

**Durham County
North Carolina**

Recommended Budget

**Fiscal Year
2015-2016**



Providing fiscally responsible, quality services necessary to promote a healthy, safe, and vibrant community.

**DURHAM COUNTY, NORTH CAROLINA
FY 2015-16 RECOMMENDED BUDGET**

BOARD OF COUNTY COMMISSIONERS



Michael D. Page, Chairman



Brenda A. Howerton, Vice-Chairman



Wendy Jacobs



Fred Foster, Jr.



Ellen W. Reckhow

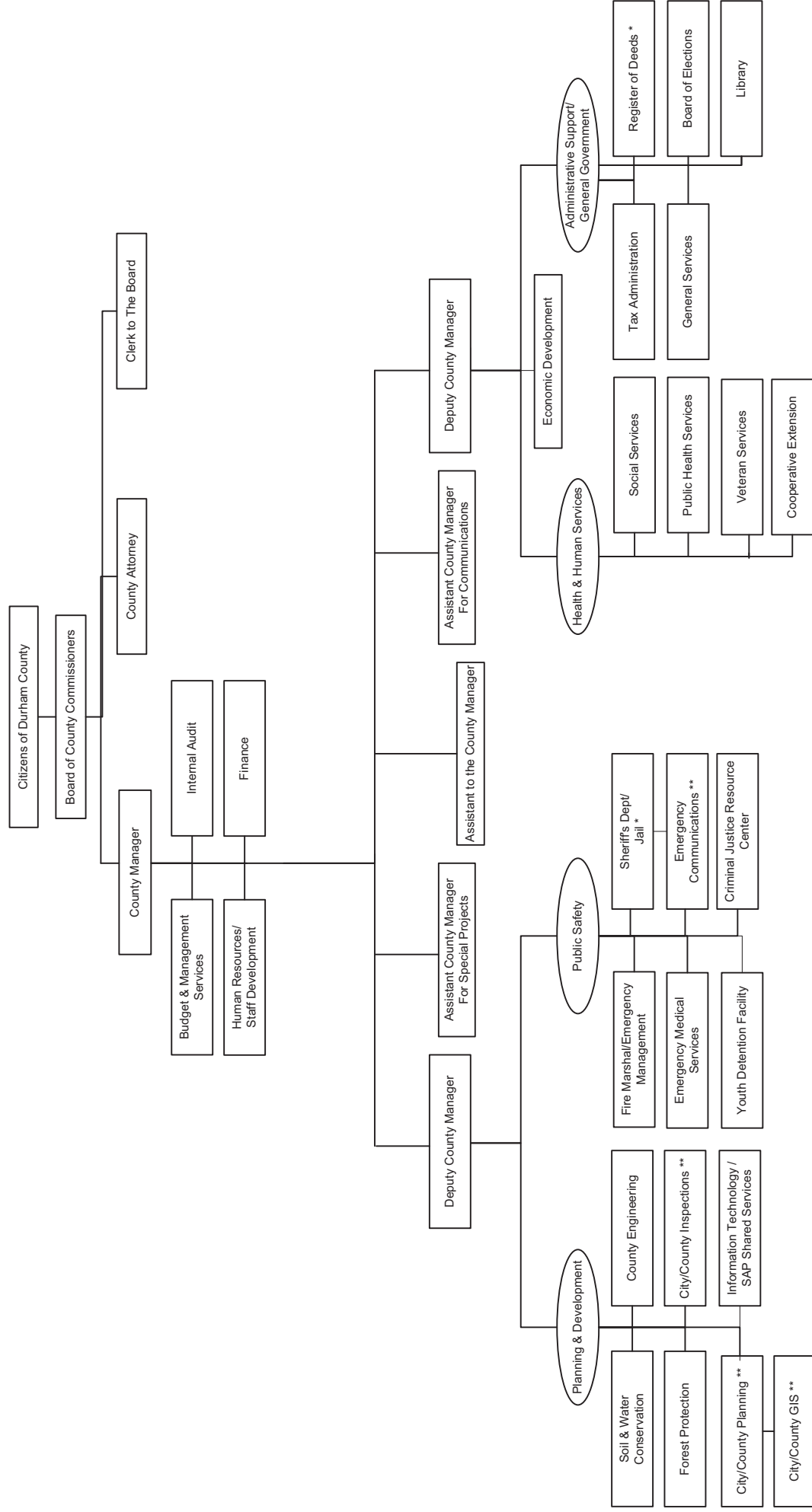
COUNTY OFFICIALS:

Wendell Davis, County Manager
Marqueta Welton, Deputy County Manager
Lee Worsley, Deputy County Manager
Lowell Siler, County Attorney
Michelle Parker-Evans, Clerk to the Board
George Quick, Finance Director

BUDGET AND MANAGEMENT STAFF:

Claudia Hager, Budget Director
S. Keith Lane, Senior Budget Analyst
Kim Connally, Budget Analyst
Andy Miracle, Budget Analyst

Durham County, North Carolina General Administration Organizational Chart



* Elected Officials
 ** Joint City/County Departments



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

Durham County

North Carolina

For the Fiscal Year Beginning

July 1, 2014

Executive Director

READER'S GUIDE

This section is designed to help the reader understand the budget by explaining how the document is organized. This document is a financial plan for Durham County government operations for the July 1, 2015 through June 30, 2016 fiscal year and shows how funds are allocated and how they will be spent.

