park Project	<u>(99,929)</u>	<u>(99,928)</u>	<u>1</u>	<u>(110,226)</u>
Total	<u>(103,217)</u>	<u>(103,216)</u>	<u>1</u>	<u>(239,745)</u>
Appropriated fund balance	<u>350,000</u>	<u>-</u>	<u>(350,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>74,614</u>	<u>\$ 74,614</u>	<u>147,356</u>
Fund Balance:				
Beginning of year - July 1		<u>1,026,220</u>		<u>878,864</u>
End of year - June 30		<u>\$ 1,100,834</u>		<u>\$ 1,026,220</u>

CHATHAM COUNTY, NORTH CAROLINA

**BYNUM CANOE ACCESS/EASEMENT MONITORING
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR
THE FISCAL YEAR ENDED JUNE 30, 2018**

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ 75	\$ 449	\$ 374	\$ 275
Expenditures:				
Cultural and recreational	8,575	-	8,575	-
Total expenditures	8,575	-	8,575	-
Revenues over (under) expenditures	(8,500)	449	8,949	275
Appropriated fund balance	8,500	-	(8,500)	-
Net change in fund balance	<u>\$ -</u>	449	<u>\$ 449</u>	275
Fund Balance:				
Beginning of year - July 1		20,172		19,897
End of year - June 30		<u>\$ 20,621</u>		<u>\$ 20,172</u>

CHATHAM COUNTY, NORTH CAROLINA

IMPACT FEES

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Permits and fees	\$ 2,615,000	\$ 2,941,100	\$ 326,100	\$ 3,163,900
Investment earnings	20,000	175,079	155,079	100,796
Total revenues	<u>2,635,000</u>	<u>3,116,179</u>	<u>481,179</u>	<u>3,264,696</u>
Expenditures:				
Education	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
Revenues over (under) expenditures	2,135,000	3,116,179	981,179	3,264,696
Other Financing Sources (Uses):				
Transfer to other funds:				
General Fund	<u>(4,635,000)</u>	<u>(4,259,204)</u>	<u>375,796</u>	<u>(2,570,280)</u>
Appropriated fund balance	<u>2,500,000</u>	<u>-</u>	<u>(2,500,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,143,025)</u>	<u>\$ (1,143,025)</u>	694,416
Fund Balance:				
Beginning of year - July 1		<u>6,123,412</u>		<u>5,428,996</u>
End of year - June 30		<u>\$ 4,980,387</u>		<u>\$ 6,123,412</u>

CHATHAM COUNTY, NORTH CAROLINA

COURTHOUSE CLOCK
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR
THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>2019</u>			<u>2018</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Investment earnings	\$ -	\$ 1,518	\$ 1,518	\$ 930
Expenditures:				
General government	65,625	-	65,625	-
Revenues over (under) expenditures	(65,625)	1,518	67,143	930
Appropriated fund balance	65,625	-	(65,625)	-
Net change in fund balance	<u>\$ -</u>	1,518	<u>\$ 1,518</u>	930
Fund Balance:				
Beginning of year - July 1		68,235		67,305
End of year - June 30		<u>\$ 69,753</u>		<u>\$ 68,235</u>

CHATHAM COUNTY, NORTH CAROLINA

LIBRARY FOUNDATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR
THE FISCAL YEAR ENDED JUNE 30, 2018

	2019			2018
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Investment earnings	\$ 50	\$ 277	\$ 227	\$ 168
Other general revenues	-	135	135	182
Total revenues	<u>50</u>	<u>412</u>	<u>362</u>	<u>350</u>
Expenditures:				
Cultural and recreational	<u>10,700</u>	<u>-</u>	<u>10,700</u>	<u>-</u>
Revenues over (under) expenditures	(10,650)	412	11,062	350
Appropriated fund balance	<u>10,650</u>	<u>-</u>	<u>(10,650)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	412	<u>\$ 412</u>	350
Fund Balance:				
Beginning of year - July 1		<u>12,370</u>		<u>12,020</u>
End of year - June 30		<u>\$ 12,782</u>		<u>\$ 12,370</u>

CHATHAM COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICTS
COMBINING BALANCE SHEET
JUNE 30, 2019

	<u>Combined</u>	<u>Bell's Annex</u>	<u>Bennett</u>	<u>Bonlee</u>	<u>Central Chatham</u>	<u>Circle City</u>	<u>Goldston</u>
Assets:							
Cash, cash equivalents, and investments	\$ 353,091	\$ 5,020	\$ 6,597	\$ 15,384	\$ 3,370	\$ 39,661	\$ 22,643
Property taxes receivable, net	121,437	809	4,634	7,407	14,181	19,312	10,043
Due from other governments	60,477	852	1,503	1,815	3,459	7,825	2,140
Other receivables	1,552	20	29	68	17	164	99
Total assets	<u>\$ 536,557</u>	<u>\$ 6,701</u>	<u>\$ 12,763</u>	<u>\$ 24,674</u>	<u>\$ 21,027</u>	<u>\$ 66,962</u>	<u>\$ 34,925</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:							
Liabilities:							
Accounts payable and accrued liabilities	\$ 5,845	\$ -	\$ -	\$ -	\$ 5,438	\$ -	\$ -
Deferred Inflows of Resources:							
Property taxes receivable	121,437	809	4,634	7,407	14,181	19,312	10,043
Prepaid taxes	15,391	682	298	313	591	3,802	1,806
Total deferred inflows of resources	<u>136,828</u>	<u>1,491</u>	<u>4,932</u>	<u>7,720</u>	<u>14,772</u>	<u>23,114</u>	<u>11,849</u>
Fund Balances:							
Restricted:							
Stabilization by state statute	62,029	872	1,532	1,883	3,476	7,989	2,239
Fire protection	334,757	4,338	6,299	15,071	-	35,859	20,837
Unassigned	(2,902)	-	-	-	(2,659)	-	-
Total fund balances	<u>393,884</u>	<u>5,210</u>	<u>7,831</u>	<u>16,954</u>	<u>817</u>	<u>43,848</u>	<u>23,076</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 536,557</u>	<u>\$ 6,701</u>	<u>\$ 12,763</u>	<u>\$ 24,674</u>	<u>\$ 21,027</u>	<u>\$ 66,962</u>	<u>\$ 34,925</u>

CHATHAM COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICTS
COMBINING BALANCE SHEET
JUNE 30, 2019

	<u>Hope</u>	<u>Moncure</u>	<u>North Chatham</u>	<u>Parkwood</u>	<u>Staley</u>	<u>Northview</u>
Assets:						
Cash, cash equivalents, and investments	\$ 21,796	\$ 29,823	\$ 197,387	\$ 5,506	\$ 5,740	\$ 164
Property taxes receivable, net	6,204	20,052	35,909	397	1,789	700
Due from other governments	3,675	3,581	33,654	1,241	469	263
Other receivables	90	126	887	24	27	1
Total assets	<u>\$ 31,765</u>	<u>\$ 53,582</u>	<u>\$ 267,837</u>	<u>\$ 7,168</u>	<u>\$ 8,025</u>	<u>\$ 1,128</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 407
Deferred Inflows of Resources:						
Property taxes receivable	6,204	20,052	35,909	397	1,789	700
Prepaid taxes	3,051	3,935	662	191	60	-
Total deferred inflows of resources	<u>9,255</u>	<u>23,987</u>	<u>36,571</u>	<u>588</u>	<u>1,849</u>	<u>700</u>
Fund Balances:						
Restricted:						
Stabilization by state statute	3,765	3,707	34,541	1,265	496	264
Fire protection	18,745	25,888	196,725	5,315	5,680	-
Unassigned	-	-	-	-	-	(243)
Total fund balances	<u>22,510</u>	<u>29,595</u>	<u>231,266</u>	<u>6,580</u>	<u>6,176</u>	<u>21</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 31,765</u>	<u>\$ 53,582</u>	<u>\$ 267,837</u>	<u>\$ 7,168</u>	<u>\$ 8,025</u>	<u>\$ 1,128</u>

CHATHAM COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Combined Special Fire Districts</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 9,399,718	\$ 9,641,526	\$ 241,808
Investment earnings	-	10,656	10,656
Total revenues	<u>9,399,718</u>	<u>9,652,182</u>	<u>252,464</u>
Expenditures:			
Public safety:			
Fire protection contracts	9,488,787	9,396,635	92,152
Commissions	99,081	81,941	17,140
Total public safety	<u>9,587,868</u>	<u>9,478,576</u>	<u>109,292</u>
Revenues over (under) expenditures	(188,150)	173,606	361,756
Other Financing Sources (Uses):			
Appropriated fund balance	<u>188,150</u>	-	<u>(188,150)</u>
Net change in fund balances	<u>\$ -</u>	173,606	<u>\$ 173,606</u>
Fund Balances:			
Beginning of year - July 1		<u>220,278</u>	
End of year - June 30		<u>\$ 393,884</u>	

CHATHAM COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Bells Annex Fire District</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 122,634	\$ 127,135	\$ 4,501
Investment earnings	-	146	146
Total revenues	<u>122,634</u>	<u>127,281</u>	<u>4,647</u>
Expenditures:			
Public safety:			
Fire protection contracts	126,328	126,328	-
Commissions	<u>1,306</u>	<u>1,168</u>	<u>138</u>
Total public safety	<u>127,634</u>	<u>127,496</u>	<u>138</u>
Revenues over (under) expenditures	(5,000)	(215)	4,785
Other Financing Sources (Uses):			
Appropriated fund balance	<u>5,000</u>	-	<u>(5,000)</u>
Net change in fund balances	<u>\$ -</u>	(215)	<u>\$ (215)</u>
Fund Balances:			
Beginning of year - July 1		<u>5,425</u>	
End of year - June 30		<u>\$ 5,210</u>	

CHATHAM COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Bennett Fire District		
	Final Budget	Actual	Variance Over/Under
Revenues:			
Ad valorem taxes	\$ 121,515	\$ 128,881	\$ 7,366
Investment earnings	-	181	181
Total revenues	<u>121,515</u>	<u>129,062</u>	<u>7,547</u>
Expenditures:			
Public safety:			
Fire protection contracts	128,393	128,393	-
Commissions	<u>1,372</u>	<u>1,134</u>	<u>238</u>
Total public safety	<u>129,765</u>	<u>129,527</u>	<u>238</u>
Revenues over (under) expenditures	(8,250)	(465)	7,785
Other Financing Sources (Uses):			
Appropriated fund balance	<u>8,250</u>	-	<u>(8,250)</u>
Net change in fund balances	<u>\$ -</u>	(465)	<u>\$ (465)</u>
Fund Balances:			
Beginning of year - July 1		<u>8,296</u>	
End of year - June 30		<u>\$ 7,831</u>	

CHATHAM COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Bonlee Fire District		
	Final Budget	Actual	Variance Over/Under
Revenues:			
Ad valorem taxes	\$ 218,857	\$ 233,252	\$ 14,395
Investment earnings	-	320	320
Total revenues	<u>218,857</u>	<u>233,572</u>	<u>14,715</u>
Expenditures:			
Public safety:			
Fire protection contracts	221,454	221,454	-
Commissions	<u>2,403</u>	<u>2,105</u>	<u>298</u>
Total public safety	<u>223,857</u>	<u>223,559</u>	<u>298</u>
Revenues over (under) expenditures	(5,000)	10,013	15,013
Other Financing Sources (Uses):			
Appropriated fund balance	<u>5,000</u>	-	<u>(5,000)</u>
Net change in fund balances	<u>\$ -</u>	10,013	<u>\$ 10,013</u>
Fund Balances:			
Beginning of year - July 1		<u>6,941</u>	
End of year - June 30		<u>\$ 16,954</u>	

CHATHAM COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Central Chatham Fire District</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 427,887	\$ 329,330	\$ (98,557)
Investment earnings	-	227	227
Total revenues	<u>427,887</u>	<u>329,557</u>	<u>(98,330)</u>
Expenditures:			
Public safety:			
Fire protection contracts	424,845	326,368	98,477
Commissions	3,442	2,945	497
Total public safety	<u>428,287</u>	<u>329,313</u>	<u>98,974</u>
Revenues over (under) expenditures	(400)	244	644
Other Financing Sources (Uses):			
Appropriated fund balance	<u>400</u>	-	<u>(400)</u>
Net change in fund balances	<u>\$ -</u>	244	<u>\$ 244</u>
Fund Balances:			
Beginning of year - July 1		<u>573</u>	
End of year - June 30		<u>\$ 817</u>	

