

Durham County  
North Carolina



# Approved Budget

Fiscal Year  
2013-2014



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

**DURHAM COUNTY, NORTH CAROLINA  
FY 2013-14 APPROVED BUDGET  
BOARD OF COUNTY COMMISSIONERS**



***Fred Foster, Jr., Chairman***



***Brenda A. Howerton, Vice-Chairman***



***Wendy Jacobs***



***Michael D. Page***



***Ellen W. Reckhow***

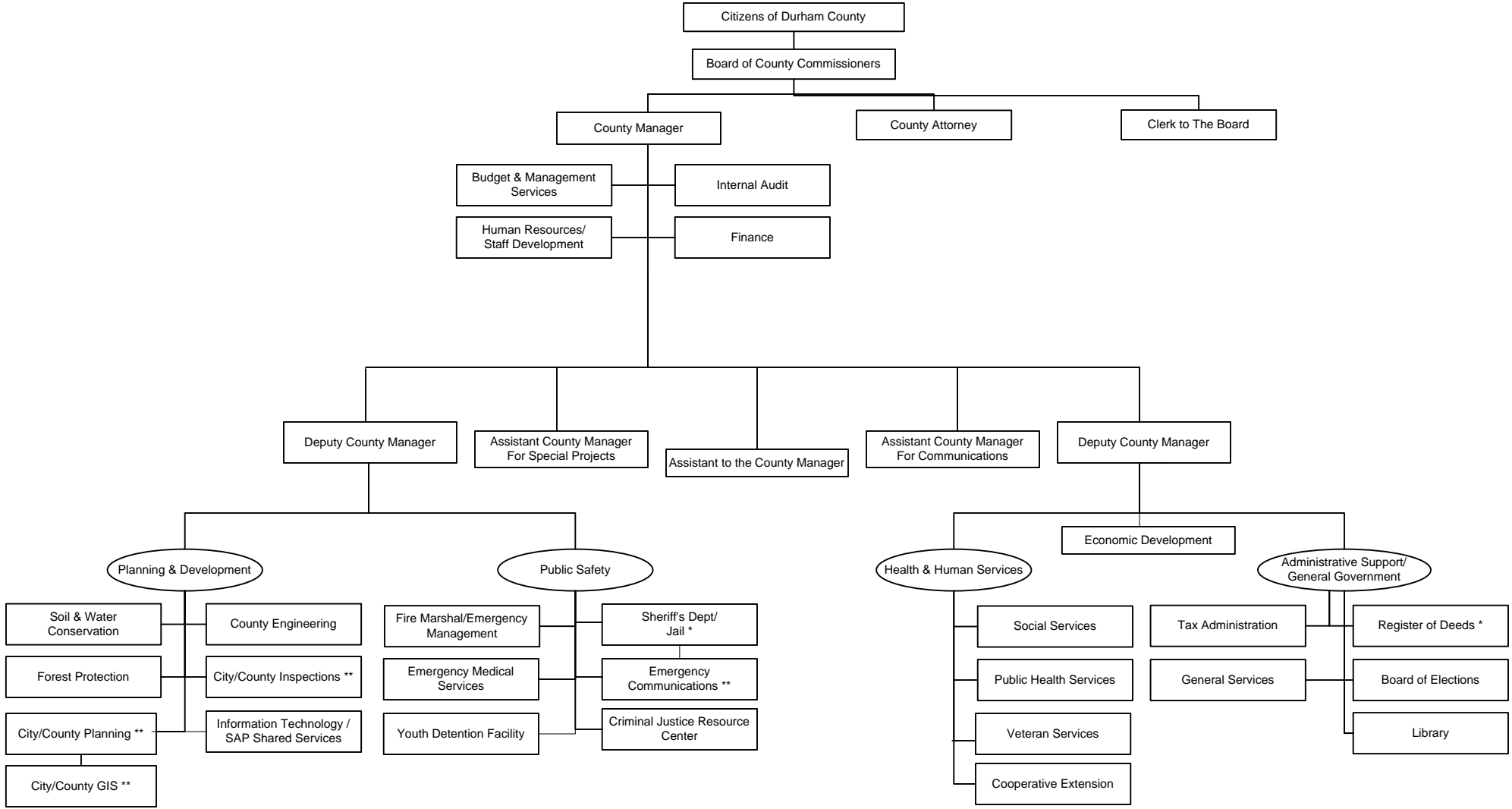
***COUNTY OFFICIALS:***

***Mike Ruffin***, 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:***

***Pamela Meyer***, Director  
***S. Keith Lane***, Senior Budget Analyst  
***Kim Connally***, Budget Analyst  
***Bo Gattis***, Budget Analyst  
***Laura Jensen***, Budget Analyst