FUND STRUCTURE

The Durham County operating budget is organized into funds with corresponding tabs in this booklet. The **General Fund** (Fund 1001010000) is the primary fund where the majority of County services are accounted. The General Fund is further divided into functional areas, which include General Government, Public Safety, Transportation, Environmental Protection, Economic/Physical Development, Human Services, Education, and Culture and Recreation.

Each functional area is comprised of at least one business area which represents either a County department or a budgetary unit. Within each business area, there may be one or more fund centers in which funds are budgeted to show the expenditures and revenues associated with a particular program within a county department, or activity within a budgetary unit. Each department or program summary contains a description, accomplishments of the past fiscal year, performance measures, a budget summary, and the number of authorized personnel in Full-time Equivalent (FTE) positions. Departments with more than one program have a business area summary sheet that precedes the programs.

Each fund center is represented by a summary of appropriations in the following categories of expenditures:

- **Personnel Services**
Personnel Services in this document refer to the costs associated with personnel, such as salaries and benefits.
- **Operating Expenses**
Operating Expenses in this document refer to the costs of daily operations such as office supplies, travel, telephone, etc., for a department or program.
- **Capital Outlay**
Capital Outlay refers to a fixed asset with an estimated purchase price of \$5,000 or more and a useful life of more than one year. These items typically include furniture, office equipment, automobiles, and other capital equipment. Items in excess of \$100,000 with a useful life of 20 years, such as buildings, are included in the County's Capital Improvement Plan (CIP).

The remaining budgeted funds are described below.

Other General Funds

Risk Management (Fund 1001020000): This fund focuses on minimizing operational risks and promoting workplace safety.

SWAP Fund (Fund 1001030000): This fund represents a complicated financial agreement based on outstanding debt (see page 256 of the document) that brings in over \$1.5 million in revenue to the County each year. The revenue is used to offset yearly debt service payments.

Capital Financing Plan Fund (Fund 1001250000): This fund accounts for financial resources to be used for the acquisition, construction, or improvement of major capital facilities. The capital projects fund also is used to accumulate funds to finance a CIP.

Benefits Plan Fund (Fund 1001500000): This fund represents the budget for the benefits offered to eligible County employees and retirees.

Debt Service Fund

The **Debt Service Fund (Fund 3003040000)** is used to account for the payment of principal, interest, and related costs for all general long-term debt other than debt issued for and serviced by proprietary funds.

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources, other than major capital projects, that are legally restricted for specific purposes. The County budgets the following special revenue funds: **Bethesda Fire District (Fund 2002130000)**, **Lebanon Fire District (Fund 2002140000)**, **Parkwood Fire District (Fund 2002150000)**, **Redwood Fire District (Fund 2002160000)**, **New Hope Fire District (Fund 2002170000)**, **Eno Fire District (Fund 2002190000)**, **Bahama Fire District (Fund 2002210000)**, **Special Butner District (Fund 2002250000)**, **Special Park District (Fund 2002220000)**, and **Bethesda Fire and Rescue Service District (Fund 2002230000)**.

Enterprise Funds

The **Sewer Utility Fund (Fund 6006600000)** is used to account for the revenues and expenses related to the provision of sewer service as well as the debt service for the fund.

Trust Funds

George R. Linder Memorial Trust Fund (Fund 7007050000): This private-purpose trust fund is used to account for resources legally held in trust specifically for the Library.

Law Enforcement Officer's Retirement Trust Fund (Fund 7007700000): The pension trust fund accounts for the activities of the Public Safety Employees Retirement System, which accumulates resources for pension benefit payments to qualified Public Safety employees.

Community Health Trust Fund (Fund 7007080000): This fund accounts for the financial resources acquired through the leasing of Durham Regional Hospital to Duke University, accounts for the earnings of these financial resources, and ensures the financial resources are used for health-related operating and capital expenditures.

SUPPLEMENTAL SECTIONS

The **Summary** section provides a summary of sources of revenue and expenditures from the General Fund. An overview of revenue sources is included. This section also provides a brief account and graphs of all funds budgeted for the fiscal year beginning July 1, 2015. In addition, the section contains a summary of FTEs for all funds.