CHATHAM COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Circle City Fire District</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 1,269,176	\$ 1,310,079	\$ 40,903
Investment earnings	-	1,246	1,246
Total revenues	<u>1,269,176</u>	<u>1,311,325</u>	<u>42,149</u>
Expenditures:			
Public safety:			
Fire protection contracts	1,280,274	1,280,274	-
Commissions	13,402	12,233	1,169
Total public safety	<u>1,293,676</u>	<u>1,292,507</u>	<u>1,169</u>
Revenues over (under) expenditures	(24,500)	18,818	43,318
Other Financing Sources (Uses):			
Appropriated fund balance	<u>24,500</u>	-	<u>(24,500)</u>
Net change in fund balances	<u>\$ -</u>	18,818	<u>\$ 18,818</u>
Fund Balances:			
Beginning of year - July 1		<u>25,030</u>	
End of year - June 30		<u>\$ 43,848</u>	

CHATHAM COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Goldston Fire District</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 255,793	\$ 266,674	\$ 10,881
Investment earnings	-	411	411
Total revenues	<u>255,793</u>	<u>267,085</u>	<u>11,292</u>
Expenditures:			
Public safety:			
Fire protection contracts	252,990	252,990	-
Commissions	2,803	2,409	394
Total public safety	<u>255,793</u>	<u>255,399</u>	<u>394</u>
Revenues over (under) expenditures	-	11,686	11,686
Other Financing Sources (Uses):			
Appropriated fund balance	-	-	-
Net change in fund balances	<u>\$ -</u>	11,686	<u>\$ 11,686</u>
Fund Balances:			
Beginning of year - July 1		<u>11,390</u>	
End of year - June 30		<u>\$ 23,076</u>	

CHATHAM COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Hope Fire District		
	Final Budget	Actual	Variance Over/Under
Revenues:			
Ad valorem taxes	\$ 424,624	\$ 443,591	\$ 18,967
Investment earnings	-	525	525
Total revenues	<u>424,624</u>	<u>444,116</u>	<u>19,492</u>
Expenditures:			
Public safety:			
Fire protection contracts	431,920	431,920	-
Commissions	<u>4,704</u>	<u>4,031</u>	<u>673</u>
Total public safety	<u>436,624</u>	<u>435,951</u>	<u>673</u>
Revenues over (under) expenditures	(12,000)	8,165	20,165
Other Financing Sources (Uses):			
Appropriated fund balance	<u>12,000</u>	-	<u>(12,000)</u>
Net change in fund balances	<u>\$ -</u>	8,165	<u>\$ 8,165</u>
Fund Balances:			
Beginning of year - July 1		<u>14,345</u>	
End of year - June 30		<u>\$ 22,510</u>	

CHATHAM COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Moncure Fire District</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 778,288	\$ 802,699	\$ 24,411
Investment earnings	-	833	833
Total revenues	<u>778,288</u>	<u>803,532</u>	<u>25,244</u>
Expenditures:			
Public safety:			
Fire protection contracts	773,150	780,830	(7,680)
Commissions	8,138	-	8,138
Total public safety	<u>781,288</u>	<u>780,830</u>	<u>458</u>
Revenues over (under) expenditures	(3,000)	22,702	25,702
Other Financing Sources (Uses):			
Appropriated fund balance	<u>3,000</u>	-	<u>(3,000)</u>
Net change in fund balances	<u>\$ -</u>	22,702	<u>\$ 22,702</u>
Fund Balances:			
Beginning of year - July 1		<u>6,893</u>	
End of year - June 30		<u>\$ 29,595</u>	

CHATHAM COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	North Chatham Fire District		
	Final Budget	Actual	Variance Over/Under
Revenues:			
Ad valorem taxes	\$ 5,376,102	\$ 5,586,404	\$ 210,302
Investment earnings	-	5,683	5,683
Total revenues	<u>5,376,102</u>	<u>5,592,087</u>	<u>215,985</u>
Expenditures:			
Public safety:			
Fire protection contracts	5,447,953	5,447,953	-
Commissions	57,149	52,037	5,112
Total public safety	<u>5,505,102</u>	<u>5,499,990</u>	<u>5,112</u>
Revenues over (under) expenditures	(129,000)	92,097	221,097
Other Financing Sources (Uses):			
Appropriated fund balance	<u>129,000</u>	-	<u>(129,000)</u>
Net change in fund balances	<u>\$ -</u>	92,097	<u>\$ 92,097</u>
Fund Balances:			
Beginning of year - July 1		<u>139,169</u>	
End of year - June 30		<u>\$ 231,266</u>	

CHATHAM COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Parkwood Fire District</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 320,179	\$ 324,969	\$ 4,790
Investment earnings	-	963	963
Total revenues	<u>320,179</u>	<u>325,932</u>	<u>5,753</u>
Expenditures:			
Public safety:			
Fire protection contracts	316,840	316,840	-
Commissions	3,339	3,090	249
Total public safety	<u>320,179</u>	<u>319,930</u>	<u>249</u>
Revenues over (under) expenditures	-	6,002	6,002
Other Financing Sources (Uses):			
Appropriated fund balance	-	-	-
Net change in fund balances	<u>\$ -</u>	6,002	<u>\$ 6,002</u>
Fund Balances:			
Beginning of year - July 1		<u>578</u>	
End of year - June 30		<u>\$ 6,580</u>	

CHATHAM COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Staley Fire District		
	Final Budget	Actual	Variance Over/Under
Revenues:			
Ad valorem taxes	\$ 49,634	\$ 54,977	\$ 5,343
Investment earnings	-	100	100
Total revenues	<u>49,634</u>	<u>55,077</u>	<u>5,443</u>
Expenditures:			
Public safety:			
Fire protection contracts	50,040	50,040	-
Commissions	594	487	107
Total public safety	<u>50,634</u>	<u>50,527</u>	<u>107</u>
Revenues over (under) expenditures	(1,000)	4,550	5,550
Other Financing Sources (Uses):			
Appropriated fund balance	<u>1,000</u>	-	<u>(1,000)</u>
Net change in fund balances	<u>\$ -</u>	4,550	<u>\$ 4,550</u>
Fund Balances:			
Beginning of year - July 1		<u>1,626</u>	
End of year - June 30		<u>\$ 6,176</u>	

CHATHAM COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Northview Fire District</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 35,029	\$ 33,535	\$ (1,494)
Investment earnings	-	21	21
Total revenues	<u>35,029</u>	<u>33,556</u>	<u>(1,473)</u>
Expenditures:			
Public safety:			
Fire protection contracts	34,600	33,245	1,355
Commissions	429	302	127
Total public safety	<u>35,029</u>	<u>33,547</u>	<u>1,482</u>
Revenues over (under) expenditures	-	9	9
Other Financing Sources (Uses):			
Appropriated fund balance	-	-	-
Net change in fund balances	<u>\$ -</u>	<u>9</u>	<u>\$ 9</u>
Fund Balances:			
Beginning of year - July 1		<u>12</u>	
End of year - June 30		<u>\$ 21</u>	

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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:

- **County-Wide Park Projects** – Accounts for the financing and construction of parks for the recreational use of residents of the County.
- **Tech/System Improvement Project Computer System** – Accounts for the funds used to purchase financial software for the County and to fund upgrades to the County's computer systems.
- **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, 2019

	<u>County-Wide Park Projects</u>	<u>Tech/System Improvement Projects</u>	<u>Emergency Vehicle Replacement Capital Reserve Project</u>	<u>Total</u>
Assets:				
Cash, cash equivalents, and investments	\$ 25,000	\$ -	\$ 123,695	\$ 148,695
Due from other governments	49,964	-	-	49,964
Other receivables	-	-	612	612
Total assets	<u>\$ 74,964</u>	<u>\$ -</u>	<u>\$ 124,307</u>	<u>\$ 199,271</u>
Fund Balances:				
Restricted:				
Stabilization by state statute	\$ 49,964	\$ -	\$ 612	\$ 50,576
Assigned	25,000	-	123,695	148,695
Total fund balances	<u>\$ 74,964</u>	<u>\$ -</u>	<u>\$ 124,307</u>	<u>\$ 199,271</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, 2019

	<u>County-Wide Park Projects</u>	<u>Tech/System Improvements Project</u>	<u>Emergency Vehicle Replacement Capital Reserve Project</u>	<u>Total</u>
Revenues:				
Restricted intergovernmental	\$ 49,964	\$ -	\$ -	\$ 49,964
Investment earnings	-	-	2,706	2,706
Other general revenues	-	609,943	-	609,943
Total revenues	<u>49,964</u>	<u>609,943</u>	<u>2,706</u>	<u>662,613</u>
Expenditures:				
General government	-	150,810	-	150,810
Public safety	-	38,160	-	38,160
Cultural and recreational	99,928	-	-	99,928
Total expenditures	<u>99,928</u>	<u>188,970</u>	<u>-</u>	<u>288,898</u>
Revenues over (under) expenditures	<u>(49,964)</u>	<u>420,973</u>	<u>2,706</u>	<u>373,715</u>
Other Financing Sources (Uses):				
Transfers:				
Transfers from other funds	124,928	104,189	-	229,117
Transfers (to) other funds	-	(525,162)	-	(525,162)
Total other financing sources (uses)	<u>124,928</u>	<u>(420,973)</u>	<u>-</u>	<u>(296,045)</u>
Net change in fund balances	74,964	-	2,706	77,670
Fund Balance:				
Beginning of year - July 1	-	-	121,601	121,601
End of year - June 30	<u>\$ 74,964</u>	<u>\$ -</u>	<u>\$ 124,307</u>	<u>\$ 199,271</u>

CHATHAM COUNTY, NORTH CAROLINA

COUNTY-WIDE PARK PROJECTS
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE FISCAL YEAR
 ENDED JUNE 30, 2019

	Project Budget	Actual		Total	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
State grants	\$ 333,375	\$ -	\$ 49,964	\$ 49,964	\$ (283,411)
Expenditures:					
Cultural and recreational:					
Briar Chapel	1,934,526	972,472	99,928	1,072,400	862,126
Revenues over (under) expenditures	(1,601,151)	(972,472)	(49,964)	(1,022,436)	578,715
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
General Fund	25,000	-	25,000	25,000	-
Recreation in lieu	1,576,151	972,472	99,928	1,072,400	(503,751)
Total other financing sources (uses)	1,601,151	972,472	124,928	1,097,400	(503,751)
Net change in fund balance	\$ -	\$ -	\$ 74,964	\$ 74,964	\$ 74,964

CHATHAM COUNTY, NORTH CAROLINA

**TECH/SYSTEM IMPROVEMENTS PROJECT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE FISCAL YEAR
ENDED JUNE 30, 2019**

	Project Budget	Actual		Total	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Intergovernmental:					
Federal/State grants	\$ 72,118	\$ 49,935	\$ -	\$ 49,935	\$ (22,183)
Other general revenues	<u>1,500,000</u>	<u>890,057</u>	<u>609,943</u>	<u>1,500,000</u>	<u>-</u>
Total revenues	<u>1,572,118</u>	<u>939,992</u>	<u>609,943</u>	<u>1,549,935</u>	<u>(22,183)</u>
Expenditures:					
General government	2,462,793	1,064,256	150,810	1,215,066	1,247,727
Public safety	<u>223,637</u>	<u>99,870</u>	<u>38,160</u>	<u>138,030</u>	<u>85,607</u>
Total expenditures	<u>2,686,430</u>	<u>1,164,126</u>	<u>188,970</u>	<u>1,353,096</u>	<u>1,333,334</u>
Revenues over (under) expenditures	<u>(1,114,312)</u>	<u>(224,134)</u>	<u>420,973</u>	<u>196,839</u>	<u>1,311,151</u>
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
Capital reserve	(525,162)	-	(525,162)	(525,162)	-
Capital reserve	<u>1,639,474</u>	<u>224,134</u>	<u>104,189</u>	<u>328,323</u>	<u>(1,311,151)</u>
Total other financing sources (uses)	<u>1,114,312</u>	<u>224,134</u>	<u>(420,973)</u>	<u>(196,839)</u>	<u>(1,311,151)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHATHAM COUNTY, NORTH CAROLINA

EMERGENCY VEHICLE REPLACEMENT CAPITAL PROJECT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019
 WITH COMPARATIVE ACTUAL AMOUNTS FOR
 THE FISCAL YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ -	\$ 2,706	\$ 2,706	\$ 1,562
Expenditures:				
Public safety	50,000	-	50,000	-
Revenues over (under) expenditures	(50,000)	2,706	52,706	1,562
Appropriated fund balance	50,000	-	(50,000)	-
Net change in fund balance	\$ -	2,706	\$ 2,706	1,562
Fund Balance:				
Beginning of year - July 1		121,601		120,039
End of year - June 30		\$ 124,307		\$ 121,601

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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 Operating Fund** – Accounts for the water and sewer operations of the County.
- **Utility Capital Reserve Fund** – Accounts for funds accumulated to fund future capital projects.
- **Utility Equipment Reserve Fund** – Accounts for funds accumulated to fund future capital outlay purchases for utility operations.
- **Utility 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 and Recycling Operating Fund** – Accounts for the operations of the County's collection and disposal of solid waste.
- **Solid Waste and Recycling Capital Reserve Fund** –Accounts for funds accumulated to fund future capital projects.

