

**THE BOARD OF COUNTY COMMISSIONERS  
DURHAM, NORTH CAROLINA**

Tuesday, May 25, 2010

9:00 A.M. Budget Worksession

**MINUTES**

Place: Commissioners' Room, second floor, Durham County Government Administrative Complex, 200 E. Main Street, Durham, NC

Present: Chairman Michael D. Page, Vice-Chairman Ellen W. Reckhow, and Commissioners Becky M. Heron, Brenda A. Howerton, and Joe Bowser

Absent: None

Presider: Chairman Page

County Manager Mike Ruffin gave introductory remarks, briefing the Board on the budget presentation schedule and indicating microphone locations for speakers.

**DPS/Board of Education**

Minnie Forte-Brown, Chair, DPS Board of Education, gave preliminary remarks to introduce the DPS budget proposal to the Board of Commissioners.

Hank Hurd, Chief Operating Officer, DPS, briefly outlined DPS' budget process.

The Board of Education's (BOE) FY 2010-11 budget request represents a 9.83% (\$10,040,770) increase compared to the FY 2009-10 Approved Budget. The increase was identified as necessary to support 237 teaching positions that without funding will otherwise have to be reduced from the DPS workforce. Capital outlay funding was requested at the same amount that was budgeted in the previous fiscal year.

The County did not receive the BOE's request until Friday, May 14, 2010. At that point, the FY2010-11 Manager's recommended budget was balanced with no tax increase projected to support the County's General Fund operating budget, and this was based on funding the Superintendent's request, which was approximately a 3% reduction from the FY 2009-10 funding level (as requested by the County Manager). Upon receipt of the BOE request, the County Manager's recommendation was changed to reflect a current expense increased funding level which would allow for the restoration of 111 teacher positions in the district. The Manager's Recommendation coincides with an option discussed by the BOE over the last few weeks, referred to as Option B. In order to accommodate that funding level an additional \$5,148,756 was added to the Manager's initial recommended budget, which equates to a 1.79 cent recommended tax rate increase for school funding.

As a result of this recommendation, a 3.16% or \$3,154,526 increase in current expense funding is recommended for FY 2010-11 from the FY 2009-10 Approved Budget for DPS, and a decrease of \$1 million in capital outlay funding to \$1,370,000. The total increase in recommended county funding for DPS is 2.11%

Student projections (or student allotment figures) for FY 2010-11 are estimated to be 35,091 (for DPS and Charter Schools). Therefore, the County current expense funding per pupil recommendation would be \$2,934 per pupil, an \$80 per pupil increase from FY 2009-10. Including capital outlay and debt service funding, Durham County supports public education at \$3,650 per pupil.

Jennifer Bennett, Executive Director of Budget & Management Services, DPS, provided a brief overview of the following sections of the DPS Budget Proposal book:

- Overview
- BOE Goals
- Performance Report
- Efficiencies
- Review of FY09-10 Budget
- Overview of FY10-11 Budget
- Program Areas
- PRC Budgets FY09-10
- PRC Budgets FY10-11
- Budget Resolution

Ms. Bennett guided the Boards through DPS budget documents available online.

Commissioners and BOE members discussed the following:

- Overview Budget Outlook—FY10-11
- Summary of Budget Reductions to Balance Revenue Reductions
- Teacher Positions
- Per Pupil Cost
- Transportation
- Usage of State Lottery Funds to Retain Teacher Positions

BOE members addressed questions and concerns throughout the presentation.

#### Directives

1. Ms. Bennett to provide Board of Commissioners with a breakdown of the difference between FY09-10 and FY10-11 local current expense.
2. Ms. Bennett to provide a detailed explanation of requested teacher funding.
3. BOE to elaborate on budget amounts allocated for paper and other supplies.

**Sheriff's Office**

Sheriff Worth Hill detailed the following budget proposals for the Sheriff's Department:

- Reductions and eliminations
  - Positions
- Warrant Control
- Fee changes

Summary	2009-2010 Original Budget	2010-2011 Department Requested	2010-2011 Manager Recommended
<i>Expenditures</i>			
Personnel	\$10,525,554	\$10,793,343	\$10,787,435
Operating	\$2,160,000	\$2,142,401	\$2,142,401
Capital	\$0	\$0	\$0
Transfers	\$144,000	\$0	\$0
Total Expenditures	\$12,829,554	\$12,935,744	\$12,929,836
<i>Revenues</i>			
Licenses & Permits	\$5,000	\$5,000	\$5,000
Intergovernmental	\$363,937	\$363,937	\$363,937
Contrib. & Donations	\$0	\$0	\$0
Service Charges	\$753,000	\$851,000	\$851,000
Other Revenues	\$2,000	\$2,000	\$2,000
Total Revenues	\$1,123,937	\$1,221,937	\$1,221,937
<i>Net Expenditures</i>	<i>\$11,705,617</i>	<i>\$11,713,807</i>	<i>\$11,707,899</i>
FTEs	197.09	192.09	192.09

Commissioners and Sheriff Department staff discussed the following:

- Warrant servicing
- Warrant Control program

**Directives**

1. Sheriff's Department to provide data on percentage of warrants served in jail and in the courts vs. warrants served on the streets.
2. County Manager Ruffin, Sheriff Hill, Clerk of Court Archie Smith, and City Manager Tom Bonfield to meet within the next two weeks to brainstorm ideas to salvage key components of Warrant Control.