# Durham County, North Carolina General Administration Organizational Chart



\* Elected Officials  
 \*\* Joint City/County Departments



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
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**Durham County  
North Carolina**

For the Fiscal Year Beginning

**July 1, 2012**

*Christopher P. Morill*

President

*Jeffrey R. Egan*

Executive Director

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# READER'S GUIDE

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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, 2013 through June 30, 2014 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)**, **Bethesda Fire and Rescue Service District (Fund 2002230000)** and **Emergency Services Telephone System (Fund 2002240000)**.

### 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 and 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, 2013. In addition, the section contains a summary of FTEs for all funds.

The **Appendix** contains supplemental information that includes the FY 2013-14 Budget Calendar and the FY 2013-14 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 (example: licenses, fines, etc.) or when the collection of the amount estimated to be received in the near future (example: property taxes). **Expenditures** in a modified accrual basis are generally recognized in the period goods and services are received or liabilities incurred.

Capital projects, funded primarily by general obligations 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.

### **ONLINE EDITION**

Additional features and functionality have been added to the online version of the Durham County budget document. The online version can be accessed at <http://budget.dconc.gov/index.aspx?page=113>. Requirements and instructions to access the document are available at that address.

Several new features have been added including an expanded **Community Profile** only available online. The Community Profile provides information on Durham County's history, citizens, educational institutions, and economic indicators. Information is also made available on recreational points of interest and other areas of note in Durham County.

Additional functionality has also been added to the online edition of this budget document in the way of an interactive table of contents.

The **Interactive Table of Contents** allows readers of the online edition to browse to the area of interest in this document by clicking the name or page number of the section they would like to visit.

**This document was prepared by the Durham County Budget and Management Services Department and is available online at [www.dconc.gov](http://www.dconc.gov). If further information is needed, contact Budget and Management Services at 200 East Main Street, 4<sup>th</sup> Floor, Durham, North Carolina 27701, by phone at (919) 560-0012, or by e-mail at [budget@dconc.gov](mailto:budget@dconc.gov).**

**DURHAM COUNTY  
FY 2013-14 APPROVED BUDGET**

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July 1, 2013

Dear Durham County Residents:

I am pleased to present a document that lays out a comprehensive spending plan for Fiscal Year 2013-14. This is the thirteenth budget that I have prepared for Durham County and the thirty-fifth budget I have prepared over my career. Since the downturn of the economy, the budget process has been difficult and this year is no different. The slow turnaround of the nation's economic recovery has resulted in decreased or flat revenues and increases in demand for services. To meet community needs and to continue to provide high-quality services, difficult decisions had to be made. I must once again commend our employees for being ever-resourceful and for ensuring that service quality does not suffer despite the high demand on scarce resources. High-performing services like the ones we offer can only be provided by a high-performing workforce.

### **Goals of the FY 2013-14 Budget**

North Carolina counties are required to pass a balanced budget by June 30 each year. If requested expenditures exceed projected revenues, as was the case for FY 2013-14, it is the difficult but necessary task of the Board of County Commissioners to cut expenditures or increase property taxes – the County's only real source of controllable revenues – or do a combination of both.

This budget represents a roadmap for accomplishing the priorities of the Board of County Commissioners and the long-standing goals of Durham County. I am proud to present a budget to you that ensures Durham County continues to meet its goals, including:

- ✓ Maintaining fiscal strength;
- ✓ Providing services at adequate levels;
- ✓ Effectively collecting our largest sources of revenue;
- ✓ Providing effective funding for public education in Durham;
- ✓ Providing necessary funding for planned capital projects/supporting operational needs of new buildings and facilities
- ✓ Partner with nonprofit agencies for important county services.