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CHATHAM COUNTY, NORTH CAROLINA

UTILITY OPERATING FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR
THE FISCAL YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Charges for services:				
Water sales	\$ 6,437,351	\$ 6,681,210	\$ 243,859	\$ 6,851,522
Sewer charges	21,340	23,655	2,315	24,160
Total charges for services	6,458,691	6,704,865	246,174	6,875,682
Non-operating revenues:				
Investment earnings	58,000	146,752	88,752	84,042
Other non-operating revenues	-	37	37	61,016
Total revenues	6,516,691	6,851,654	334,963	7,020,740
Expenditures:				
Operating expenditures:				
Salaries and employee benefits	1,642,832	1,533,771	109,061	1,503,343
Repairs and maintenance	986,357	740,028	246,329	609,175
Other operating expenditures	3,417,460	3,109,287	308,173	2,806,758
Total	6,046,649	5,383,086	663,563	4,919,276
Capital outlay	26,960	26,894	66	267,998
Debt service:				
Principal	993,605	993,603	2	980,752
Interest	405,633	402,119	3,514	433,480
Total expenditures	7,472,847	6,805,702	667,145	6,601,506
Revenues over (under) expenditures	(956,156)	45,952	1,002,108	419,234
Other Financing Sources (Uses):				
Intrafund transfers from (to) other funds:				
Utility Capital Reserve	-	609,943	609,943	-
Fund balance appropriated	956,156	-	(956,156)	-

CHATHAM COUNTY, NORTH CAROLINA

UTILITY OPERATING FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR
THE FISCAL YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues and other financing sources				
(under) expenditures and other financing uses	\$ -	655,895	\$ 655,895	\$ 419,234

Reconciliation from Budgetary Basis to Full Accrual:

Revenue:

Utility capital reserve 2,499,114

Utility equipment reserve 10,275

Reconciling items:

Intrafund transfers (609,943)

Transfers out - Utility capital project 26,532

Capital outlay 26,894

Debt principal 993,603

Depreciation (1,229,198)

Decrease (increase) in compensated absences (7,570)

(Decrease) in deferred outflows of resources - pensions 105,839

Decrease in net pension liability (134,247)

(Increase) in deferred inflows of resources - pensions 3,516

Increase in deferred outflows of resources - OPEB 55,977

(Increase) in net OPEB liability (82,376)

(Increase) in deferred inflows of resources - OPEB 2,463

Change in net position \$ 2,316,774

CHATHAM COUNTY, NORTH CAROLINA

UTILITY CAPITAL RESERVE
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2019
 WITH COMPARATIVE ACTUAL AMOUNTS FOR
 THE FISCAL YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Charges for services	\$ 700,000	\$ 2,123,724	\$ 1,423,724	\$ 788,500
Investment earnings	75,000	375,390	300,390	211,178
Total revenues	<u>775,000</u>	<u>2,499,114</u>	<u>1,724,114</u>	<u>999,678</u>
Expenditures:				
Future projects	<u>1,854,581</u>	<u>-</u>	<u>1,854,581</u>	<u>-</u>
Revenues over (under) expenditures	<u>(1,079,581)</u>	<u>2,499,114</u>	<u>3,578,695</u>	<u>999,678</u>
Other Financing Sources (Uses):				
Intrafund transfers from (to):				
Utility Capital Project	(1,160,475)	(1,157,077)	3,398	(352,037)
Utility Operating	<u>(609,944)</u>	<u>(609,943)</u>	<u>1</u>	<u>(29,517)</u>
Total other financing sources (uses)	<u>(1,770,419)</u>	<u>(1,767,020)</u>	<u>3,399</u>	<u>(381,554)</u>
Fund balance appropriated	<u>2,850,000</u>	<u>-</u>	<u>(2,850,000)</u>	<u>-</u>
Revenues and other financing sources (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 732,094</u>	<u>\$ 732,094</u>	<u>\$ 618,124</u>

CHATHAM COUNTY, NORTH CAROLINA

UTILITY EQUIPMENT RESERVE
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2019
 WITH COMPARATIVE ACTUAL AMOUNTS FOR
 THE FISCAL YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ 2,000	\$ 10,275	\$ 8,275	\$ 6,289
Expenditures:				
Capital	102,000	-	102,000	-
Total expenditures	102,000	-	102,000	-
Revenues over (under) expenditures	(100,000)	10,275	110,275	6,289
Appropriated fund balance	100,000	-	(100,000)	-
Revenues and other financing sources (under) expenditures and other financing uses	\$ -	\$ 10,275	\$ 10,275	\$ 6,289

CHATHAM COUNTY, NORTH CAROLINA

UTILITY CAPITAL PROJECTS
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE FISCAL YEAR
 ENDED JUNE 30, 2019

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total	
Revenues:					
Intergovernmental:					
Grant - Department of Transportation	\$ 399,882	\$ 399,882	\$ -	\$ 399,882	\$ -
Investment earnings	28,056	28,056	-	28,056	-
Total revenues	<u>427,938</u>	<u>427,938</u>	<u>-</u>	<u>427,938</u>	<u>-</u>
Expenditures:					
Construction:					
Nature Trail	1,824,788	430,957	1,157,076	1,588,033	236,755
Haywood	140,552	22,752	(50)	22,702	117,850
Business Campus	<u>9,277,026</u>	<u>8,400,493</u>	<u>26,533</u>	<u>8,427,026</u>	<u>850,000</u>
Total expenditures	<u>11,242,366</u>	<u>8,854,202</u>	<u>1,183,559</u>	<u>10,037,761</u>	<u>1,204,605</u>
Revenues over (under) expenditures	<u>(10,814,428)</u>	<u>(8,426,264)</u>	<u>(1,183,559)</u>	<u>(9,609,823)</u>	<u>1,204,605</u>
Other Financing Sources (Uses):					
Transfers (to) from other funds:					
General Fund	257,695	257,695	-	257,695	-
Capital Reserve	888,986	12,455	26,532	38,987	(849,999)
Capital Improvement Project Reserve	<u>7,364,593</u>	<u>7,364,593</u>	<u>-</u>	<u>7,364,593</u>	<u>-</u>
Intrafund transfers:					
Utility Capital Reserve	<u>2,303,154</u>	<u>794,869</u>	<u>1,157,077</u>	<u>1,951,946</u>	<u>(351,208)</u>
Total other financing sources (uses)	<u>10,814,428</u>	<u>8,429,612</u>	<u>1,183,609</u>	<u>9,613,221</u>	<u>(1,201,207)</u>
Revenues and other financing sources					
(under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 3,348</u>	<u>\$ 50</u>	<u>\$ 3,398</u>	<u>\$ 3,398</u>

CHATHAM COUNTY, NORTH CAROLINA

SOUTHEAST WATER DISTRICT
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2019
 WITH COMPARATIVE ACTUAL AMOUNTS FOR
 THE FISCAL YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Charges for services	\$ 633,500	\$ 771,243	\$ 137,743	\$ 701,728
Non-operating revenues:				
Investment earnings	1,500	19,256	17,756	9,822
Total revenues	<u>635,000</u>	<u>790,499</u>	<u>155,499</u>	<u>711,550</u>
Expenditures:				
Operating expenditures	381,177	387,305	(6,128)	356,576
Debt service:				
Principal	81,000	81,000	-	79,000
Interest	<u>172,823</u>	<u>171,990</u>	<u>833</u>	<u>174,966</u>
Total expenditures	<u>635,000</u>	<u>640,295</u>	<u>(5,295)</u>	<u>610,542</u>
Revenues and other financing sources				
(under) expenditures and other financing uses	<u>\$ -</u>	150,204	<u>\$ 150,204</u>	<u>\$ 101,008</u>

This schedule is included to show budgetary compliance.

Reconciliation from Budgetary Basis to Full Accrual:

Reconciling items:

Debt principal	81,000
Depreciation	<u>(106,339)</u>
Change in net position	<u>\$ 124,865</u>

CHATHAM COUNTY, NORTH CAROLINA

SOLID WASTE AND RECYCLING OPERATING FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Charges for services:				
Collection center fees	\$ 2,169,556	\$ 2,359,971	\$ 190,415	\$ 2,290,426
Disposal fees	606,983	642,501	35,518	641,365
Other charges for services	127,289	210,963	83,674	152,127
Total operating revenues	<u>2,903,828</u>	<u>3,213,435</u>	<u>309,607</u>	<u>3,083,918</u>
Non-operating revenues:				
Investment earnings	28,655	90,711	62,056	49,311
Sale of capital assets	-	53,571	53,571	-
Other non-operating revenue:				
Scrap tire disposal tax	93,267	101,197	7,930	97,885
White goods disposal tax	27,392	29,868	2,476	46,917
Solid waste disposal tax	45,509	52,928	7,419	47,588
Electronics disposal tax	5,493	4,390	(1,103)	5,663
Other non-operating revenues	5,838	6,075	237	44,276
Total non-operating revenues	<u>206,154</u>	<u>338,740</u>	<u>132,586</u>	<u>291,640</u>
Total revenues	<u>3,109,982</u>	<u>3,552,175</u>	<u>442,193</u>	<u>3,375,558</u>
Expenditures:				
Operating expenditures:				
Salaries and employee benefits	891,322	732,275	159,047	828,575
Repairs and maintenance	560,273	538,824	21,449	167,679
Other operating expenditures	1,963,561	1,891,698	71,863	1,787,498
Total	<u>3,415,156</u>	<u>3,162,797</u>	<u>252,359</u>	<u>2,783,752</u>
Capital outlay	263,800	240,764	23,036	-
Total expenditures	<u>3,678,956</u>	<u>3,403,561</u>	<u>275,395</u>	<u>2,783,752</u>
Revenues over (under) expenditures	(568,974)	148,614	717,588	591,806
Fund balance appropriated	<u>568,974</u>	<u>-</u>	<u>(568,974)</u>	<u>-</u>

CHATHAM COUNTY, NORTH CAROLINA

SOLID WASTE AND RECYCLING OPERATING FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		2018	
	Final Budget	Actual	Variance Over/Under	Actual
Revenues and other financing sources				
(under) expenditures and other financing uses	\$ -	148,614	\$ 148,614	\$ 591,806

Reconciliation from Budgetary Basis to Full Accrual:

Solid waste & recycling reserve	21,295
Reconciling items:	
Capital outlay	240,764
Depreciation	(296,990)
Decrease (increase) in compensated absences	501
(Decrease) in deferred outflows of resources - pensions	60,373
Decrease in net pension liability	(76,578)
Decrease in deferred inflows of resources - pensions	2,005
Increase in deferred outflows of resources - OPEB	31,933
(Increase) in net OPEB liability	(46,988)
Decrease in deferred inflows of resources -OPEB	1,405
Change in net position	\$ 86,334

CHATHAM COUNTY, NORTH CAROLINA

SOLID WASTE AND RECYCLING CAPITAL RESERVE

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ 3,500	\$ 21,295	\$ 17,795	\$ 13,033
Expenditures:				
Capital	750,000	-	750,000	-
Revenues over (under) expenditures	(746,500)	21,295	767,795	13,033
Appropriated fund balance	746,500	-	(746,500)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 21,295	\$ 21,295	\$ 13,033

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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, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Financial Plan	Actual	Variance Over/Under	Actual
Revenues:				
Charges for services:				
Health insurance	\$ 6,215,941	\$ 6,428,143	\$ 212,202	\$ 6,071,195
Dental insurance	323,416	334,163	10,747	336,255
Total charges for services	6,539,357	6,762,306	222,949	6,407,450
Investment earnings	20,000	196,035	176,035	86,899
Total revenues	6,559,357	6,958,341	398,984	6,494,349
Expenditures:				
Benefits paid:				
Health insurance	5,285,941	5,056,507	229,434	4,021,475
Dental insurance	283,416	257,281	26,135	262,474
Workers' compensation	100,000	17,195	82,805	-
Administrative costs:				
Health insurance	950,000	897,305	52,695	948,237
Dental insurance	40,000	38,070	1,930	39,046
Workers' compensation	-	-	-	1,845
Total expenditures	6,659,357	6,266,358	392,999	5,273,077
Revenues over (under) expenditures	(100,000)	691,983	791,983	1,221,272
Appropriated fund balance	100,000	-	(100,000)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	691,983	\$ 691,983	1,221,272
Net Position:				
Beginning of year - July 1		5,876,492		4,655,220
End of year - June 30		\$ 6,568,475		\$ 5,876,492

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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:

- **Chatham County Cooperative Extension Fund** – This fund accounts for fees collected for programs conducted by the Chatham County Cooperative Extension Service.
- **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.
- **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.
- **Chatham County Municipalities Agency Fund** – This fund accounts for property taxes collected and remitted to municipalities located within the County.
- **Goldston-Gulf Sanitary District Agency Fund** – This fund accounts for the property taxes collected for a special tax district located within the County.
- **Detention Center Fund** – This fund accounts for monies of County detention inmates for which the County serves as an agent. Balances remaining are returned to the individuals when they are released from the facility.