County Manager Ruffin briefly discussed his reconsideration to include funding for the Assistant District Attorney position in his budget recommendation due to its contribution to maintaining the jail population.

County Manager Ruffin noted that the domestic violence position, which was funded 50% by the County and 50% by the City of Durham, was eliminated from the budget by the City Manager; therefore, he removed it from the County's budget.

### **Social Services Department**

Gerri Robinson, Social Services Director, introduced her staff to the Board: Rhonda Stevens, Assistant Director for Family Economic Independence; Sharon Hirsch, Assistant Director for Communication, Development and Customer Information; Toni Pedroza, Assistant Director for Accountability & Program Support; and Cathy Simmons, Retention Specialist.

Ms. Robinson gave introductory remarks and presented the PowerPoint presentation as follows:

#### FY11 BUDGET PROPOSAL

##### 2009-2010 Accomplishments Administration

- On target to draw down all State and Federal \$\$
- Continued to scan (over 9 million images)
- Continued to publish Quarterly RBA reports
- DSS website was launched with full Spanish translation
- Computer 4 Kids Program launched (over 125 computers deployed)
- Earned Income Tax Credit site at DSS

##### 2009-2010 Accomplishments Services

- System of Care partnership continues
- Continue to manage Adult Care Home website
- Serve an average of 787 adults per month (IHA, MOW, Day Care, CAP, and SA IHA)
- Assisted in the development of the Senior Resource Guide project funded through a RBA mini-grant.
- Exceeded State goal (21) for number of adoptions (36)
- Average star rating for child care placements is 3.73

##### 2009-2010 Accomplishments Services

- Implemented a Grandparent Support Group to help grandparents who are raising children with children
- Contributed to the 14% decrease in the DPS dropout rate
- Repeat maltreatment rate continues to remain below the Federal and State Standards
- 95 recipients entered employment

##### 2009-2010 Accomplishments Public Assistance

- Third consecutive year of maintaining 100% accuracy rate in Food and Nutrition Services (FNS)
- Managed continued caseload increases in FNS and Medicaid
- Assisted over 10,000 elderly and disabled adults in accessing and paying for medical care
- 84.14% of Medicaid recipients were linked to primary care physicians

- 203 families received Benefit Diversion Payments

2009-2010 Accomplishments

Child Support Enforcement

- Met collection goal for fiscal year 2008-2009
- On target to meet goal for 2009-2010
- Established paternity in 100.7% of cases
- Assisted in the New Life Court to ensure that the non-custodial parents receive services that help them maintain employment
- Planned an amnesty day and invited non-custodial parents to make a payments towards arrears

Counter-Cyclical Business at DSS: Demand Rising

- Food and Nutrition caseloads continue to rise  
 Participation Rates:

July, 2007	59.55%
June, 2008	61.24%
June, 2009	74.33%
July, 2009	76.71%
April, 2010	85.42%

Counter-Cyclical Business at DSS: Demand Rising

Medicaid and Health Choice cases continue to rise.  
 Recipient Percentages:

July, 2007	12.73%
June, 2008	13.59%
June, 2009	14.74%
July, 2009	14.41%
April, 2010	15.23%

Counter-Cyclical Business at DSS: Demand Rising

The need for assistance with food, shelter, utilities and medical emergencies continue to rise:

FY 2007- 2008	\$1,649,131
FY 2008- 2009	\$1,730,759

Current Year	\$2,085,429 (as of January)
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Since our local expenditures are matched with federal and state funds, any reductions in expenditures results in a reduction of county revenue.

**While Demands Increase DSS Resources Decrease**

- \$ 842,354 Total Cuts in FY 2009-2010
- \$ 915,673 Total Cuts for FY 2010-2011
- \$1,758,027 Total

These decreases mean that during this economic downturn and when Durham residents need our services most, DSS is required to do so much more with so much less.

