



# Fiscal Year 2017-18

## Adopted Budget Budget in Brief





**DURHAM COUNTY, NORTH CAROLINA**

**BOARD OF COUNTY COMMISSIONERS**



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***Claudia Hager***, General Manager    ***Lowell Siler***, County Attorney  
***Jay Gibson***, General Manager    ***Michelle Parker-Evans***, Clerk to the Board  
***Jodi Miller***, General Manager    ***George Quick***, Finance Director  
***Gayle Harris***, General Manager  
***Deborah Craig-Ray***, General Manager

***BUDGET AND MANAGEMENT STAFF***

***S. Keith Lane***, Budget Director  
***Kim Connally***, Budget Analyst  
***Andy Miracle***, Budget Analyst  
***David Ades***, Budget Analyst



## FISCAL YEAR 2017-18 ADOPTED BUDGET HIGHLIGHTS

Durham County's Fiscal Year (FY) 2017-18 Adopted Budget totals \$633.1 million; a \$45.8 million (8.21% increase) over last year's adopted budget. Funding priorities were made with the Durham County's strategic goal areas to include:

- Goal 1: Community and Family Prosperity & Enrichment
- Goal 2: Health and Well-being for All
- Goal 3: Safe and Secure Communities
- Goal 4: Environmental Stewardship
- Goal 5: Accountable, Efficient & Visionary Government

The FY 2017-18 Adopted Budget included a 2.75 cent tax rate increase, 1 cent for the General Fund to support additional Durham Public School funding, and 1.75 cents for debt service related to the voter approved 2016 General Obligation Bond referendum supported by Durham County voters. The FY 2017-18 financial plan aligns resources to ensure the County's highest priorities are met, while also protecting its financial standing. Durham County is one of only 69 counties in the United States that the rating agency Standard & Poor's has listed as AAA and one of only six of North Carolina's 100 counties that are AAA rated.

This year's budget included natural growth in property valuation of 1.56%, but that increase is lower than past years. This "natural valuation growth" supports increasing County costs before any property tax rate increase is needed. Sales tax revenue, the second largest County revenue increased by 6.99% from the previous fiscal year.

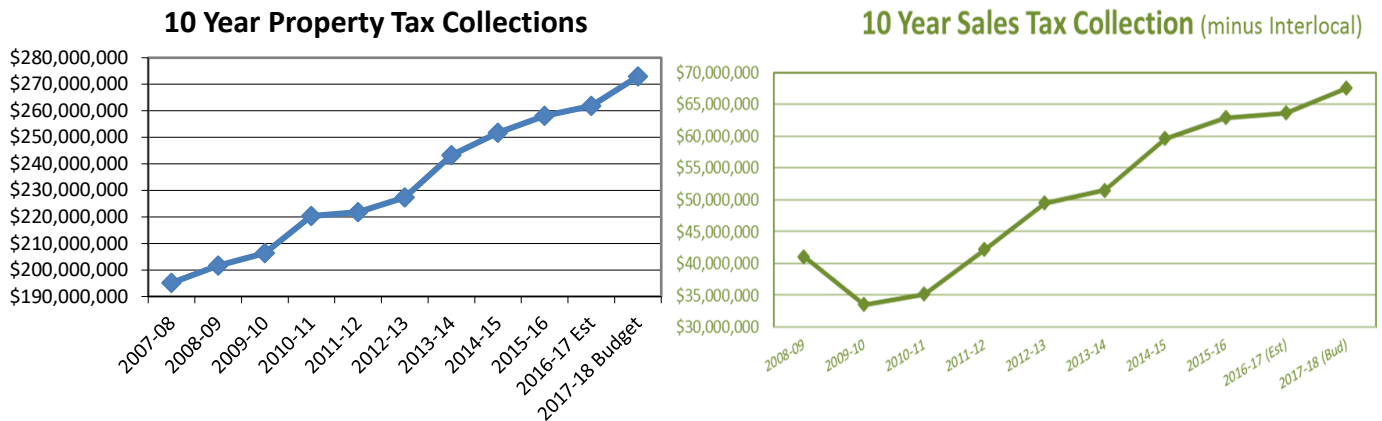


The below section reflects changes to the General Fund (the largest single County fund) property tax rate, trending from the two highest revenue sources and a view of other major General Fund revenues.