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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, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
Chatham County Cooperative Extension:				
Assets:				
Cash, cash equivalents, and investments	\$ 153,003	\$ 87,769	\$ 94,242	\$ 146,530
Other receivables	1,086	1,109	1,086	1,109
Total assets	<u>\$ 154,089</u>	<u>\$ 88,878</u>	<u>\$ 95,328</u>	<u>\$ 147,639</u>
Liabilities:				
Due to other governmental agencies	<u>\$ 154,089</u>	<u>\$ 169,563</u>	<u>\$ 176,013</u>	<u>\$ 147,639</u>
Social Services:				
Assets:				
Cash, cash equivalents, and investments	<u>\$ 47,490</u>	<u>\$ 25,933</u>	<u>\$ 39,932</u>	<u>\$ 33,491</u>
Liabilities:				
Due to agency participants	<u>\$ 47,490</u>	<u>\$ 150,876</u>	<u>\$ 164,875</u>	<u>\$ 33,491</u>
Fines and Forfeitures:				
Assets:				
Cash	\$ -	\$ 231,065	\$ 231,065	\$ -
Due from other governmental agencies	16,616	13,308	16,616	13,308
Total assets	<u>\$ 16,616</u>	<u>\$ 244,373</u>	<u>\$ 247,681</u>	<u>\$ 13,308</u>
Liabilities:				
Due to other governmental agencies	<u>\$ 16,616</u>	<u>\$ 442,205</u>	<u>\$ 445,513</u>	<u>\$ 13,308</u>
Chatham County Municipalities:				
Assets:				
Cash, cash equivalents, and investments	\$ 18,066	\$ 8,098,252	\$ 8,107,861	\$ 8,457
Property taxes receivable	128,451	7,390,053	7,390,984	127,520
Due from other governmental agencies	55,295	63,117	57,201	61,211
Total assets	<u>\$ 201,812</u>	<u>\$ 15,551,422</u>	<u>\$ 15,556,046</u>	<u>\$ 197,188</u>
Liabilities:				
Due to other governmental agencies	<u>\$ 201,812</u>	<u>\$ 23,578,717</u>	<u>\$ 23,583,341</u>	<u>\$ 197,188</u>
Goldston-Gulf Sanitary District:				
Assets:				
Cash, cash equivalents, and investments	\$ 329	\$ 129,522	\$ 129,134	\$ 717
Property taxes receivable	6,105	117,787	116,093	7,799
Due from other governmental agencies	1,017	845	1,053	809
Other receivables	3	11	3	11
Total assets	<u>\$ 7,454</u>	<u>\$ 248,165</u>	<u>\$ 246,283</u>	<u>\$ 9,336</u>
Liabilities:				
Due to other governmental agencies	<u>\$ 7,454</u>	<u>\$ 371,038</u>	<u>\$ 369,156</u>	<u>\$ 9,336</u>

CHATHAM COUNTY, NORTH CAROLINA

TRUST AND AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
Detention Center:				
Assets:				
Cash, cash equivalents, and investments	\$ 3,833	\$ 10,972	\$ 9,439	\$ 5,366
Liabilities:				
Due to agency participants	\$ 3,833	\$ 160,440	\$ 158,907	\$ 5,366
Combining Totals:				
Assets:				
Cash, cash equivalents, and investments	\$ 222,721	\$ 8,583,513	\$ 8,611,673	\$ 194,561
Property taxes receivable	134,556	7,507,840	7,507,077	135,319
Due from other governmental agencies	72,928	77,270	74,870	75,328
Other receivables	1,089	1,120	1,089	1,120
Total assets	<u>\$ 431,294</u>	<u>\$ 16,169,743</u>	<u>\$ 16,194,709</u>	<u>\$ 406,328</u>
Liabilities:				
Due to agency participants	\$ 51,323	\$ 311,316	\$ 323,782	\$ 38,857
Due to other governmental agencies	379,971	24,561,523	24,574,023	367,471
Total liabilities	<u>\$ 431,294</u>	<u>\$ 24,872,839</u>	<u>\$ 24,897,805</u>	<u>\$ 406,328</u>

OTHER SUPPLEMENTAL SCHEDULES

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CHATHAM COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2019

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2018</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018-2019	\$ -	\$ 70,336,774	\$ (69,682,844)	\$ 653,930
2017-2018	788,454	-	(520,906)	267,548
2016-2017	191,463	-	(88,482)	102,981
2015-2016	106,775	-	(29,799)	76,976
2014-2015	93,976	-	(18,772)	75,204
2013-2014	98,685	-	(10,378)	88,307
2012-2013	93,602	-	(6,039)	87,563
2011-2012	98,262	-	(3,918)	94,344
2010-2011	64,781	-	(2,752)	62,029
2009-2010	45,592	-	(1,776)	43,816
Prior Years	58,014	-	(50,833)	7,181
Total	<u>\$ 1,639,604</u>	<u>\$ 70,336,774</u>	<u>\$ (70,416,499)</u>	1,559,879
Plus: Ad valorem taxes receivable - 2019				48,507
Less: Allowance for uncollectible ad valorem taxes receivable				<u>(617,306)</u>
Ad valorem taxes receivable (net)				<u>\$ 991,080</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 70,367,605
Reconciling items:				
Interest collected and penalties				(35,375)
Releases and other credits				<u>84,269</u>
Total collections and credits				<u>\$ 70,416,499</u>

CHATHAM COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2019

	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	\$ 11,139,374,491	\$ 0.6281	\$ 69,966,408	\$ 64,724,237	\$ 5,242,171
Penalties	-		87,565	87,565	-
Total	<u>11,139,374,491</u>		<u>70,053,973</u>	<u>64,811,802</u>	<u>5,242,171</u>
Discoveries:					
Current year	10,122,163	0.6281	63,577	63,577	-
Prior years	49,410,511		331,931	331,931	-
Penalties	-		871	871	-
Total	<u>59,532,674</u>		<u>396,379</u>	<u>396,379</u>	<u>-</u>
Releases					
Current year	(14,594,506)	0.6281	(171,349)	(91,668)	-
Prior years	(2,804,729)		(17,611)	(17,611)	-
Penalties	-		(4,299)	(4,299)	-
Total	<u>(17,399,235)</u>		<u>(193,259)</u>	<u>(113,578)</u>	<u>-</u>
Total property valuation	<u>\$ 11,181,507,930</u>				
Net Levy			70,336,774	65,094,603	5,242,171
Uncollected taxes at June 30, 2019			<u>653,930</u>	<u>653,930</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 69,682,844</u>	<u>\$ 64,440,673</u>	<u>\$ 5,242,171</u>
Current Levy Collection Percentage			<u>99.07%</u>	<u>99.00%</u>	<u>100.00%</u>

CHATHAM COUNTY, NORTH CAROLINA**ANALYSIS OF CURRENT YEAR LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2019**

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio (1)	100%
Real Property	\$ 10,449,123,673
Personal Property	526,034,115
Public Service Companies (2)	<u>206,350,142</u>
Total Assessed Valuation	<u>\$ 11,181,507,930</u>
Tax Rate per \$100	<u>\$ 0.6281</u>
Levy (includes discoveries, releases and abatements) (3)	<u>\$ 70,336,774</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, 2019:

Fire protection districts:

Bennett	\$ 129,907
Bonlee	230,063
Central Chatham	326,934
Circle City	1,303,190
Goldston	267,407
Hope	442,980
Moncure	808,553
North Chatham	5,590,141
Bells Annex	126,322
Parkwood	323,455
Staley	53,635
Northview	<u>32,057</u>
Total	<u>\$ 9,634,644</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

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.

Financial Trends: Page 151

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity: Page 156

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity: Page 160

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information: Page 164

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information: Page 167

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual report for the relevant year.

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 15,859,270	\$ 32,810,111	\$ 23,297,981	\$ 34,705,133	\$ 35,625,472	\$ 33,807,327	\$ 20,381,972	\$ 34,736,678	\$ 37,007,498	\$ 40,039,979
Restricted	10,842,494	7,136,044	7,002,729	20,001,062	12,422,065	6,321,345	8,712,333	8,311,358	8,045,521	9,521,662
Unrestricted	34,672,300	29,602,312	36,666,777	19,590,379	(6,211,010)	13,294,826	39,657,533	37,622,231	40,059,289	14,025,920
Total governmental activities net position	<u>\$ 61,374,064</u>	<u>\$ 69,548,467</u>	<u>\$ 66,967,487</u>	<u>\$ 74,296,574</u>	<u>\$ 41,836,527</u>	<u>\$ 53,423,498</u>	<u>\$ 68,751,838</u>	<u>\$ 80,670,267</u>	<u>\$ 85,112,308</u>	<u>\$ 63,587,561</u>
Business-type activities										
Net investment in capital assets	\$ 30,882,753	\$ 32,259,505	\$ 30,745,494	\$ 33,240,609	\$ 36,926,405	\$ 37,674,038	\$ 37,987,189	\$ 38,577,997	\$ 38,652,392	\$ 39,544,939
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	23,588,855	23,504,559	26,669,081	25,628,489	23,248,519	24,774,601	26,793,503	25,424,039	26,919,599	28,555,025
Total business-type activities	<u>\$ 54,471,608</u>	<u>\$ 55,764,064</u>	<u>\$ 57,414,575</u>	<u>\$ 58,869,098</u>	<u>\$ 60,174,924</u>	<u>\$ 62,448,639</u>	<u>\$ 64,780,692</u>	<u>\$ 64,002,036</u>	<u>\$ 65,571,991</u>	<u>\$ 68,099,964</u>
Primary government										
Net investment in capital assets	\$ 46,742,023	\$ 65,069,616	\$ 54,043,475	\$ 67,945,742	\$ 72,551,877	\$ 71,481,365	\$ 58,369,161	\$ 73,314,675	\$ 75,659,890	\$ 79,584,918
Restricted	10,842,494	7,136,044	7,002,729	20,001,062	12,422,065	6,321,345	8,712,333	8,311,358	8,045,521	9,521,662
Unrestricted	58,261,155	53,106,871	63,335,858	45,218,868	17,037,509	38,069,427	66,451,036	63,046,270	66,978,888	42,580,945
Total primary government net position	<u>\$ 115,845,672</u>	<u>\$ 125,312,531</u>	<u>\$ 124,382,062</u>	<u>\$ 133,165,672</u>	<u>\$ 102,011,451</u>	<u>\$ 115,872,137</u>	<u>\$ 133,532,530</u>	<u>\$ 144,672,303</u>	<u>\$ 150,684,299</u>	<u>\$ 131,687,525</u>