Proposed Expenditure Reductions—Vacant Positions

Position #	Job Class	Department
1262	AAI	Facility Support
1291	PA III	CPS Clerical Support
1518	PA III	Work First Clerical
1682	CSA II	Child Support
1334	SW II	Adult Services
1344	SW II	Adult Services
1272	Planner/Evaluator	Administration
2300	CFST SW	School SW
2303	CFST SW	School SW

Impact: Increased workload for existing staff at a time when workloads are increasing; no Planner/Evaluator to coordinate RBA reporting and will be absorbed by existing staff.

Proposed Expenditure Reductions—Administration

Proposed Reduction	Reduction Amount
Misc. Administrative	\$87,536
Staff Training	\$10,485
Janitorial Contract Services	\$1,587
IT Consultant Contract	\$20,565

Storage/Shredding Contract	\$14,000
NC Latino Contract	\$9,280
Transcribing Contract	\$50,000
TOTAL	\$193,453

Impact: Training reductions during reorganization. IT Consultant reduction may impact our DMI project as well as other IT projects. Latino Coalition contract Scope of Work being re-vamped to focus more on interpreting and translation than system change.

Proposed Expenditure Reductions—Services

Proposed Reduction	Reduction Amount
Misc. Expense Services	\$7,215
Volunteer Contract	\$6,925
Durham Chamber of Commerce	\$57,900
Durham Congregations In Action	\$69,000
TOTAL	\$141,040

Impact: Volunteer contract recruitment services reduced. Durham Chamber of Commerce and Durham Congregations In Action no longer providing services.

Proposed Expenditure Reductions—Public Assistance

Proposed Reduction	Reduction Amount
Misc. Expense Public Assistance	\$25,500
Alpha Management	\$8,000
Children’s Home Society	\$5,000
Exchange Club (TDM Facilitator)	\$9,450
Exchange Club (In-Home Parent)	\$7,004
Family Care Program	\$6,312
Lutheran Services Opportunity	\$30,000
Lutheran Services Trinity	\$200,000
Methodist Home for Children	\$12,750

Youth Development Corp.	\$8,213
TOTAL	\$312,229

Impact: Service demands in foster care could rise.

Proposed Expenditure Reductions—Child Support

Proposed Reduction	Reduction Amount
Equifax Contract	\$5,000
Progressive Financial Contract	\$25,000
Manpower (Temps)	\$25,500
ABC Messenger	\$3,000
TOTAL	\$58,500

Proposed Expenditure Reductions—Summary

Item	Reduction Amount
Positions	\$ 362,266
Administration	\$ 193,453
Services	\$ 141,040
Public Assistance	\$ 312,229
Child Support	\$ 58,500
TOTAL	\$1,067,488

Proposed Expenditure Reductions—Summary

Item	Reduction Amount
County Directive	\$ 1,067,488
DSS Reductions	\$ 1,067,488
County Manager restored funding of County dollars for EA, Share Your Christmas & Adolescent Parenting Program	\$ 151,815
Total Net Reduction	\$ 915,673



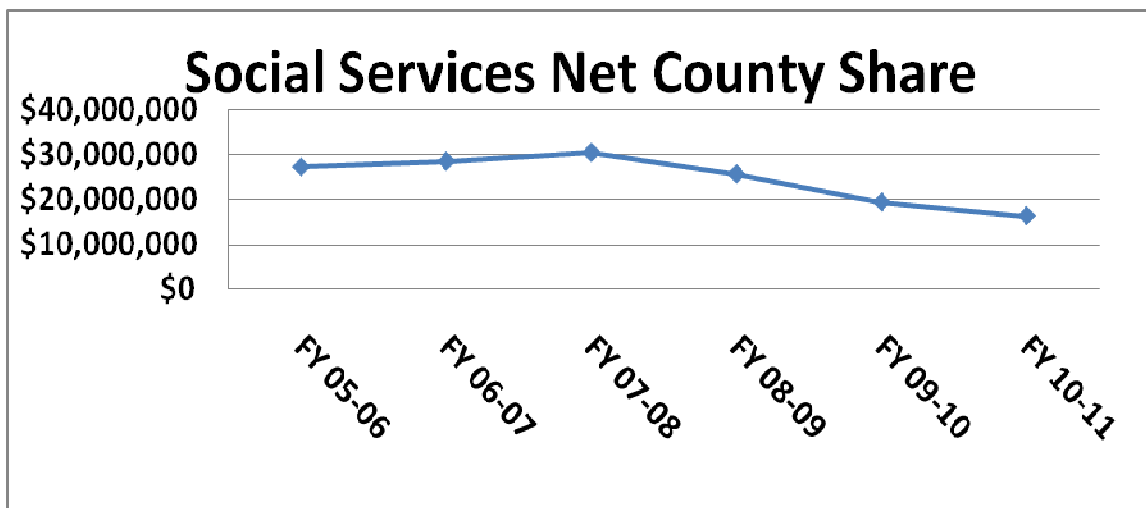
DMI Project and Moving into the New Human Services Building

Completed :	To Do:
Scanned 124,000 files (client case folders)	+/- 200,000 files
9,459,030 images scanned	+/- 22,500,000 images
Emptied 575 file cabinets	+/- 1000 file cabinets
Files took up over 5,175 square feet of space	Will free up +/- 9,000 square feet of space

Not moving forward with the DMI project will result in higher storage costs, and space issues in the new building.