The **Appendix** contains supplemental information that includes the FY 2015-16 Budget Calendar and the FY 2015-16 nonprofit budget request. The **Glossary**, also found in the Appendix, contains information to help the reader understand the terminology used in the budget document.

ADDITIONAL INFORMATION

In accordance with North Carolina General Statutes, the **basis of accounting and budgeting** for the County is **modified accrual**. This means that **revenues** are recorded in the period in which they are **measurable** and **available**. Revenues are recognized when they are received in cash (e.g., licenses, fines, etc.) or when the collection of the amount estimated to be received in the near future (e.g., property taxes). **Expenditures** in a modified accrual basis are generally recognized in the period when goods and services are received or liabilities are incurred.

Capital projects, funded primarily by general obligation bonds, are presented in a separate document, the **Durham County Capital Improvement Plan**. This document is a ten-year plan that is updated biannually.

The annual operating budget includes information from the **Results Based Accountability (RBA)** initiative on departmental pages. Departments were asked to submit a graph, a two-year history, and strategies for improvement for two to three key performance measures.

This document was prepared by the Durham County Budget and Management Services Department and is available online at www.dconc.gov. If further information is needed, contact Budget and Management Services at 200 East Main Street, 4th Floor, Durham, North Carolina 27701, by phone at (919) 560-0012, or by email at budget@dconc.gov.

FY 2015-16 BUDGET HIGHLIGHTS

- The tax rate will remain flat at 80.17 cents/\$100 valuation, but includes a 0.33 cent increase in the General Fund for operating needs and a corresponding 0.33 cent decrease for debt service support.
- Property tax collection percentage remains at 99.30%, with overall property valuation increasing 2.09% from last year's budgeted values.
- Sales taxes, including an inter-local agreement with the City of Durham, are estimated to increase 15.09% from the current year approved budget. See the Revenue Highlights page for more detail.
- Various fee increases in the Public Health and Enterprise Utility Fund departments
- Adding 27.65 new General Fund FTEs, eliminating 8.0 FTEs, a net General Fund increase of 19.65 FTEs for FY 2015-16
- Decrease in the participation rate for the County contribution to the Local Government Employees Retirement System (LERS) from 7.27% to 6.74% for local LEO class
- Continued pay-for performance salary increases for employees for FY 2015-16 by 2 to 3%
- The total cost of the County benefits plan fund has increased \$1,441,256, or 7.11%
- The General Fund fund balance appropriation decreases from \$10.82 million to \$10.62 million.
- \$3.95 million in Community Health Trust Fund annual lease revenues will be transferred to the General Fund to support healthcare-related expenditures; \$2,350,000 fund balance appropriation will be transferred to the Debt Service Fund for debt on the Human Services Building; and \$59,601 in Home Health Agency proceeds will be transferred to the Public Health budget for one Public Health Educator position.
- Ongoing current expense funding to Durham Public Schools increases \$1,822,210 or 1.53% to \$120,685,356; with no increase in capital outlay funding. Article 46 sales tax revenue support of current expense funding for DPS is \$8,252,011, and \$466,789 for Pre-K programs.
 - Local expense per pupil funding stays flat at \$3,069, supporting an increase of an estimated 590 new students in DPS and County Charter schools
- Durham Technical Community College funding increases by 3.2% or \$196,839. Article 46 sales tax support for student scholarships and tuition costs makes up \$196,839 or all of this total.
- North Carolina Museum of Life and Science current expense funding increases by \$88,997 or 5.94%.
- Purchase of 53 vehicles (new (8) and replacement (45) vehicles) for the EMS, General Services, Library, Sheriff, Public Health, and Social Services, and new equipment for General Services, EMS, and the Sheriff. Detailed on the Vehicle & Equipment page in the document.
- 79 nonprofit agencies applied for funding with requests totaling \$1,926,233; 42 agencies are recommended for funding in FY 2015-16 for a total of \$640,038.
- Funding for Durham County's participation for 45 slots in the Durham Youth Works Internship Program totals \$75,280.
- No changes (increases or decreases) to existing fire tax district tax rates for FY 2015-16.
 - One new service district has been created, the Durham County Fire and Rescue Service District, and will cover the combined areas of the former Bethesda Fire and Rescue Service District and Parkwood Fire District. This new district will have a proposed property tax rate of 0.130 cents, while the Bethesda Fire and Rescue Service District property tax rate will drop from 0.1350 to 0, and the Parkwood Fire District rate will drop from 0.1135 to 0.
- Debt Service decreases \$2.35 million to \$58.22 million, with dedicated property tax decreasing 0.33 cents to 8.99 cents to support the debt service payments. Additional funding from lottery funds, the Community Health Trust Fund, and dedicated Sales Tax also support debt service needs for FY2015-2016.