**Property Tax Rate Change**

Property Tax Rate	FY2016-17 Approved	FY2017-18 Approved	FY2017-18 Change from FY 16-17
General Fund	66.08	67.08	1.00
Capital Financing Fund	7.96	9.71	1.75
<b>Total</b>	<b>74.04</b>	<b>76.79</b>	<b>2.75</b>

**Historical Property Tax and Sales Tax Collection**

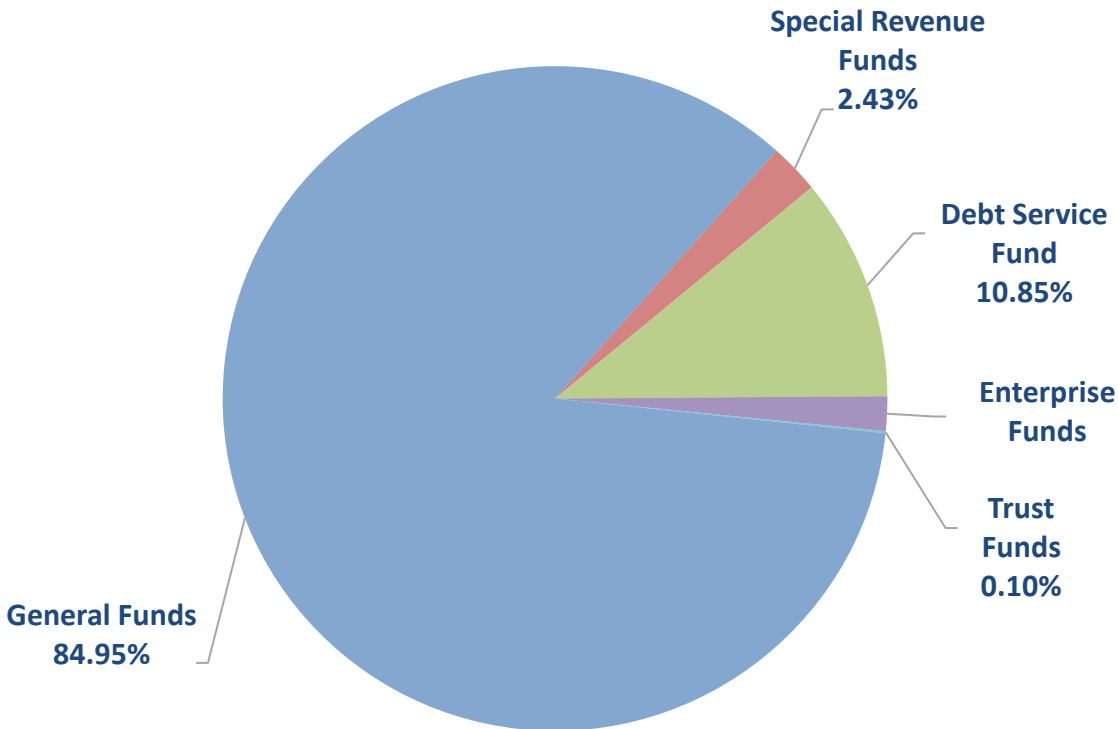


Other Key Revenues	2015-2016 Actual Revenues	2016-2017 Original Budget	2016-2017 12 Month Estimate	2017-2018 Department Requested	2017-2018 Commissioner Approved
Occupancy Tax	\$3,509,650	\$3,465,000	\$3,900,000	\$4,000,000	\$4,000,000
ABC Profit Distribution	\$2,000,000	\$2,100,000	\$2,100,000	\$2,100,000	\$2,200,000
Register of Deed Fee	\$4,815,378	\$4,400,000	\$4,450,298	\$4,500,000	\$4,500,000
Investment Income	\$753,588	\$140,000	\$570,076	\$400,000	\$400,000
EMS Patient Income	\$6,985,992	\$8,324,035	\$8,204,050	\$8,204,050	\$8,204,050
Solid Waste Management Fee	\$1,983,154	\$2,184,162	\$2,161,324	\$2,181,031	\$2,181,031

- ABC profit distributions are from state-collected taxes on alcohol sold in the County and throughout the state.
- Register of Deeds fees are charges made for new deeds of trust, changing of deeds of trust, marriage certificates, etc. FY 2015-16 saw an abnormally high collection amount due to changes by the Finance department. The FY 2017-18 estimate, while trending above budget, is not growing at the pace of previous years.
- Investment income is interest earned on County cash deposited in banks.
- EMS patient income is derived from billing EMS responses to patient calls.
- The solid waste management fee is a yearly fee for any citizen who chooses to use the service for the drop off of waste or recyclables at any County container site.