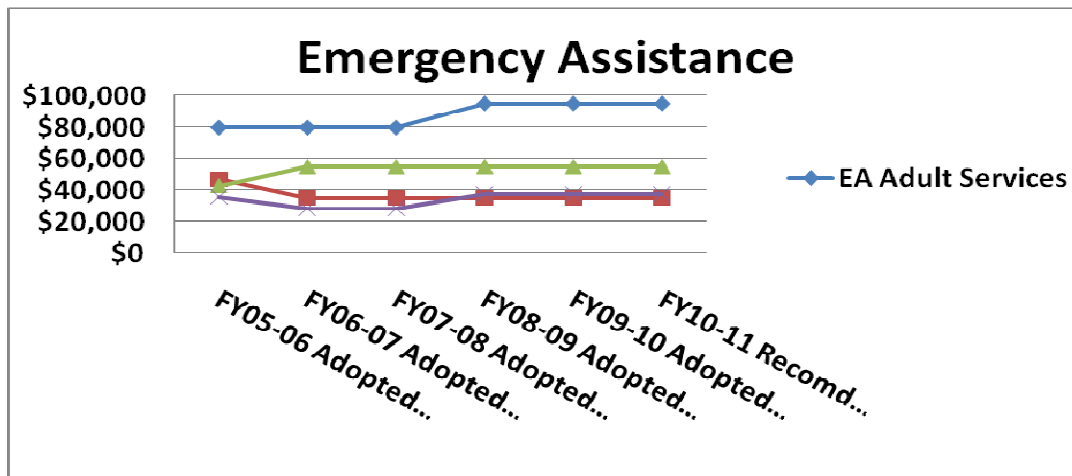
DMI Project and Moving into the New Human Services Building

2010-2011 Technology Needs Not Reflected in the Proposed Budget	
Scanning	\$309,228
Scanners	\$42,000
Heavy Duty Scanners	\$40,000
Maintenance for Workflows and Scanners	\$7,838
Total	\$399,066

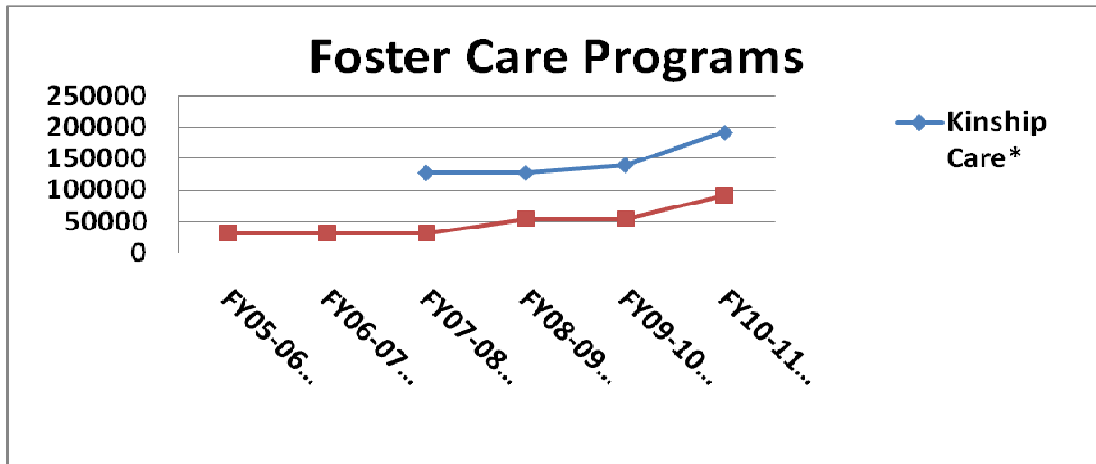


Fiscal Year	Amount
FY 05-06	\$27,201,465
FY 06-07	\$28,462,033
FY 07-08	\$30,416,840
FY 08-09	\$25,642,247
FY 09-10	\$19,370,789
FY 10-11	\$16,320,909

FY 08-09 County share of Medicaid reduced from \$13.2 million to \$7.7 million



	FY05-06 Adopted Budget	FY06-07 Adopted Budget	FY07-08 Adopted Budget	FY08-09 Adopted Budget	FY09-10 Adopted Budget	FY10-11 Proposed Budget
Emergency Assistance						
EA Adult Services	\$79,700	\$79,700	\$79,700	\$94,800	\$94,800	\$94,800
EA Preventive Services	\$46,830	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000
EA Protective Services	\$42,790	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000
Emergency Food	\$35,900	\$28,220	\$28,220	\$37,630	\$37,630	\$37,630