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 10,818,058	\$ 10,222,252	\$ 6,973,790	\$ 10,439,515	\$ 11,802,931	\$ 12,366,637	\$ 12,408,260	\$ 13,494,733	\$ 15,068,952	\$ 16,700,851
Public safety	16,990,469	18,684,461	19,891,626	20,060,250	21,029,450	21,020,275	25,111,163	26,541,301	28,373,014	29,544,421
Economic and physical development	2,942,520	2,784,443	2,750,430	1,980,219	2,803,531	1,850,614	2,256,179	2,377,889	3,193,937	3,033,823
Human Services	16,982,791	16,811,310	15,694,203	15,530,646	15,071,151	14,699,063	15,554,918	15,927,642	15,105,429	14,441,440
Cultural and recreation	1,492,221	1,287,933	743,753	1,842,358	1,804,748	1,755,623	2,253,547	2,287,418	2,578,431	2,638,700
Education	26,912,507	27,098,335	43,711,018	32,680,272	71,104,550	29,069,935	31,802,557	34,443,820	39,950,462	72,291,352
Interest on long term debt	4,338,047	4,203,953	4,076,098	4,219,127	5,167,547	5,104,152	5,345,658	4,714,468	4,473,431	8,793,382
Total governmental activities expenses	<u>80,476,613</u>	<u>81,092,687</u>	<u>93,840,918</u>	<u>86,752,387</u>	<u>128,783,908</u>	<u>85,866,299</u>	<u>94,732,282</u>	<u>99,787,271</u>	<u>108,743,656</u>	<u>147,443,969</u>
Business-type activities:										
Utility	5,414,372	5,280,325	4,909,100	5,008,867	5,209,241	5,353,260	6,101,974	8,986,398	6,612,241	7,070,801
Southeast Water District	38,429	510,016	757,410	798,953	743,520	637,255	490,657	636,376	637,880	665,634
Solid Waste Management	2,614,383	2,860,614	2,851,055	2,906,654	2,991,862	2,796,993	2,711,885	3,117,342	3,079,844	3,487,136
Total business-type activities expenses	<u>8,067,184</u>	<u>8,650,955</u>	<u>8,517,565</u>	<u>8,714,474</u>	<u>8,944,623</u>	<u>8,787,508</u>	<u>9,304,516</u>	<u>12,740,116</u>	<u>10,329,965</u>	<u>11,223,571</u>
Total primary government expenses	<u>\$ 88,543,797</u>	<u>\$ 89,743,642</u>	<u>\$ 102,358,483</u>	<u>\$ 95,466,861</u>	<u>\$ 137,728,531</u>	<u>\$ 94,653,807</u>	<u>\$ 104,036,798</u>	<u>\$ 112,527,387</u>	<u>\$ 119,073,621</u>	<u>\$ 158,667,540</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 3,280,517	\$ 844,125	\$ 1,262,817	\$ 1,350,060	\$ 1,268,706	\$ 1,075,186	\$ 1,330,019	\$ 2,042,443	\$ 1,141,356	\$ 1,414,303
Public safety	629,957	1,000,242	762,623	1,151,403	1,274,668	1,179,357	1,515,852	1,540,605	1,945,557	1,509,098
Economic and physical development	77,404	1,694,671	1,656,769	197,730	310,837	247,520	401,448	345,467	584,700	446,578
Human Services	1,242,156	1,099,856	1,464,931	1,186,509	1,271,112	780,664	1,353,713	1,358,206	2,059,613	1,282,723
Cultural and recreation	203,736	186,344	347,672	454,496	384,243	450,328	431,225	443,285	534,520	277,460
Education	-	-	-	2,154,828	2,480,400	2,853,900	2,793,300	3,104,600	3,163,900	2,941,100
Operating grants and contributions:										
General government	200,550	16,730	21,946	92,730	326,456	694,923	6,831,278	1,663,292	4,774,069	3,071,043
Public safety	1,238,785	1,165,095	1,384,574	1,337,957	1,463,474	1,351,988	1,375,650	1,438,673	1,538,987	1,983,928
Economic and physical development	51,288	414,946	684,540	1,629,610	677,944	748,634	27,870	353,238	181,254	346,421
Human Services	8,293,361	8,060,955	7,865,277	7,489,253	6,973,557	7,420,434	7,328,809	7,561,735	5,584,293	6,822,116
Cultural and recreation	379,485	524,682	395,369	212,462	211,619	203,622	187,144	235,652	233,411	415,346
Education	2,910,859	636,060	546,589	558,850	623,328	-	-	2,861,940	-	-
Capital grants and contributions:										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Economic and physical development	-	-	-	-	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>18,508,098</u>	<u>15,643,706</u>	<u>16,393,107</u>	<u>17,815,888</u>	<u>17,266,344</u>	<u>17,006,556</u>	<u>23,576,308</u>	<u>22,949,136</u>	<u>21,741,660</u>	<u>20,510,116</u>
Business-type activities:										
Utility:										
Charges for services	5,445,328	6,065,705	6,423,457	6,390,263	6,635,206	7,346,592	7,638,429	7,632,185	7,664,182	8,828,589
Operating grants and contributions	399,882	-	1,200	1,189	6,601	7,420	458	27,651	61,016	37
Capital grants and contributions	797,520	-	-	-	-	-	-	-	-	-
Southeast Water District:										
Charges for services	469,586	588,714	559,207	582,425	632,761	601,417	667,814	670,485	701,728	771,243
Waste Management:										
Charges for services	2,804,645	3,140,391	2,995,148	2,971,742	2,956,250	2,985,544	2,964,407	3,064,260	3,083,918	3,213,435
Operating grants and contributions	207,651	-	139,771	136,801	150,470	175,935	199,383	244,591	242,329	194,458
Total business-type activities program revenues	<u>10,124,612</u>	<u>9,794,810</u>	<u>10,118,783</u>	<u>10,082,420</u>	<u>10,381,288</u>	<u>11,116,908</u>	<u>11,470,491</u>	<u>11,639,172</u>	<u>11,753,173</u>	<u>13,007,762</u>
Total primary government program revenues	<u>\$ 28,632,710</u>	<u>\$ 25,438,516</u>	<u>\$ 26,511,890</u>	<u>\$ 27,898,308</u>	<u>\$ 27,647,632</u>	<u>\$ 28,123,464</u>	<u>\$ 35,046,799</u>	<u>\$ 34,588,308</u>	<u>\$ 33,494,833</u>	<u>\$ 33,517,878</u>

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (Expense)/Revenue										
Governmental activities	\$ (61,968,515)	\$ (65,448,981)	\$ (77,447,811)	\$ (68,936,499)	\$ (111,517,564)	\$ (68,859,743)	\$ (71,155,974)	\$ (76,838,135)	\$ (87,001,996)	\$ (126,933,853)
Business-type activities	2,057,428	1,143,855	1,601,218	1,367,946	1,436,665	2,329,400	2,165,975	(1,100,944)	1,423,208	1,784,191
Total primary government net (expense)/revenue	<u>\$ (59,911,087)</u>	<u>\$ (64,305,126)</u>	<u>\$ (75,846,593)</u>	<u>\$ (67,568,553)</u>	<u>\$ (110,080,899)</u>	<u>\$ (66,530,343)</u>	<u>\$ (68,989,999)</u>	<u>\$ (77,939,079)</u>	<u>\$ (85,578,788)</u>	<u>\$ (125,149,662)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes levied for general purpose	56,250,972	59,903,369	61,548,697	63,637,790	65,632,697	66,026,045	68,398,363	72,729,177	76,064,823	80,046,695
Local option sales tax	8,063,692	7,879,070	8,190,337	8,523,462	9,193,703	10,130,996	11,298,727	12,964,564	13,859,606	14,707,545
Other taxes and licenses	666,961	667,747	672,927	776,265	645,523	993,101	900,089	898,394	983,132	995,458
Grants and contributions not restricted to specific programs	-	-	-	1,998,194	2,399,117	2,538,745	2,916,159	3,054,645	3,115,650	3,230,947
Unrestricted investment earnings	448,324	157,610	154,371	166,260	286,999	351,729	729,182	594,374	1,080,152	5,892,009
Miscellaneous	1,339,064	2,646,943	2,520,642	345,098	407,173	2,055,854	1,702,446	41,761	-	562,984
Extraordinary item - Insurance recovery	-	2,475,000	1,779,856	830,517	250,000	-	-	-	-	-
Extraordinary item - Sales of property	-	-	-	-	-	552,036	-	-	-	-
Transfers	(769,779)	(106,355)	-	(12,000)	242,305	-	-	-	(12,455)	(26,532)
Total governmental activities	<u>65,999,234</u>	<u>73,623,384</u>	<u>74,866,830</u>	<u>76,265,586</u>	<u>79,057,517</u>	<u>82,648,506</u>	<u>85,944,966</u>	<u>90,282,915</u>	<u>95,090,908</u>	<u>105,409,106</u>
Business-type activities:										
Other taxes and licenses	-	-	-	-	-	-	-	-	-	-
Investment earnings	80,987	42,246	49,293	52,092	91,466	106,554	172,806	225,518	373,675	663,679
Miscellaneous	-	-	-	22,485	20,000	-	(6,728)	96,770	-	53,571
Transfers	769,779	106,355	-	12,000	(242,305)	-	-	-	12,455	26,532
Total business-type activities	<u>850,766</u>	<u>148,601</u>	<u>49,293</u>	<u>86,577</u>	<u>(130,839)</u>	<u>106,554</u>	<u>166,078</u>	<u>322,288</u>	<u>386,130</u>	<u>743,782</u>
Total primary government	<u>\$ 66,850,000</u>	<u>\$ 73,771,985</u>	<u>\$ 74,916,123</u>	<u>\$ 76,352,163</u>	<u>\$ 78,926,678</u>	<u>\$ 82,755,060</u>	<u>\$ 86,111,044</u>	<u>\$ 90,605,203</u>	<u>\$ 95,477,038</u>	<u>\$ 106,152,888</u>
Change in Net Position										
Governmental activities	4,030,719	8,174,403	(2,580,980)	7,329,087	(32,460,047)	13,788,763	14,788,992	13,444,780	8,088,912	(21,524,747)
Business-type activities	2,908,194	1,292,456	1,650,511	1,454,523	1,305,826	2,435,954	2,332,053	(778,656)	1,809,338	2,527,973
Total primary government	<u>\$ 6,938,913</u>	<u>\$ 9,466,859</u>	<u>\$ (930,469)</u>	<u>\$ 8,783,610</u>	<u>\$ (31,154,221)</u>	<u>\$ 16,224,717</u>	<u>\$ 17,121,045</u>	<u>\$ 12,666,124</u>	<u>\$ 9,898,250</u>	<u>\$ (18,996,774)</u>

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved:										
State statute	\$ 3,747,748									
Future Register of Deeds technology enhancements	160,439									
Total reserved	<u>3,908,187</u>									
Unreserved										
Designated for subsequent year's expenditures	3,956,467									
Undesignated	14,069,861									
Total General Fund	<u>\$ 21,934,515</u>									
General Fund (GASB 34)										
Restricted:										
Stabilization by State Statute		\$ 3,703,273	\$ 4,496,057	\$ 3,902,936	\$ 4,872,993	\$ 4,743,155	\$ 6,492,437	\$ 5,943,692	\$ 6,143,553	\$ 7,083,495
Future Register of Deeds technology enhancements	191,698	227,443	271,108	294,320	320,759	348,617	380,812	334,815	353,346	
Total restricted	<u>3,894,971</u>	<u>4,723,500</u>	<u>4,174,044</u>	<u>5,167,313</u>	<u>5,063,914</u>	<u>6,841,054</u>	<u>6,324,504</u>	<u>6,478,368</u>	<u>7,436,841</u>	
Committed:										
LEO Special Separation Allowance							625,093	682,719	725,817	770,904
Tax Revaluation										175,889
Housing Trust										58,000
Assigned:										
Subsequent year's expenditures		885,148	5,098,248	4,537,988	3,081,207	5,611,109	5,934,834	5,498,830	7,963,031	7,426,342
Unassigned	<u>19,224,665</u>	<u>17,267,856</u>	<u>20,175,793</u>	<u>22,205,716</u>	<u>25,120,834</u>	<u>29,552,687</u>	<u>29,949,912</u>	<u>30,009,357</u>	<u>32,590,870</u>	
Total General Fund (GASB 34)	<u>\$ 24,004,784</u>	<u>\$ 27,089,604</u>	<u>\$ 28,887,825</u>	<u>\$ 30,454,236</u>	<u>\$ 35,795,857</u>	<u>\$ 42,953,668</u>	<u>\$ 42,455,965</u>	<u>\$ 45,176,573</u>	<u>\$ 48,458,846</u>	
All Other Governmental Funds										
Reserved:										
State statute	\$ 1,082,945									
Courthouse Clock	65,473									
Total reserved	<u>1,148,418</u>									
Unreserved:										
Designated for subsequent year's expenditures:										
Special revenue funds	9,507,388									
Undesignated										
Special revenue funds	21,470,412									
Capital projects funds	15,290,354									
Total all other governmental funds	<u>\$ 47,416,572</u>									
All Other Governmental Funds (GASB 34)										
Restricted:										
Stabilization by State Statute	\$ 2,044,101	\$ 2,132,189	\$ 1,145,226	\$ 719,969	\$ 250,390	\$ 862,218	\$ 306,449	\$ 277,986	\$ 848,829	
Special Revenue Funds	1,196,972	147,040	418,546	1,013,504	1,007,041	1,009,061	1,478,266	1,103,554	1,063,183	
Capital Projects Funds	6,101,939	2,552,044	14,263,246	5,540,939	16,573,978	5,219,772	-	-	83,667,558	
Total restricted	<u>9,343,012</u>	<u>4,831,273</u>	<u>15,827,018</u>	<u>7,274,412</u>	<u>17,831,409</u>	<u>7,091,051</u>	<u>1,784,715</u>	<u>1,381,540</u>	<u>85,579,570</u>	
Committed:										
Capital Projects Funds	23,345,381	26,768,930	29,183,376	27,303,285	31,435,343	31,191,521	30,745,436	28,800,096	40,491,773	
Assigned:										
Subsequent year's expenditures	4,611,577	4,570,336	3,989,032	2,751,832	1,821,204	1,410,554	4,143,097	2,471,579	8,500,000	
General Government				2,244,430	2,278,120	3,070,391	6,212,454	7,724,181	3,211,559	
Education	4,326,547	2,618,264	2,501,286	2,450,191	2,834,270	3,153,282	5,411,375	5,411,375	4,935,246	
Cultural and Recreation	561,334	138,907	94,544	328,521	265,821	854,215	888,412	1,034,265	1,107,644	
Total assigned	<u>9,499,458</u>	<u>7,327,507</u>	<u>6,584,862</u>	<u>7,774,974</u>	<u>7,199,415</u>	<u>8,488,442</u>	<u>16,655,338</u>	<u>16,641,400</u>	<u>17,754,449</u>	
Unassigned	<u>(23,187)</u>	<u>(36,273)</u>	<u>(65,467)</u>	<u>(5,131)</u>	<u>(3,251)</u>	<u>-</u>	<u>(41,792)</u>	<u>678,517</u>	<u>(1,303,624)</u>	
Total all other governmental funds (GASB 34)	<u>\$ 42,164,664</u>	<u>\$ 38,891,437</u>	<u>\$ 51,529,789</u>	<u>\$ 42,347,540</u>	<u>\$ 56,462,916</u>	<u>\$ 46,771,014</u>	<u>\$ 49,143,697</u>	<u>\$ 47,501,553</u>	<u>\$ 142,522,168</u>	

* Note: Change in display of fund balance is due to the implementation of GASB 34.