### **Maintaining Fiscal Strength**

One of the primary goals in preparing the budget each year is maintaining the County's strong financial position. Earlier this year we sent a delegation to New York to review our financial condition with Moody's Investors Service and Standard & Poor's Financial Services, two of the world's most respected and widely-utilized sources for credit ratings. After this review the County maintained its high credit rating. The triple A rating is the highest attainable and allows Durham County to borrow at the lowest rates available, which is a tremendous benefit to taxpayers. Bond rating bureaus expect to see triple A counties demonstrably address debt when it is growing at the levels that our debt is growing.

Another part of ensuring the County's financial strength is maintaining appropriate levels of fund balance. While it seemingly would be easy to tap fund balance for the current economic slowdown, triple A-rated local

governments like Durham County are expected to show leadership and the financial fortitude to responsibly manage their finances from year to year by balancing expenditures with available revenues.

The following table shows Durham County's projected fund balance at the end of FY 2012-13. The County projects a modest increase of 0.72% in its General Funds fund balance from 28.24% to 28.96%.

**General Funds Fund Balance: Comparison of FY 2012 Actual and FY 2013 Projected**

	FY2012 Actual	FY2013 Projected	Anticipated Change
Total Fund Balance	\$136,271,733.00	\$135,280,094.56	\$(991,638.44)
Less:			
Non-spendable:			
Inventories	\$926,820.00	\$926,820.00	\$-
Prepaid expenditures	\$128,526.00	\$30,867.00	\$(97,659.00)
Restricted:			
Stabilization by State Statute	\$28,468,801.00	\$25,272,194.00	\$(3,196,607.00)
Museum	\$86,735.00	\$86,735.00	\$-
Tax technology	\$346,364.00	\$597,873.00	\$251,509.00
Sheriff	\$309,995.00	\$321,948.00	\$11,953.00
Fire marshall	\$148,771.00	\$137,215.00	\$(11,556.00)
Public health programs	\$25,155.00	\$25,706.00	\$551.00
Mental health programs	\$336,316.00	\$-	\$(336,316.00)
Social services programs	\$74,712.00	\$-	\$(74,712.00)
Library programs	\$8,858.00	\$20,063.00	\$11,205.00
Environmental protection programs	\$88,107.00	\$88,809.00	\$702.00
Register of deeds	\$322,363.00	\$275,796.00	\$(46,567.00)
Capital purchases	\$215,611.00	\$-	\$(215,611.00)
	\$104,784,599.00	\$107,496,068.56	\$2,711,469.56
Committed:			
Managed Care Organization	\$5,291,429.00	\$-	\$(5,291,429.00)
Mental health	\$887,534.00	\$-	\$(887,534.00)
Social services	\$184,417.00	\$-	\$(184,417.00)
Public health	\$390,000.00	\$338,151.00	\$(51,849.00)
Risk management	\$5,923,158.00	\$5,923,158.00	\$-
Debt service	\$4,427,504.00	\$4,409,461.47	\$(18,042.53)
OPEB	\$27,242,993.00	\$32,533,777.00	\$5,290,784.00
Sheriff inmate	\$345,588.00	\$407,182.00	\$61,594.00
Education; Article 46	\$3,002,269.00	\$2,654,442.00	\$(347,827.00)
Self-insured benefits	\$-	\$6,428,753.94	\$6,428,753.94
Revaluation	\$-	\$300,083.14	\$300,083.14
Assigned:			
Subsequent years	\$11,612,648.00	\$16,438,245.00	\$4,825,597.00
Unassigned: \$45,47	7,059.00	\$38,062,815.01	\$(7,414,243.99)
			*
LGC Recommended 8% Minimum	28.24%	28.96%	0.72%

**Providing Services at Adequate Levels**

Durham County is known throughout the country as a leading provider of services that matter most in the lives of citizens. The various departments of Durham County Government work hard each fiscal year to provide services to meet their missions, goals, and objectives. When the community needs change, departments must be responsive to meet those needs.

During periods of economic recession many county services experience increased demand. Durham County's unemployment rate hit a peak in 2010 at 8.6% and has since decreased slowly, but there are still thousands of Durham residents out of work. The recession has caused requests for public assistance to rise dramatically, and though there are signs of economic improvement it is expected that the Affordable Care Act will cause another spike in demand. With several recent changes to federal and state mandates it is imperative for the County to prepare for additional increase in demand for services..