Foster Care Programs	FY05-06 Adopted Budget	FY06-07 Adopted Budget	FY07-08 Adopted Budget	FY08-09 Adopted Budget	FY09-10 Adopted Budget	FY10-11 Proposed Budget
Kinship Care*			\$128,000	\$128,000	\$140,134	\$192,000
Guardianship (Foster Care)	\$30,600	\$30,600	\$30,600	\$53,256	\$53,256	\$91,296

\* FY07-08 Designed & implemented Kinship Care Program

Future Impacts

- The definition for automatically eligible recipients will change, which will likely result in an increase in those requesting services
- Health Care Reform (Medicaid)
- Unemployment Rates (all services to include the ability to collect child support)
- New Human Services Building
- NC FAST Project
- End of ARRA funds

Ms. Robinson responded to questions by the Board throughout her presentation.

Directive

County Manager Ruffin to use some fund balance monies to fund technology needs for the DMI Project pertaining to moving into the new Human Services building.

Public Health

Gayle Harris, Public Health Director, briefed the Board on Public Health’s nutrition efforts underway within the community.

Ms. Harris proceeded with the following presentation:

## Durham County Health Department: FY11 Proposed Budget

### Mission Statement

To preserve, protect and enhance the general health and environment of the community

### Goals

- Promote optimal health and wellness of children
- Decrease premature death rates
- Prevent and control communicable diseases, and
- Maximize organization productivity

### Overview

- Accomplishments
- Performance Measures
- Summary of Requested vs. Recommended Budget
- Budget Changes
- Proposed Fees

### Accomplishments

- Received 29,110 doses of H1N1 vaccine (administered 19,254 doses and distributed 7,780 doses to community provider)
- Worked with state partners to address communicable diseases / disease-related issues (i.e., norovirus, health law violators, *Salmonella enteritidis*, tuberculosis, rabies, acute hepatitis B)
- Implemented Document Management and Imaging Project including LaserFishe, EMR and CDP systems
- Participated in Durham Health Innovation initiative to improve the health of Durham residents
- Leveraged County funds and secured \$1.06 million in grant funds and \$3.35 million in state-related grant funds
- Collaborated with Partnership for a Healthy Durham to develop and disseminate the 2009 State of the County Health Report
- Screened 4,334 DPS students (K and 5 Grades) to identify urgent dental needs and an additional 3,045 students in grades 1 – 4 in six schools served by the Tooth Ferry
- Selected to participate in BCBSNC's "Strengthening the Oral Health Safety Net" project
- Participated in Falls Lake committee work

### Performance Measures

- Subsequent Nutrition Visits with Positive Outcomes (Chart)
- Knowledge Improvement from Pre-test to Post-test in DINE Target Classes (K-5) (Chart)
- Percent of Children in Fifth Grade in Durham Public Schools with Urgent Dental Needs (Chart)
- Percent of Children in Fifth Grade in Durham Public Schools with Sealants (Chart)

- HIV Rates in Durham County (Chart)
- Durham County Primary and Secondary Syphilis Rates (Chart)
- Durham County Gonorrhea Rates (Chart)
- Durham County Chlamydia Rates (Chart)
- Maternity Clinic: Percentage of Low Birth-weight Babies (Chart)
- Baby Love: Percentage of Low Birth-weight Babies (Chart)
- Family Planning: Percentage of Patients with Unplanned Pregnancies (Chart)
- Jail Health: Percentage of Inmate Grievances (Chart)
- School Health: Percentage of Secured Care (Chart)

#### Budget

- 2010- 2011 Request
  - Total Expenditures
    - \$20,121,595
  - Total Revenues
    - \$6,138,836
  - Net Expenditures
    - \$13,982,759
- 2010 – 2011 Recommended
  - Total Expenditures
    - \$20,179,706
  - Total Revenues
    - \$6,233,085
  - Net Expenditures
    - \$13,946,621

#### Budget Changes

- Dental Clinic
  - Eliminated Dentist I (1.0 FTE) as a salaried position
  - Funds moved to contract line (will increase contract with UNC School of Dentistry)
- Child Health: Health Check
  - Eliminated 4.0 FTEs
    - Filled positions (effective 1/31/10)
      - 4 Processing Assistant IVs (grant funded)
- Home Health Agency Sale
  - Elimination of 6.8 FTEs
    - Filled Positions
      - 1 Public Health Nurse III (0.8 FTE)
      - 1 Public Health Nurse II (1.0 FTE)
      - 4 Community Health Assistants (4.0 FTEs)
    - Vacant Position
      - 1 Community Health Assistant (1.0 FTE)
- Health Education: Lead Education and Screening & VOICES
  - Elimination of 2.48 FTEs
    - Vacant Position (county funded)