Schedule 4
Chatham County
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Ad Valorem Taxes	\$ 56,442,939	\$ 59,709,827	\$ 61,179,366	\$ 63,789,388	\$ 66,313,838	\$ 66,075,764	\$ 68,549,496	\$ 72,959,709	\$ 76,305,714	\$ 80,009,131
Local Option Sales Tax	8,063,692	7,879,070	8,190,337	8,523,462	9,193,703	10,130,996	11,298,727	12,964,564	13,859,606	14,707,545
Other Taxes	666,961	667,747	672,927	776,265	645,523	993,101	900,089	898,394	983,132	995,458
Unrestricted Intergovernmental	510,701	1,680,291	2,077,526	1,998,194	2,399,117	2,538,745	2,916,159	3,054,645	3,115,650	3,230,947
Restricted Intergovernmental	12,696,721	10,818,468	10,816,807	9,921,914	9,802,315	9,447,109	9,700,751	10,100,364	7,655,321	9,721,283
Permits and fees	2,807,424	2,815,155	2,697,298	3,753,304	4,247,490	4,921,308	4,837,313	5,225,772	5,339,411	4,809,229
Sales and Services	2,140,541	2,003,763	2,786,867	2,681,657	2,682,066	2,517,720	2,784,386	2,651,568	2,955,862	2,566,085
Interest	428,567	149,101	143,733	153,463	263,907	330,535	701,287	544,039	993,253	5,695,974
Other General Revenues	1,208,389	3,323,003	2,343,746	2,560,252	1,152,252	2,226,760	7,750,455	3,703,186	4,641,363	3,462,461
Total Revenues	84,965,935	89,046,425	90,908,607	94,157,899	96,700,211	99,182,038	109,438,663	112,102,241	115,849,312	125,198,113
Expenditures										
General Government	7,881,354	6,860,351	4,547,711	7,108,896	8,215,662	7,968,083	8,382,535	9,267,834	10,522,593	10,879,465
Public Safety	17,017,236	18,216,894	20,197,041	20,161,438	21,320,729	22,692,563	25,648,707	26,314,889	28,149,202	29,577,293
Economic and Physical Development	3,243,989	3,119,621	3,076,738	2,343,630	3,196,635	2,123,541	2,897,118	2,863,508	3,625,299	3,722,539
Human Services	17,809,834	17,982,081	16,908,799	16,697,736	16,388,489	16,824,797	17,262,615	17,098,738	16,375,220	15,753,098
Culture and Recreation	1,427,977	1,800,537	878,823	1,839,156	1,831,710	1,890,492	2,248,969	2,200,890	2,251,988	2,530,123
Education	26,175,310	25,573,034	42,932,342	32,318,872	29,310,870	29,543,117	32,614,364	35,629,338	41,135,980	73,186,700
Capital Outlay	28,114,915	17,562,785	7,182,131	12,508,508	14,273,016	9,237,064	13,011,854	5,319,680	1,412,977	1,860,947
Debt Service:										
Principal Retirement	3,618,029	3,583,515	5,459,010	5,070,455	5,309,907	6,032,104	5,530,753	6,780,522	6,770,581	6,777,733
Interest and fees	4,338,047	4,203,954	4,076,098	3,833,802	4,711,336	5,047,258	5,105,953	4,751,862	4,514,553	8,013,886
Total Expenditures	109,626,691	98,902,772	105,258,693	101,882,493	104,558,354	101,359,019	112,702,868	110,227,261	114,758,393	152,301,784
Excess of revenues Over (Under) Expenditures	(24,660,756)	(9,856,347)	(14,350,086)	(7,724,594)	(7,858,143)	(2,176,981)	(3,264,205)	1,874,980	1,090,919	(27,103,671)
Other financing sources (uses):										
Transfers from (to) other funds	(769,779)	(106,355)	-	(12,000)	242,305	-	-	-	(12,455)	(26,532)
Proceeds from borrowings	17,050,000	6,781,063	-	-	-	-	-	-	-	-
Debt obligations issued	-	-	-	21,001,158	-	45,445,000	21,655,000	-	-	111,730,000
Discount on debt obligations issued	-	-	-	-	-	-	(100,932)	-	-	-
Refunding bonds issued	-	-	20,766,407	-	-	-	-	-	-	-
Premium on refunding bonds issued	-	-	1,212,927	-	-	-	-	-	-	-
Premium on limited obligation bonds issued	-	-	-	1,172,009	-	6,548,984	2,281,528	-	-	13,703,091
Payment to refunding bond agent	-	-	(7,817,655)	-	-	(30,360,006)	(23,644,830)	-	-	-
Total other financing sources (uses)	16,280,221	6,674,708	14,161,679	22,161,167	242,305	21,633,978	190,766	-	(12,455)	125,406,559
Net change in fund balances	\$ (8,380,535)	\$ (3,181,639)	\$ (188,407)	\$ 14,436,573	\$ (7,615,838)	\$ 19,456,997	\$ (3,073,439)	\$ 1,874,980	\$ 1,078,464	\$ 98,302,888
Debt service as a percentage of noncapital expenditures	9.76%	9.57%	9.72%	9.96%	11.10%	12.03%	10.67%	10.99%	9.96%	9.83%

**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)
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	8,705,135,670
2014	7,911,664,627	1,255,924,366	208,776,076	9,376,365,069	0.6219	9,006,209,844
2015	8,090,965,839	1,119,557,141	207,720,059	9,418,243,039	0.6219	9,108,552,262
2016	8,375,333,581	1,139,160,858	223,438,841	9,737,933,280	0.6219	9,719,466,294
2017	8,638,744,786	1,214,250,096	209,285,802	10,062,280,684	0.6338	10,445,635,507
2018	9,213,087,671	1,262,629,247	210,741,503	10,686,458,421	0.6281	10,775,898,378
2019	10,449,123,673	526,034,115	206,350,142	11,181,507,930	0.6281	*

* 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**

	Year Taxes Are Payable									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Chatham County	0.6022	0.6219	0.6219	0.6219	0.6219	0.6219	0.6219	0.6338	0.6281	0.6281
<u>Municipality Rates:</u>										
Town of Pittsboro	0.3020	0.3020	0.3020	0.3673	0.4033	0.4333	0.4333	0.4333	0.4333	0.4333
Town of Siler City	0.4500	0.4500	0.4500	0.4500	0.4500	0.4800	0.4800	0.4800	0.5100	0.5100
Town of Goldston	0.1400	0.1400	0.1400	0.1900	0.1900	0.1900	0.1900	0.1900	0.1900	0.1900
Town of Cary	0.3300	0.3300	0.3300	0.3300	0.3500	0.3500	0.3700	0.3500	0.3500	0.3500
<u>Fire Districts:</u>										
Bells Annex	0.0620	0.0660	0.0660	0.0880	0.0880	0.0880	0.1030	0.1030	0.1030	0.1030
Bennett	0.0655	0.0700	0.0700	0.0800	0.0800	0.0800	0.0800	0.0900	0.0900	0.0900
Bonlee	0.0570	0.0650	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700
Central Chatham	0.0552	0.0800	0.0800	0.0800	0.0800	0.0900	0.0900	0.0900	0.0900	0.0900
Circle City	0.0900	0.1000	0.1082	0.1158	0.1158	0.1158	0.1225	0.1225	0.1225	0.1225
Goldston	0.0659	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800	0.0900	0.0900	0.0900
Hope	0.0614	0.0600	0.0667	0.0685	0.0685	0.0685	0.0685	0.0685	0.0685	0.0785
Moncure	0.0839	0.0842	0.0875	0.1104	0.1104	0.1104	0.1250	0.1250	0.1250	0.1250
North Chatham	0.0620	0.0660	0.0660	0.0880	0.0880	0.0880	0.1030	0.1030	0.1030	0.1030
Parkwood	0.0960	0.0960	0.1000	0.1000	0.1000	0.1000	0.1150	0.1050	0.0940	0.1000
Staley	0.0905	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
Northview	0.1090	0.0835	0.0835	0.0830	0.0830	0.0830	0.0830	0.0860	0.0860	0.0860
<u>Sanitary District:</u>										
Gulf-Goldston	0.1500	0.1500	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 2019			Fiscal Year 2010		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Chatham Park Investors LLC	Real Estate	\$ 120,585,759	1	1.08%	\$ 82,176,574	2	0.97%
Carolina Meadows Inc.	Assisted Living	114,907,676	2	1.03%	56,750,978	5	0.67%
Galloway Ridge Inc.	Retirement Community	103,461,808	3	0.93%	60,902,310	4	0.72%
Duke Energy Progress (formerly Progress Energy)	Public Utility - Electric	101,985,312	4	0.91%	145,054,582	1	1.71%
Arauco Panels USA	Mfg of Engineered Wood Products	79,422,225	5	0.71%			
Mountaire Farms of NC Inc	Poultry	76,429,507	6	0.68%			
Minnesota Mining & Manufacturing Co.	Mining	45,600,608	7	0.41%	65,290,406	3	0.77%
NNP Briar Chapel LLC	Real Estate	32,243,205	8	0.29%	28,267,792	7	0.33%
Public Service Co of NC	Public Utility - Natural Gas	26,702,095	9	0.24%	19,795,587	10	0.23%
CSP Community Owner LLC	Real Estate	26,156,239	10	0.23%			
General Shale Brick Inc.	Brick				50,622,411	6	0.60%
Triangle Brick	Brick				25,928,134	8	0.31%
Fitch Creations, Inc.	Real Estate				20,419,125	9	0.24%
Totals		\$ 727,494,434		6.51%	555,207,899		6.54%

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	
		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2010	\$ 51,324,966	\$ 50,081,361	97.58%	\$ 1,199,789	\$ 51,281,150	99.91%
2011	54,118,464	52,891,913	97.73%	1,164,522	54,056,435	99.89%
2012	55,092,804	53,900,198	97.84%	1,098,262	54,998,460	99.83%
2013	56,753,860	55,446,864	97.70%	1,219,433	56,666,297	99.85%
2014	58,419,050	57,553,931	98.52%	776,812	58,330,743	99.85%
2015	58,636,579	57,830,764	98.63%	730,611	58,561,375	99.87%
2016	60,613,213	59,840,287	98.72%	695,950	60,536,237	99.87%
2017	63,850,060	63,246,063	99.05%	412,534	63,658,597	99.70%
2018	67,206,357	66,417,903	98.83%	520,906	66,938,809	99.60%
2019	70,336,774	69,682,844	99.07%	-	69,682,844	99.07%

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	COPS/LOBS & Installment Loans	Capital Leases	General Obligation Bonds	Revenue Bonds	LOBS & Installment Loans			
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	116,619,394	-	3,123,000	1,835,000	15,840,626	142,053,020	2,201	4.43%
2014	2,925,000	112,762,583	-	3,082,000	1,808,000	14,589,755	135,167,338	2,029	3.79%
2015	1,250,000	129,522,694	-	3,040,000	1,781,000	13,389,125	148,982,819	2,203	4.20%
2016	-	124,365,462	-	2,996,000	1,752,000	12,245,164	141,358,626	2,057	3.84%
2017	-	115,561,935	-	2,950,000	1,722,000	11,274,051	131,507,986	1,831	3.41%
2018	-	107,025,251	-	2,902,000	1,691,000	10,293,299	121,911,550	1,706	2.84%
2019	-	223,914,507	-	2,853,000	1,659,000	9,299,696	237,726,203	3,250	*

* 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)
2010	\$ 13,035,000	0.47%	0.15%	201
2011	11,320,000	0.39%	0.13%	178
2012	9,547,000	0.31%	0.11%	149
2013	7,758,000	0.24%	0.09%	120
2014	6,007,000	0.17%	0.06%	90
2015	4,290,000	0.12%	0.05%	63
2016	2,996,000	0.08%	0.03%	44
2017	2,950,000	0.08%	0.03%	41
2018	2,902,000	0.07%	0.03%	41
2019	2,853,000	*	0.03%	39