<b>Fund</b>	<b>2016-2017 Original Budget</b>	<b>2017-2018 Department Requested</b>	<b>2017-2018 Commissioner Approved</b>	<b>% Change 2017 Orig. v. 2018 Appr.</b>
<b>General Funds</b>	<b>\$ 506,844,461</b>	<b>\$ 556,604,136</b>	<b>\$ 537,862,882</b>	<b>6.12%</b>
<b>Special Revenue Funds</b>	<b>\$ 13,113,407</b>	<b>\$ 13,778,146</b>	<b>\$ 15,355,576</b>	<b>17.10%</b>
<b>Debt Service</b>	<b>\$ 58,165,209</b>	<b>\$ 70,307,024</b>	<b>\$ 68,669,065</b>	<b>18.06%</b>
<b>Enterprise Funds</b>	<b>\$ 8,804,910</b>	<b>\$ 10,618,880</b>	<b>\$ 10,618,880</b>	<b>20.60%</b>
<b>Trust Funds</b>	<b>\$ 377,734</b>	<b>\$ 669,976</b>	<b>\$ 637,323</b>	<b>68.72%</b>
<b>Total All Funds</b>	<b>\$ 587,305,721</b>	<b>\$ 651,978,162</b>	<b>\$ 633,143,726</b>	<b>8.21%</b>

The General Funds support the vast majority of the total Durham County FY 2017-18 budget. Special Revenue Funds include County fire districts which have their own tax rates set by the Board of County Commissioners. The Debt Service Fund is where the County supports annual debt payments for large capital projects including Durham Public School project financing, long term debt support for libraries, EMS stations, new Courthouse construction. The Enterprise Fund is completely supported by fee revenue generated by the users of the Waste Water Treatment Plant and related water system. No County property tax dollars support this fund.





## FISCAL YEAR 2017-18 ADOPTED BUDGET

The General Funds are comprised of six sub-funds: General Operating Fund, Capital Improvement Plan Fund, Benefits Plan Fund, Risk Management Fund, SWAP Fund, and new in this fiscal year the Reappraisal Reserve Fund. The FY 2017-18 General Fund Budget increased by 5.7%, just over \$31 Million more than the prior Fiscal Year.

### REVENUES

The table below highlights revenues for the General Funds and is broken out by the primary sources of revenue within each fund.