The FY 2013-14 budget includes 22.75 new positions in order to fulfill increasing needs in the Criminal Justice Resource Center, Fire Marshall, Information Technology, Public Health, and Social Services departments. The following table outlines the newly-added positions.

<b>FY 2013-14 Approved New Positions</b>			
	<b>Full-time Equivalency</b>	<b>Salary and Benefits</b>	<b>Start Date</b>
Sr. Internal Auditor (County Manager)	1.00	\$ 95,776	07/01/13
Database Administrator (Information Technology)	1.00	\$ 86,198	07/01/13
Fire Lieutenant (Bethesda VFD)	3.00	\$ 124,346	07/01/13
Firefighter/Driver (Bethesda VFD)	3.00	\$ 112,950	07/01/13
Firefighter (Bethesda VFD)	3.00	\$ 107,508	07/01/13
Senior Case Manager (CIC Grant - CJRC)	1.00	\$ 43,664	07/01/13
Spanish Interpreter (Public Health) - existing	0.45	\$ 15,727	07/01/13
Environmental Health Specialist I (Public Health)	1.00	\$ 52,129	07/01/13
Physician Extender (Public Health) - existing	0.30	\$ 18,839	07/01/13
Public Health Educator I (Home Health Sale Proceeds - PH)	1.00	\$ 55,908	07/01/13
Public Health Educator I (Grant Funded - Public Health)	1.00	\$ 41,560	07/01/13
Income Maintenance Caseworker II - FNS (DSS)	6.00	\$ 215,016	07/01/13
Income Maintenance Supervisor II - FNS (DSS)	1.00	\$ 45,875	07/01/13
	<b>22.75</b>	<b>\$1,015,496</b>	

In addition the County eliminates 22.02 full-time equivalents (FTEs), 2.85 FTEs were previously supported by grant funds. Departmental budget pages explain these reductions in more detail.

The following table shows the funds comprising Durham County's budget. The total appropriation for all funds in FY 2013-14 is just over \$526.4 million. The General Fund will see a 2.74% decrease in funding from the FY12-13 Modified Budget.

<b>FY 2013-14 Total Appropriation for All Funds</b>				
	<b>2012-13 Modified Budget</b>	<b>2013-14 Department Requested</b>	<b>2013-14 Commissioner Adopted</b>	<b>Percent Change FY 2013-14 from FY 2012-13</b>
General Fund	\$ 370,480,158	\$ 372,436,274	\$ 360,340,396	-2.74%
Risk Management Fund	\$ 2,806,678	\$ 3,734,087	\$ 3,440,111	22.57%
SWAP Fund	\$ 3,203,000	\$ 4,811,041	\$ 4,811,041	50.20%
Capital Financing Plan Fund	\$ 51,595,975	\$ 55,597,881	\$ 55,597,881	7.76%
Benefits Plan Fund	\$ 16,559,921	\$ 17,327,756	\$ 19,414,926	17.24%
Bethesda Fire District Fund	\$ 2,103,247	\$0	\$0	-100.00%
Bethesda Fire & Rescue Service District	\$0	\$ 2,132,065	\$ 2,132,065	100.00%
Lebanon Fire District Fund	\$ 1,240,631	\$ 1,094,859	\$ 1,094,859	-11.75%
Parkwood Fire District Fund	\$ 1,641,332	\$ 1,501,988	\$ 1,501,988	-8.49%
Redwood Fire District Fund	\$ 770,000	\$ 766,000	\$ 754,319	-2.04%