- 1 Health Educator I (1.0 FTE)
      - Filled positions (grant funded)
        - 1 Health Educator I (1.0 FTE)
    - Position Roster Adjustment (grant funded)
      - 2 Outreach Workers (0.48 FTE)
- School Health: Child and Family Support Teams & Regular School Nurse Program
  - Eliminated 2.6 FTEs (grant funded)
    - 2 PHN IIs (2.0)
    - 0.15 FTE from each of 4 FTEs (0.60 FTEs)
- Administration
  - Restored Assistant Health Director position (1.0 FTE)
  - Annualized funding for Project Access of Durham County (\$359,126) funded through the Community Health Trust Fund
- Jail Health
  - Increased base contract \$91,086 in keeping with terms within proposal
  - Funded through the Community Health Trust Fund
- Laboratory
  - Establishes 4 FTEs
    - 1 Medical Laboratory Technician III (1.0 FTE)
    - 2 Medical Laboratory Technician IIs (2.0 FTEs)
    - 1 Processing Assistant III (1.0 FTE)
  - Supported by reallocated county funds and Medicaid reimbursement

Adjusted Fees

- Environmental Health Fees

Fee Type	FY 2009 – 10 Fees	FY 2010 11 Proposed Fees
Well permit (one water sample)	\$350	\$425
Reconnect permit	\$125	\$150
Individual swimming pool	\$150 / yr	\$200/ yr
Ea. additional swimming pool per complex	\$75	\$150
Wading pool or spa permit	\$40	\$50
Pool permit inspection revisit fee	New	\$100
Pool plan review (includes initial permit	\$200	\$250
Tattoo artist permit	\$100	\$200
Food establishment plan review	\$100 (< 50 seats)	\$250

	\$200 (>50 seats)	
Existing food establishment plan review (ownership change)	New	\$100

- General Health Services Clinic

Fee Type	FY 2009 -10 Fees	FY 2010 -11 Proposed Fees
FluMist Vaccine	\$34	\$31
Influenza Vaccine	\$25	\$29
Hepatitis A Vaccine	\$92	\$42
Hepatitis B Vaccine	\$75	\$51
MMR Vaccine	\$55	\$74
Meningococcal (MCV4) Vaccine	\$100	\$140
Pneumonia Vaccine	\$31	\$66
Pre-exposure Rabies Vaccine	\$162	\$229
Rabies Titer	\$37.50	\$42
Varicella Vaccine	\$86	\$113
Herpes Zoster (Shingles) Vaccine	\$175	\$201
Hepatitis A (Pediatric)	NEW	\$35
Tdap	NEW	\$58
Human Papilloma Virus	NEW	\$174

- GHS Clinic & Nutrition

Fee Type	FY 2009 – 10 Fees	FY 2010 -11 Proposed Fees
Pneumococcal (PCV7)	NEW	\$147
Rotovirus	NEW	\$91
Diabetes Self Management Training	New	\$25.24 / 30 minute increment unit individual; \$14.14 / 30 minute increment unit group

- Dental Services

Fee Type	FY 2009 – 2010 Fees	FY 2010 – 11 Proposed Fees
Minimum charge / visit	\$10	\$25
Specific dental procedures	125% of establish Medicaid rate	80% of Usual and Customary Charges

Ms. Harris and staff addressed questions and concerns raised by the Board.

Directive

1. Public Health to provide further explanation as to the discrepancy between the County Manager’s recommended budget for Public Health and Public Health’s proposed budget recommendation.
2. County Manager to examine the amount projected for Assistant Public Health Director’s salary.
3. County Manager to look into why Project Access’s budget increased.
4. County Manager and Ms. Harris to consider renegotiating Jail Health contract.
5. Public Health to compare laboratory costs—Durham Regional vs. LabCorp.
6. Raise the issue of constructing doorless restrooms to the North Carolina Building Code Council; consider placing on Legislative Agenda.
7. Voice to Legislation the danger of employees not washing their hands in restaurants; possibly draft legislation to combat the issue.
8. County Manager to re-examine revenue estimate.

**The Durham Center (Mental Health)**

Ellen Holliman, Director, The Durham Center, thanked Area Board members and The Durham Center staff for their work on the budget. She also extended thanks to the County Manager for his budget recommendation for The Center. Ms. Holliman then acknowledged Dr. Khalil Tanas as the new Medical Director for The Center.