* 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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assessed Value of Property	\$ 8,493,657	\$ 8,693,575	\$ 8,844,927	\$ 9,110,795	\$ 9,376,365	\$ 9,418,243	\$ 9,737,933	\$ 10,062,281	\$ 10,686,458	\$ 11,181,508
Debt Limit, 8% of Assessed Value (Statutory Limitation)	679,493	695,486	707,594	728,864	750,109	753,459	779,035	804,982	854,917	894,521
Amount of Debt Applicable to Limit										
Gross debt	118,640	119,616	125,687	142,053	135,167	148,983	141,359	131,508	121,912	223,567
Less: Debt outstanding for water purposes	25,624	23,403	21,391	20,799	19,480	18,210	16,993	15,946	14,886	13,812
Total net debt applicable to limit	93,016	96,214	104,296	121,254	115,688	130,773	124,365	115,562	107,025	209,756
Legal Debt Margin	<u>\$ 586,476</u>	<u>\$ 599,272</u>	<u>\$ 603,298</u>	<u>\$ 607,609</u>	<u>\$ 634,422</u>	<u>\$ 622,687</u>	<u>\$ 654,669</u>	<u>\$ 689,421</u>	<u>\$ 747,891</u>	<u>\$ 684,765</u>
Total net debt applicable to the limit as a percentage of debt	13.69%	13.83%	14.74%	16.64%	15.42%	17.36%	15.96%	14.36%	12.52%	23.45%

Note: NC Statute GS159-55 limits the County's outstanding debt to 8% of the appraised value of property subject to taxation. 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, 2019

<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	\$ 223,914,507	100.00%	\$ 223,914,507
Other Debt:			
Town of Cary	<u>102,501,927</u>	2.89%	<u>2,962,306</u>
Total	<u>\$ 326,416,434</u>		<u>\$ 226,876,813</u>

Source: "Other 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**

<u>Year</u>	<u>Population</u>	<u>Personal Income (C) (thousands of dollars)</u>	<u>Per Capita Personal Income (C)</u>	<u>Public School Enrollment (D)</u>	<u>Unemployment Rate (E)</u>
2010	64,772 A	\$ 2,776,755	\$ 42,870	7,591	7.10%
2011	63,505 A	2,922,436	45,804	7,750	7.60%
2012	63,870 B	3,093,642	48,191	7,938	7.00%
2013	64,553 B	3,204,182	49,084	8,065	6.30%
2014	66,618 B	3,563,765	53,336	8,193	4.50%
2015	67,620 B	3,544,330	51,593	8,330	5.20%
2016	68,725 B	3,676,829	51,839	8,436	4.40%
2017	71,815 B	3,853,597	53,342	8,636	3.60%
2018	71,472 A	4,297,392	60,127	8,735	3.60%
2019	73,139 A	*	*	8,799	4.00%

* Information not yet available.

Notes:

- (A) US Census Bureau. Estimates are as of beginning of fiscal year.
- (B) North Carolina Office of State Budget and Management
- (C) North Carolina Department of Commerce. Estimates are as of beginning of fiscal year.
- (D) Chatham County Board of Education
- (E) Employment Security Commission of North Carolina

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

Employer	FY 2019		FY 2010	
	Employment Range (1)	Rank	Employment Range (2)	Rank
Chatham County Schools	1000+	1	1000+	1
Chatham County	500-999	2	250-499	3
Carolina Meadows Inc	250-499	3		
Mountaire Farms of NC Inc.	250-499	4		
Galloway Ridge Inc	250-499	5		
Wal-Mart	100-249	6		
Flakeboard America Limited (subsidiary of Arauco Panels USA LLC)	100-249	7		
Chatham Hospital	100-249	8	100-249	7
Fitch Creations	100-249	9		
Southern Veneer Specialty Products (formerly Moncure Plywood and Boise Cascade)	100-249	10	100-249	5
Townsend Inc.			1000+	2
Uniboard USA LLC			250-499	4
Performance Fibers			100-249	6
Olympic Steel			100-249	8
Triangle Brick			100-249	9
PalletOne of North Carolina Inc			100-249	10

Sources:

- (1) NC Employment Security Commission (QE 3/31/18)
- (2) Chatham County EDC

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	74	69	65	67	68	70	70	74	79	87
Public Safety	129	129	136	149	162	171	176	181	184	194
Economic and Physical Development	17	17	18	18	16	17	19	20	22	22
Human Services	147	145	151	151	152	154	147	148	156	163
Cultural and Recreation	14	18	24	24	23	22	20	22	27	28
Water	20	24	23	22	22	22	20	23	23	23
Waste Management	12	13	13	13	12	12	14	13	10	11
Total	413	415	430	444	455	468	466	481	501	528

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities:										
General Government:										
Land records recorded	12,394	12,121	14,092	17,608	12,707	12,717	12,800	14,617	14,113	12,673
Marriage licenses issued	265	264	251	281	286	343	330	304	322	292
New registered voters	1,784	2,714	2,714	5,421	2,530	3,046	4,949	5,511	3,934	4,833
Public Safety:										
Civil processes served	4,897	4,931	4,151	4,654	3,944	3,527	3,187	3,273	2,982	2,619
Applications for pistol permits	757	984	917	2,312	678	890	964	1,569	1,497	1,370
911 calls received	82,663	85,821	99,384	103,295	136,875	164,970	131,486	136,870	116,101	120,090
Fire inspections conducted	1,332	1,074	806	591	648	712	670	728	1,099	897
Economic and Physical Development:										
Zoning permits issued	995	917	1,062	1,158	1,558	1,805	1,819	2,094	1,986	1,945
Building permits issued (single-family dwellings)	261	245	313	396	636	674	756	870	713	632
Human Services:										
Total patients seen in health clinics	5,236	7,240	8,150	5,403	4,789	5,614	3,612	3,036	2,407	2,066
Children and families receiving Medicaid	3,934	3,986	4,137	6,151	7,012	5,777	5,017	5,606	5,679	5,874
Total child support collections	\$2,856,686	\$2,947,071	\$2,892,255	\$2,785,510	\$2,559,088	\$2,523,317	\$2,566,690	\$2,607,660	\$2,578,299	\$2,587,171
Cultural and Recreational:										
Library patron visits (3 branches)	150,853	152,775	173,743	191,003	189,074	178,820	180,771	181,494	171,177	177,403
Participants in youth sports	1,086	942	879	902	863	918	967	1,050	909	904
Education:										
Average daily membership	7,591	7,750	7,938	8,065	8,193	8,330	8,436	8,636	8,735	8,799
County appropriation per student (rounded)	\$4,183	\$4,171	\$4,130	\$4,130	\$4,276	\$4,019	\$4,175	\$4,252	\$4,386	\$4,890
Business-Type Activities:										
Water:										
Number of new connections	281	263	266	315	370	483	505	541	571	506
Gallons of water consumed (in thousands)	700,351	696,127	660,518	637,843	664,271	607,396	645,293	683,242	713,548	706,500
Waste Management:										
Tons of recyclables	3,729	3,341	3,546	4,154	4,249	4,627	4,910	2,691	3,015	3,160
Tons of waste managed	11,507	11,438	11,173	10,741	11,099	11,338	11,995	12,160	11,908	12,684

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety:										
Jail Capacity	51	51	51	51	51	110	110	110	110	110
Total Sheriff Vehicles	107	109	109	108	111	126	131	147	151	151
Cultural and Recreational:										
Park Acreage	233	233	437	437	437	437	437	437	437	437
Libraries (branches)	3	3	3	3	3	3	3	3	3	3
Business-Type:										
Water:										
Miles of Water Main	372	395	395	395	395	415	415	419	419	419
Number of Elevated Storage Tanks	9	8	8	9	9	9	9	9	9	9
Waste Management:										
Collection Centers	12	12	12	12	12	12	12	12	12	12

Sources: Various County departments and county asset records.

COMPLIANCE SECTION

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MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

To the Board of Commissioners
Chatham County
Pittsboro, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable of the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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 (the County), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 8, 2019. Our report includes a reference to other auditors who audited the financial statements of the Chatham County ABC Board as described in our report on Chatham County's financial statements. The financial statements of the Chatham County Board of ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Chatham County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Chatham County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control material weaknesses or significant deficiencies. Given these limitations during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chatham County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 8, 2019

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; Required by The Uniform Guidance; And The State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Chatham County
Pittsboro, North Carolina

Report On Compliance for Each Major Federal Program

We have audited the compliance of Chatham County, North Carolina, with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Chatham County's major federal programs for the year ended June 30, 2019. Chatham County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Chatham County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*; and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Chatham County's compliance with those requirements and performing, such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Chatham County's compliance.

Opinion on Each Major Federal Program

In our opinion, Chatham County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of Chatham County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Chatham County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Chatham County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify and deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 8, 2019

MARTIN STARNES

& ASSOCIATES, CPAs, P.A.

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

Report On Compliance For Each Major State Program; And Report On Internal Control Over Compliance; Required by Uniform Guidance And The State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Chatham County
Pittsboro, North Carolina

Report On Compliance for Each Major State Program

We have audited the compliance of Chatham County, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Chatham County's major state programs for the year ended June 30, 2019. Chatham County's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Chatham County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Chatham County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Chatham County's compliance.

Opinion on Each Major State Program

In our opinion, Chatham County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

Report On Internal Control over Compliance

Management of Chatham County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Chatham County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Chatham County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material non-compliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify and deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 8, 2019

CHATHAM COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

Section I – Summary of Auditor’s Results

Financial Statements

Type of report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(s) identified? _____ Yes X None reported

Non-compliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(s) identified? _____ Yes X None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of major federal programs

Program Name

CFDA#

Medicaid Cluster
Aging Cluster

93.778
93.044, 93.045, 93.053

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

X Yes _____ No

CHATHAM COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

Section I – Summary of Auditor’s Results (continued)

State Awards

Internal control over major state programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(s) identified? _____ Yes X None reported

Type of auditor's report issued on compliance
for major state programs: Unmodified

Any findings disclosed that are required to be
reported in accordance with the State Single
Audit Implementation Act? _____ Yes X No

Identification of major state programs:

Program Name

- Medicaid Cluster
- Public School Building Capital Fund
- Aging Cluster

CHATHAM COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings, Responses, and Questioned Costs

None reported.

Section IV – State Award Findings, Responses, and Questioned Costs

None reported.

CHATHAM COUNTY, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

No prior year findings.

CHATHAM COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-Through to Subrecipients
Federal Awards:					
<u>U.S. Dept. of Agriculture</u>					
<u>Food and Nutrition Service</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services					
Administration:					
<u>Supplemental Nutrition Assistance Program Cluster</u>					
Administration:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	185NC406S2514	\$ 475,774	\$ 34,739	\$ -
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program-Fraud	10.561	185NC406S2514	34,360	-	-
Total Supplemental Nutrition Assistance Program Cluster			<u>510,134</u>	<u>34,739</u>	<u>-</u>
Total U.S. Dept. of Agriculture			<u>510,134</u>	<u>34,739</u>	<u>-</u>
<u>U.S. Environmental Protection Agency (EPA)</u>					
<u>Division of Public Health</u>					
Surveys, Studies, Research, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034	126C195A1Q19	740	-	-
Total U.S. Environmental Protection Agency (EPA)			<u>740</u>	<u>-</u>	<u>-</u>
<u>U.S. Dept. of Justice</u>					
Direct Program:					
Equitable Sharing Program	16.922	17-DEA-625415	29,944	-	-
Equitable Sharing Program	16.922	OCDETF-SENCM01221224	23,842	-	-
Equitable Sharing Program	16.922	2018TAC	19,151	-	-
Justice Systems Response to Families	16.021	2016-FJ-AX-0005	118,470	-	-
Bulletproof Vest Partnership Program	16.607	K51128326	3,482	-	-
State Criminal Alien Assistance Program	16.606	2016-AP-BX-0626	22,825	-	-
Passed-through N.C. Dept. of Crime Control and Public Safety:					
Grants to Encourage Arrest Policies & Enforcement of Protection Orders (EMI)	16.590	019-1-06-001-BL-230	101,000	-	-
Crime Victim Assistance Formula Grants	16.575	2017-VA-GX-0050	101,740	-	-
Violence Against Women	16.588	2017-WF-AX-0040	40,114	-	-
Total U.S. Dept. of Justice			<u>460,568</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>					
Passed-through N.C. Dept. of Crime Control and Public Safety:					
Division of Emergency Management					
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4285-DR-NC	198,095	-	-
Homeland Security Grant Program	97.067	EMW-2017-SS-0085	5,509	-	-
Homeland Security Grant Program	97.067	EMW-2018-SS-00053	26,459	-	-
Emergency Management Performance Grants	97.042	EMPG-2017-37037	38,524	-	-
Total U. S. Department of Homeland Security			<u>268,587</u>	<u>-</u>	<u>-</u>