GENERAL FUNDS REVENUES	FY 2016-17 Original Budget	FY 2017-18 Department Requested	FY 2017-18 Commissioner Approved	% Change from Budget to Budget
<b>GENERAL</b>	<b>\$414,362,524</b>	<b>\$425,430,653</b>	<b>\$434,763,426</b>	<b>4.69%</b>
Taxes	\$311,492,211	\$319,568,637	\$324,720,170	4.07%
Intergovernmental	\$57,876,643	\$59,990,170	\$60,261,540	3.96%
Transfers In	\$21,762,239	\$21,537,854	\$25,323,384	14.06%
Fees	\$20,612,487	\$21,808,580	\$21,811,080	5.50%
Permits	\$1,359,250	\$1,172,500	\$1,172,500	-15.93%
Other Revenue	\$556,962	\$475,462	\$587,302	5.17%
Interest	\$140,000	\$400,000	\$400,000	65.00%
Rent	\$443,156	\$364,207	\$364,207	-21.68%
Contributions	\$77,476	\$70,093	\$70,093	-10.53%
Sewer	\$42,100	\$43,150	\$53,150	20.79%
<b>CAPITAL IMPROVEMENT PLAN</b>	<b>\$63,115,728</b>	<b>\$75,265,562</b>	<b>\$72,680,412</b>	<b>13.16%</b>
Transfers In	\$34,645,491	\$37,454,352	\$37,534,792	7.70%
Taxes	\$27,896,369	\$37,226,097	\$34,560,507	19.28%
Rent	\$563,868	\$575,113	\$575,113	1.96%
Interest	\$10,000	\$10,000	\$10,000	0.00%
<b>BENEFITS PLAN</b>	<b>\$23,437,330</b>	<b>\$23,442,744</b>	<b>\$23,442,744</b>	<b>0.02%</b>
Transfers In	\$19,974,656	\$20,891,882	\$20,891,882	4.39%
Fees	\$3,462,674	\$2,550,862	\$2,550,862	-35.75%
<b>RISK MANAGEMENT</b>	<b>\$3,178,879</b>	<b>\$3,423,808</b>	<b>\$3,423,808</b>	<b>7.15%</b>
Fees	\$3,130,135	\$3,349,764	\$3,349,764	6.56%
Transfers In	\$48,744	\$50,000	\$50,000	2.51%
Interest		\$24,044	\$24,044	100.00%
<b>SWAP AGREEMENT 05</b>	<b>\$2,750,000</b>	<b>\$2,225,000</b>	<b>\$2,225,000</b>	<b>-23.60%</b>
Other Revenue	\$2,750,000	\$2,225,000	\$2,225,000	-23.60%
<b>Reappraisal Reserve Fund</b>			<b>\$1,327,492</b>	<b>100.00%</b>
Transfers In			\$1,327,492	100.00%
<b>Total</b>	<b>\$506,844,461</b>	<b>\$529,787,767</b>	<b>\$537,862,882</b>	<b>5.77%</b>

## EXPENDITURES

Fund expenditures are seen below by Fund and then Goal Areas. On the following pages new County funding investments for FY 2017-18 are highlighted in more detail, by Goal Area and department.

GENERAL FUNDS EXPENDITURES	FY 2016-17 Original Budget	FY 2017-18 Department Requested	FY 2017-18 Commissioner Approved	% Change from Budget to Budget
<b>GENERAL</b>	<b>\$414,362,524</b>	<b>\$452,247,022</b>	<b>\$434,763,426</b>	<b>4.69%</b>
Goal 1	\$136,678,350	\$150,399,444	\$145,677,193	6.18%
Goal 2	\$105,112,702	\$109,864,273	\$107,644,708	2.35%
Goal 3	\$60,821,571	\$71,820,317	\$63,590,405	4.35%
Goal 4	\$5,895,941	\$6,395,688	\$6,471,599	8.90%
Goal 5	\$105,853,960	\$113,767,300	\$111,379,521	4.96%
<b>RISK MANAGEMENT</b>	<b>\$3,178,879</b>	<b>\$3,423,808</b>	<b>\$3,423,808</b>	<b>7.15%</b>
Goal 5	\$3,178,879	\$3,423,808	\$3,423,808	7.15%
<b>SWAP AGREEMENT 05</b>	<b>\$2,750,000</b>	<b>\$2,225,000</b>	<b>\$2,225,000</b>	<b>-23.60%</b>
Goal 5	\$2,750,000	\$2,225,000	\$2,225,000	-23.60%
<b>Reappraisal Reserve Fund</b>			<b>\$1,327,492</b>	<b>100.00%</b>
Goal 5			\$1,327,492	100.00%
<b>CAPITAL IMPROVEMENT PLAN</b>	<b>\$63,115,728</b>	<b>\$75,265,562</b>	<b>\$72,680,412</b>	<b>13.16%</b>
Goal 5	\$63,115,728	\$75,265,562	\$72,680,412	13.16%
<b>BENEFITS PLAN</b>	<b>\$23,437,330</b>	<b>\$23,442,744</b>	<b>\$23,442,744</b>	<b>0.02%</b>
Goal 2	\$7,215,116	\$7,215,116	\$7,215,116	0.00%
Goal 3	\$6,706,446	\$6,706,446	\$6,706,446	0.00%
Goal 4	\$525,774	\$525,774	\$525,774	0.00%
Goal 5	\$8,989,994	\$8,995,408	\$8,995,408	0.06%
<b>Total</b>	<b>\$506,844,461</b>	<b>\$556,604,136</b>	<b>\$537,862,882</b>	<b>5.77%</b>

# FISCAL YEAR 2017-18 ADOPTED BUDGET HIGHLIGHTS

## Goal 1: Community and Family Prosperity and Enrichment

- **Durham Public Schools**

\$6.059 million added to salary supplements, benefits cost increases, and funds for expanded Pre-K classroom support (1 cent of additional property tax, or \$3,554,121).