Ms. Holliman presented data charts pertaining to the following:

- Consumers Served
- FY09 Spending by Disability Area
- FY09 Cost per Person
- State Psychiatric Hospitalizations
- DCA Crisis Facility
- Housing Resources
- Permanent Supportive Housing
- Emergency Department
- Suicide Rates
- Youth Death Rates
- DWI Rates



Ms. Holliman continued her presentation as follows:

2010 Quality of Life Survey

- 49% feel good about making decisions and choosing where and how they live their lives
- 53% have people in their lives they feel close to and are respected
- 56% feel they can make their own choices about their care
- 61% feel good about their overall health
- 74% feel safe where they live and receive services

Major Service Needs

- More people need permanent housing to maintain stability (with supports)
- Improve quality of care
  - First responder activities
  - Keeping consumers out of crisis
  - Focus on recovery-oriented care
  - Abiding by fidelity of best practice models of care
- Better integration of primary care and behavioral health services
- Child inpatient beds
- Medicaid waiver slots for persons with developmental disabilities

System Challenges

- System changes
  - Critical Access Behavioral Health Agency (CABHA)
  - Medicaid waivers (LME)
- Funding reductions/changes (State/Medicaid)
- Medicaid does not pay for all services that meet consumer needs
- Individuals admitted to the Duke ED cannot be transferred to DCA
- Homelessness of individuals with chronic, complex physical and mental health needs
- People with MH and SA disproportionately involved with criminal justice system
- Over-capacity of residential providers
- Provider staff turnover

Looking Forward to FY11

- Major emphasis on high-risk/high-cost consumers
  - Durham has 100+ high utilizers considered high-risk due to their MH/DD/SA illnesses
  - High-risk consumers defined as those who routinely access emergent services or facilities for MH/DD/SAS issues
- Cost Comparison

Cost to Emergency System	
180 Bed Days at CRH	\$135,000
11 Days at Duke ED	\$16,500

7 Days at DCA	\$2,100
24 Hours of Police Time	\$1,036
Total for 12 months	\$154,636

With Intensive Care Coordination	
Supportive Housing	\$12,000
Guardianship	\$750
ACTT Team	\$11,143
Other Wrap-Around Services	\$2,000
Total Cost	\$25,893
Total Annual Savings	\$128,743

- Follow at least 50 consumers who fit the high-risk criteria
- These consumers receive
  - Intensive follow-up with consumers and providers
  - Wrap-around services to meet individual needs
- Goals
  - Improve consumer quality of life
  - Reduce unnecessary admissions to hospitals and crisis services
  - Reduce cost to community
- Independent assessments (State pilot for Medicaid)
- DCA licensed as inpatient facility
- UR for Medicaid (September 20)
- URAC accreditation

Ms. Holliman and Mr. Tanas responded to Commissioner’s questions throughout the presentation.

As no directives were given, Chairman Page thanked Ms. Holliman and her staff for the thorough presentation.

**Revenue Summary & Capital Finance Plan**

Prior to presentation, County Manager Ruffin shared an email he received from Assistant County Manager Deborah Craig-Ray regarding an article posted on WRAL’s website. The article discussed State House Appropriations Subcommittee of Education’s recommendation to reduce

education spending by 3.3% in the coming year, a far deeper cut than those proposed by the State Senate and Governor Perdue.

Pam Meyer, Director, Budget & Management Services, and Keith Lane, Senior Budget Analyst, discussed the following data with the Board:

**REVENUE HIGHLIGHTS**  
 Assessed Valuation/Property Taxes

Durham County's largest source of revenue to support operations is derived from the ad valorem property tax. For FY 2010-11, the property tax rate is 75.1 cents per \$100 of assessed valuation. Overall, the increase in valuation is estimated at 1.31%.

The collection of taxes from delinquent or prior years' taxes also is budgeted and provides additional revenue for support of the General Fund. In FY 2009-10, the county will receive an estimated \$2.46 million in prior years' taxes, and \$2.00 million is budgeted for FY 2010-11.

Comparison of FY 2010 & Recommended FY 2011  
 Property Tax Revenue Estimates

Real Property	\$ 24,001,391,153	\$ 24,457,564,864
Personal Value	\$ 2,839,459,382	\$ 2,806,047,732
Public Service	\$ 480,000,000	\$ 512,746,790
Auto Value	\$ 1,706,590,960	\$ 1,690,000,380
Total Assessed Value	\$29,027,441,495	\$29,466,359,766
	Final Approved FY10	Recommended FY 2011 Tax Revenue w/ 4.29 cent increase
Tax Rate		
Tax Levy	70.80	75.100
Collection Rate	\$205,543,313	\$221,292,362
Prior Year Taxes	97.75%	97.75%
Expected Revenue	\$200,918,589	\$216,313,284
Prior Year Taxes	\$1,750,000	\$2,000,000
1 Cent Valuation	\$2,837,432	\$2,880,337
Budgeted Levy in GF	\$187,373,101	\$195,373,233
Prior Year in GF	\$1,750,000	\$2,000,000
Budgeted Levy in CFP	\$13,545,488	\$20,940,051
Total Budgeted Taxes (Current & Prior)	\$202,668,589	\$218,313,284
Cents to CFP	4.77	7.27