CHATHAM COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-Through to Subrecipients
U.S. Dept. of Health & Human Services					
Administration for Children and Families					
Passed-through N.C. Department of Health and Human Services:					
Division of Social Services:					
Social Services Block Grant-CPS TANF	93.667	G1701NCSOSR; G1801NCSOSR	387,557	-	-
Social Services Block Grant-State In Home Services	93.667	G1701NCSOSR; G1801NCSOSR	4,416	-	-
Social Services Block Grant-State In-Home Services over 60	93.667	G1701NCSOSR; G1801NCSOSR	9,634	-	-
Social Services Block Grant-Other Services and Training	93.667	G1701NCSOSR; G1801NCSOSR	238,893	-	-
Child Support Enforcement Section-IV-D Administration	93.563	1804NC4005	334,881	-	-
Child Support Enforcement Section-IV-D Offset Fees - ESC	93.563	1804NC4005	38	-	-
Child Support Enforcement Section-IV-D Offset Fees - Federal	93.563	1804NC4005	1,427	-	-
Refugee and Entrant Assistance - State Replacement Designee Administered Program	93.566		66	-	-
Total Refugee and Entrant Assistance Cluster			66	-	-
Low Income Home Energy Assistance: Crisis Intervention Program Administration	93.568	G17B1NCLIEA; G18B1NCLIEA	206,192	-	-
Low Income Home Energy Assistance	93.568	G17B1NCLIEA; G18B1NCLIEA	35,394	-	-
Total Low-Income Home Energy Assistance	93.568	G17B1NCLIEA; G18B1NCLIEA	202,300	-	-
Stephanie Tubbs Jones Child Welfare Services Program: Permanency Planning - Special	93.645	G1701NCCWSS; G1801NCCWSS	13,730	-	-
Total Stephanie Tubbs Jones Child Welfare Services Program:			13,730	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood Links	93.674	G1701NC1420; G1801NC1420	15,343	3,836	-
Links Transitional Funds	93.674	G1701NC1420; G1801NC1420	1,767	-	-
Total Division of Social Services			1,451,638	3,836	-
Temporary Assistance for Needy Families Cluster:					
TANF	93.558	13A15151T219	5,990	-	-
Work First Administration	93.558	G1701NCTANF; G1801NCTANF	28,798	-	-
Work First Service	93.558	G1701NCTANF; G1801NCTANF	222,456	-	-
Total Temporary Assistance for Needy Families Cluster			257,244	-	-
Foster Care and Adoption Cluster (Note 4)					
Division of Social Services:					
Adoption Assistance	93.659	1801NCADPT	81,725	-	-
Foster Care-Title IV-E Administration	93.658	1801NCFOST	240,787	36,032	-
Foster Care-Title IV-E Family	93.658	1801NCFOST	131,962	33,787	-
Foster Care Title IV-E Training	93.658	1801NCFOST	284,952	-	-
Total Foster Care and Adoption Cluster			739,426	69,819	-

CHATHAM COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-Through to Subrecipients
<u>Child Care Development Fund Cluster:</u>					
Division of Social Services:					
Child Care Mandatory and matching Funds of the Child Care and Development Fund-Administration	93.596	G1702NCCCDF; G1802NCCCDF	94,061	-	-
Total Child Care Development Fund Cluster			94,061	-	-
Total Administration for Children and Families			2,542,369	73,655	-
<u>Centers for Medicare and Medicaid Service</u>					
<u>Passed-through the N.C. Department of Health and Human Services:</u>					
<u>Medicaid Cluster:</u>					
Division of Social Services:					
Administration:					
Medical Assistance Program:					
Adt Cr Hm Cs Mgt/Spec	93.778	XIX-MAP19	13,556	3,652	-
Medical Assistance	93.778	XIX-MAP19	12,184	-	-
Medical Assistance Administration	93.778	XIX-MAP19	1,387,153	-	-
Medical Transportation Administration	93.778	XIX-MAP19	58,310	-	-
State County Special Assistance	93.778	XIX-MAP19	31,997	-	-
Total Medicaid Cluster			1,503,200	3,652	-
Division of Social Services:					
Administration:					
Children's Health Insurance Program-N.C. Health Choice	93.767	CHIP18	86,886		
Total Division of Medical Assistance			1,590,086	3,652	-
<u>Centers for Disease Control and Prevention</u>					
<u>Passed-through the N.C. Dept. of Health and Human Services</u>					
Division of Public Health:					
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	12642680EY19; 12642680EZ	54,614	-	-
Project Grants and Coop Agreements for Tuberculosis Control Program	93.116	146022DNF; 1460272CNF	50	-	-
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	1331627EVP19	13,994	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	1320310AD719	1,530	-	-
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds	93.758	126155030019; 12615503PF19; 13114536PF19	49,862	-	-
Sexually Transmitted Disease (STD) Prevention and Control Grants	93.977	1311462DNB19; 1311462ENB19; 1311462CNB19	100	-	-
Total Centers for Disease Control and Prevention			120,150	-	-

CHATHAM COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-Through to Subrecipients
<u>Health Resources and Services Administration</u>					
Passed-through the N.C. Dept. of Health and Human Services: Division of Public Health:					
Maternal and Child Health Services Block Grant to the States	93.994	13A15735AP19;12715318AP19; 12715745AP19; 12715351AP19; 13A15740AP19; 13A15107AP19	51,572	5,648	-
<u>Office of Population Affairs</u>					
Passed-through the N.C. Dept. of Health and Human Services: Office of Population Affairs					
Family Planning Services	93.217	13A1592CFP	2,658	-	-
Family Planning Services	93.217	13A1592AFP	23,478	-	-
Family Planning Services	93.217	13A1592DFP	5,316	-	-
Total Office of Population Affairs			<u>31,452</u>	<u>-</u>	
<u>Administration for Community Living</u>					
<u>Division of Aging and Adult Services</u>					
Passed through Triangle Regional Council:					
Special Programs for the Aging - Title III D					
Disease Prevention and Health Promotion Services	93.043	2018-J007-019	8,207	483	-
National Family Caregiver Support, Title III Part E	93.052	2018-J007-019	55,291	3,686	-
Social Services Block Grant	93.667	2018-J007-019	27,741	793	-
<u>Aging Cluster:</u>					
Special Programs for the Aging - Title III, Part B-Grants for Supportive Services and Senior Centers-Access Services	93.044	2018-J007-019	37,084	14,915	-
Special Programs for the Aging - Title III, Part B-Grants for Supportive Services and Senior Centers-In-Home Services	93.044	2018-J007-019	33,943	306,702	-
Special Programs for the Aging - Title III, Part C-Nutrition Services-Congregate Nutrition	93.045	2018-J007-019	89,722	5,278	-
Special Programs for the Aging - Title III, Part C-Nutrition Services-Home Delivered Meals	93.045	2018-J007-019	64,660	51,559	-
Nutrition Services Incentive Program	93.053	2018-J007-019	22,483	-	-
Total Aging Cluster			<u>247,892</u>	<u>378,454</u>	<u>-</u>
Total Administration for Community Living			<u>339,131</u>	<u>383,416</u>	<u>-</u>
Total U.S. Dept. of Health and Human Services			<u>4,674,760</u>	<u>466,371</u>	<u>-</u>
Total Federal Awards			<u>5,914,789</u>	<u>501,110</u>	<u>-</u>
State Awards:					
<u>N.C. Department of Agriculture and Consumer Services</u>					
Division of Structural Pest Control & Pesticides		17-038-4017	-	4,107	-
Total N.C. Dept. of Agriculture and Consumer Services			<u>-</u>	<u>4,107</u>	<u>-</u>

CHATHAM COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-Through to Subrecipients
<u>N.C. Dept. of Natural and Cultural Resources</u>					
Division of State Library					
State Aid to Public Libraries		2018-STATEAID	-	101,365	-
Division of Parks and Recreation					
Parks and Recreation Trust Fund		2018-856	-	49,964	-
Total N.C. Dept. of Cultural Resources			-	155,436	-
<u>N.C. Department of Environmental Quality</u>					
Waste Reduction Grant		7556JAN2019	-	13,770	-
Scrap Tire Grant		536961-6770	-	1,604	-
Electronics Management		536961-2395	-	4,390	-
Agricultural Cost Share-Technical Assistance		CHAT170	-	24,461	-
Education Grant		CHAT2018SWCD	-	3,600	-
Total N.C. Dept. of Environmental and Natural Resources			-	47,825	-
<u>N.C. Dept. of Health and Human Services</u>					
Division of Social Services:					
Administration and Services					
AFDC-Program Integrity		2018AFDC	-	781	-
Energy Assistance Private Grants		2018LIEA	-	15,818	-
State Child Welfare/CPS		2018CPS	-	102,542	-
Senior Center General Purpose		2018-J007-019	-	21,385	-
Direct Benefit Payments:					
State Foster Home		2018SFH	-	45,834	-
State Foster Home Maximization		2018SFHM	-	18,273	-
F/C At Risk Maximization		2018FCAR	-	15,985	-
Total Division of Social Services			-	220,618	-
Division of Public Health					
Other Receipts / State Supported Expenditures					
CLAS Standards Advancing Health Equity		1262418100	-	18,000	-
Food and Lodging Fees		11534752SZ19	-	20,977	-
General Aid to Counties		116141100019	-	81,736	-
General Communicable Disease Control		117545100019	-	1,610	-
Breast and Cervical Cancer Program		132055990019	-	2,550	-
Child Health		127157450019	-	3,316	-
Family Planning		13A157350019	-	23,104	-
Maternal Health		13A157400019	-	19,885	-
HIV/STD State		13114536BN19; 13114536RQ19	-	500	-
STD Drugs		13114601RQ19	-	1,210	-
School Nurse Funding Initiative		133253580019	-	100,000	-
Tuberculosis		146045510019; 146045540019	-	9,688	-
Women's Health Service Fund		13A16018FR19	-	7,948	-
Total Division of Public Health			-	290,524	-

CHATHAM COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-Through to Subrecipients
<u>N.C. Dept. of Military and Veteran Affairs</u>					
DMVA Community County Grants		DMVACNTYGRANT17	-	2,216	-
Total N.C. Dept. of Public Instruction			-	2,216	-
<u>N.C. Dept. of Public Instruction</u>					
Public School Building Capital Fund-Lottery Proceeds		CHATPSBCF	-	626,300	-
Total N.C. Dept. of Public Instruction			-	626,300	-
<u>N.C. Dept. of Public Safety</u>					
Juvenile Crime Prevention Program-Administration		536301-12409019	-	15,460	-
Juvenile Crime Prevention Program		536301-12409019	-	131,962	131,962
Tier II Universal State Grant		TIERII-T22017-1722	-	1,000	-
State Forfeiture Funds		USUB2018	-	14,496	-
Total N.C. Dept. of Public Safety			-	162,918	131,962
<u>N.C. Dept. of Transportation</u>					
Rural Operating Assistance Program (ROAP) Cluster					
ROAP-Elderly and Disabled Transportation Assistance Program		DOT-16CL-36220.10.7.1	-	71,030	-
ROAP Rural General Public Program		DOT-16CL-36228.22.7.1	-	87,816	-
ROAP Work First Transitional - Employment		DOT-16CL-36236.11.6.1	-	15,771	-
Precon Engineering for CAM Site		DOT-18-48171	-	287,759	-
Total N.C. Dept. of Transportation			-	462,376	-
<u>N.C. State Board of Elections</u>					
NC State Board of Elections Voter ID Equipment			-	2,334	-
Total N.C. State Board of Elections			-	2,334	-
Total State awards			-	1,970,547	131,962
Total Federal and State awards			\$ 5,914,789	\$ 2,471,657	\$ 131,962

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and State grant activity of Chatham County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Chatham County, it is not intended to and does not present the financial position, changes in net position or cash flows of Chatham County.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

Chatham County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

CHATHAM COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2019

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed-Through to Subrecipients</u>
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Note 4: Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Foster Care and Adoption

Note 5: Benefit Payments Issued by the State

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

<u>Program Title</u>	<u>CFDA</u>	<u>Federal</u>	<u>State</u>
Medicaid	93.778	\$ 43,744,619	\$ 22,087,498
CHIP	93.767	1,377,157	-
TANF-Special Children Adoption	93.558	34,240	-
TANF-Payments & Penalties	93.558	169,435	-
WIC	10.557	747,678	-
Adoption Assistance-IV-E Adopt Subsidy & Vendor	93.659	458,296	112,462
Promoting Safe & Stable Families	93.556	32,775	-
Child Care Development Fund-Discretionary	93.575	616	-
Child Welfare Services Adoption-Vendor Guard		-	215,155
SAA/SAD HB 1030		-	14,892
State/County Special Assistance Program		-	294,468
Federal Jail Reimbursements		175	-

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