- **Durham Technical Community College**

At DTCC, an additional \$260,204 funds scholarships, inflationary operating expenses and facility repair costs supporting new and expanded programs.

- **Pre-K Expansion**

\$1.5 million in new funding for the operation of eight (8) additional pre-school classrooms at the newly renovated Whitted School as well as support of the Durham Children's Data Center at Duke University to assist with the evaluation of pre-school and early education investments over time.

## Goal 2: Health and Well-being for All

- **Department of Social Services**

The Department of Social Services requested no additional local dollars. Due to increased revenue (\$2,267,578) associated with mandated service delivery, Social Services reduced its need for County funding by \$1,181,283. The additional increase in expenditures (\$1,086,295) supports program enhancements and the purchase of 2 new vehicles, 2 replacement vehicles, non-capital furniture and equipment, and non-capital computers to support integration of child welfare services into NCFAST.

- **Public Health Department**

Two (2) School Health Nurse positions added to decrease the high number of schools assigned to each School Nurse. Over the last two years, a total of five (5) new School Health Nurses have been added.

## Goal 3: Safe and Secure Communities

- **Emergency Medical Services**

Replacement and upgrading of EMS ambulances by replacing six ambulances. Purchasing First Watch software to improve response time and clinical performance using real-time data and dashboard technology. Increased funding of almost \$250,000 for medications and medical supplies. And implementation of a community paramedicine pilot program supported by three new positions that will assist citizens with chronic disease management, the homeless, and those with behavioral issues.

- **Fire Districts**

The Lebanon Volunteer Fire Department special tax district was approved for a 1.0 cent property tax increase that will assist with additional payroll expenses (holiday, comp and overtime pay), the purchase of new radio equipment, and the purchase of a new tanker truck.



- **Sheriff's Office**

Thirty-one law enforcement vehicles and vehicle equipment were replaced totaling \$1.1 million. Software upgrades to the CAD system and new computers for the Detention Center were funded.

## **Goal 4: Environmental Stewardship**

- **Engineering (Project Management and Open Space/Real Estate Division)**

After approval of a 2016 General Obligation Bond referendum by Durham County citizens, work began on several large capital projects including the Main Library renovation. Ongoing oversight of all County capital projects has necessitated the need for additional position support within the Real Estate division of the department.

- **General Services (Solid Waste)**

A pilot program was approved to purchase a Roll-Off container truck that will allow staff to directly support and haul containers from 2 of the 4 sites. This replacement of formerly contracted services is being accomplished through reallocated funds within Solid Waste's budget allowing for the citizen's sticker fee to be maintained at the same rate as FY 2016-17

## **Goal 5: Accountable, Efficient and Visionary Government**

- **MFR: Building Capacity for Increased Performance Measure Review, Management Analysis and Reporting**

Reclassification of vacant positions to two (2) Performance and Management Analysts to support the increased needs for County wide data review, analysis and reporting. These positions will oversee the collection and analysis efforts of the County's public performance measures and provide support to departments and management in that process. A third position was reclassified to assist with training efforts to expand departmental internal capacity for web design and publication development.

- **Finance Department**

Mid-fiscal year personnel changes were made during FY2016-17. These reclassified positions will provide greater oversight and internal workload management. In addition, a new payroll clerk was approved in FY 2017-18 to support the demands of bi-monthly payroll for nearly 2,000 employees.

- **General Services**

Using reallocated funds (no new County dollars) several key goals were accomplished including the creation of two new positions. A new Administrative Officer will allow more resources to be used to meet workload demands by the growing County infrastructure. An additional, HVAC position will also help this group be more responsive to requests for service.

One final key project undertaken was the introduction of a pilot program to provide in-house janitorial services to the County Courthouse. General Services completed a thorough analysis showing not only can County provide this service internally more effectively, but can do so with a direct savings to the County of almost \$70,000.