Durham County has estimated an overall 4.13% decrease in all local sales taxes for FY 2010-11.  
 Sales Tax Estimates vs. Budget

	FY2009-10 Budget	FY 2009-10 Estimate	% From FY 2009 10 Budget	FY2010-11 Budget	% From FY 2009 10 Est.
Article 39	\$15,587,261	\$14,641,099	-6.07%	\$12,433,665	-15.08%
Article 40	\$8,578,036	\$8,178,525	-4.66%	\$8,014,954	-2.00%
Article 42	\$10,656,948	\$10,074,351	-5.47%	\$9,458,552	-6.11%
Article 44	\$948,724	\$386,995	-59.21%	\$0	-100.00%
Interlocal.	\$8,849,173	\$7,994,190	-9.66%	\$9,663,424	20.88%
Total	\$44,620,142	\$41,275,160	-7.50%	\$39,570,596	-4.13%

Questions were answered throughout presentation.

County Manager Ruffin spoke to the possibility of awarding bonuses or implement a pay strategy for County employees. He explained that unless an unexpected spike occurs in major revenue mid-next year, he would not be comfortable stating that sufficient funds are available to provide such an incentive.

Directive

County Manager to communicate to employees that a couple of million dollars more are being spent on benefits next year and that the NC Retirement Systems increase is extensive, both totaling a \$3.36 million increase.

**Fund Balance**

Susan Tezai, Deputy Finance Director, discussed Fund Balance details and presented the corresponding data as follows:

General Fund Balance:			
Comparison of FY2009 Actual and FY2010 Projected	FY2009 Actual	FY2010 Projected	Anticipated Change
Total Fund Balance	\$ 92,187,744.00	\$ 87,755,250.65	\$ (4,432,493.35)
Less:			
Reserved by state statute	\$ 21,970,076.00	\$ 21,500,000.00	\$ (470,076.00)
Reserved by state statute-MH	\$ 1,214,112.00	\$ 1,200,000.00	\$ (14,112.00)
Reserved for encumbrances	\$ 1,320,643.00	\$ 1,350,000.00	\$ 29,357.00

Reserved for encumbrances-MH	\$ -	\$ -	\$ -
Reserved other purposes	\$ 5,830,176.00	\$ 5,800,000.00	\$ (30,176.00)
Net Unreserved	\$ 61,852,737.00	\$ 57,905,250.65	\$ (3,947,486.35)
Designated for mental health	\$ 129,335.00	\$ 466,800.23	\$ 337,465.23
Designated for social services	\$ 609,104.00	\$ 609,104.00	\$ -
Designated for subsequent years	\$ 7,592,000.00	\$ 5,992,000.00	\$ (1,600,000.00)
Designated for risk management	\$ 4,285,668.00	\$ 4,285,668.00	\$ -
Designated for debt service	\$ 2,718,074.00	\$ 3,403,118.11	\$ 685,044.11
Designated for OPEB	\$ 10,409,715.00	\$ 14,414,859.27	\$ 4,005,144.27
Undesignated	\$ 36,108,841.00	\$ 28,733,701.04	\$ (7,375,139.96)
			*
LGC Recommended 8% Minimum	16.50%	16.12%	-0.38%
	9.63%	8.00%	Per Finance Policy
*The 8% Minimum for FY2010 is based on estimated total expenditures for FY2010.			
NOTE: Actual figures for previous fiscal year from CAFR			

Per County Manager Ruffin's request, Ms. Tezai and George Quick, Finance Director, elaborated on the Governmental Accounting Standards Board (GASB) Statement No. 45—Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.

Mr. Quick presented and discussed a chart of North Carolina Aaa and Aa1 Counties for FY09 to compare select financial ratios (Population, Rating, Total Primary Government Debt, Debt/Total Tax Assessed Value, Debt per Capita, Principal Payout in 10 Years, Undesignated General Fund Balance, and Undesignated G.F. Balance as % of G.F. Revs).

Directives

1. Survey other governmental entities to learn how they are addressing GASB Statement No. 45.
2. Revisit post-employment benefits package.

**Adjournment**

There being no further business, Chairman Page adjourned the meeting at 4:45 p.m.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Yvonne R. Jones". The signature is written in black ink and is positioned to the right of the typed name.

Yvonne R. Jones  
Deputy Clerk to the Board