<b>FY 2013-14 Total Appropriation for All Funds</b>				
New Hope Fire District Fund	\$ 73,724	\$ 78,871	\$ 78,871	6.98%
Eno Fire District Fund	\$ 23,582	\$ 32,029	\$ 32,029	35.82%
Bahama Fire District Fund	\$ 820,844	\$ 861,160	\$ 861,160	4.91%
Special Park District Fund	\$ 737,636	\$ 701,505	\$ 690,250	-6.42%
Special Butner District Fund	\$ 17,431	\$0	\$0	-100.00%
Debt Service Fund	\$ 181,349,234	\$ 59,871,757	\$ 59,871,757	-66.99%
Sewer Utility Fund	\$ 12,270,204	\$ 11,345,634	\$ 11,345,634	-7.54%
George R. Linder Memorial Fund	\$ 250	\$ 250	\$ 250	0.00%
Community Health Trust Fund	\$ 4,917,819	\$ 4,154,115	\$ 4,159,115	-15.43%
Law Enforcement Officers Trust Fund	\$ 300,000	\$ 313,779	\$ 313,779	4.59%
<b>TOTAL</b>	<b>\$ 650,911,666</b>	<b>\$ 536,761,051</b>	<b>\$ 526,440,431</b>	<b>-19.12%</b>

### Effectively collecting our largest sources of revenue

Recovery from the economic recession has been slow, but there is evidence that conditions continue to improve. The Durham County unemployment rate continues to decline as more people find employment. Additionally, the local housing market is improving and the county's property tax base continues to steadily, albeit slowly, climb. We continue to see improvement, but there is work that remains to be done before we can truly overcome the effects of this deep recession.

Each year there is natural growth in the tax base due to new commercial and residential construction. Next year's property tax base is projected to increase by 2.27%. Every 1% of tax base growth equates to \$2.21 million in additional tax dollars without increasing the property tax rate. In other words \$5 million of new property tax revenue is available to support the annual budget due to property valuation growth. The following table presents the estimated property values that were used to develop the budget.

<b>Property Values: Comparison of FY 2012-13 Adopted and FY 2013-14 Projected</b>				
	<b>FY 2012-13 Adopted</b>	<b>FY 2012-13 Estimate</b>	<b>FY 2013-14 Projected</b>	<b>% Change FY 14 from FY 13 Adopted</b>
Real Property	\$24,791,503,973	\$24,909,704,919	\$25,226,129,000	1.75%
Auto Value	\$1,633,190,171	\$1,741,604,454	\$1,771,627,310	8.48%
Personal Value	\$3,167,632,924	\$3,208,889,713	\$3,251,188,901	2.64%
Public Service	\$468,904,961	\$494,110,311	\$494,110,311	5.38%
<b>TOTAL</b>	<b>\$30,061,232,029</b>	<b>\$30,354,309,397</b>	<b>\$30,743,055,522</b>	<b>2.27%</b>

We are currently in the best financial shape in the history of our County with a healthy fund balance and a triple-A bond rating. In the past several years we have invested in our community's infrastructure through capital projects like the new Human Services building as well as the new courthouse. So far we have managed our growth and subsequent debt with different methods like the sale of the Carmichael building, Community Health Trust Funds and lottery funds, but we must now commit to a longer term solution to address our debt service needs. Our capital debt has grown considerably in the last couple of years and yet our tax rate for debt has shown little or no increase. We must demonstrably address our debt when it is growing at the levels our debt is growing and implement a tax rate increase to pay for the debt that we have shown in our capital improvement plan. For this reason a property tax rate increase was absolutely critical, and a three-cent increase has been levied for FY 2013-2014.

In an effort to continue efficient operations and find innovative ways to generate revenue we have also decided to eliminate the animal tax. The Tax Administration Office has billed and collected the animal tax since late 2008 with collection rates ranging from 32% to 45%. Our Tax Office estimates that for every \$10 animal



tax billed it costs Durham County \$10.55 to collect the tax. By eliminating this tax we can redirect staff resources on pursuing unregistered motor vehicles, boats, jet skis, and manufactured homes, and more importantly, on the business division where roughly \$3.5 billion dollars in value is produced.

Additionally, there are other taxes that some Durham County citizens pay. Durham County has six non-profit contract fire departments serving its unincorporated areas, and its citizens in four of the seven districts will see no increase in property taxes. Tax rates for Eno and New Hope Fire Districts are set by an interlocal agreement with the Orange County Board of Commissioners and this year both districts requested rate increases to continue to provide fire services. The Bethesda Fire District will also be experiencing changes as it becomes the Bethesda Fire and Rescue Service District. At the request of Bethesda’s Board of Directors Durham County assumes operation of the Bethesda fire department July 1 and Bethesda residents will see a net increase of three-cents for fire protection. The approved rates are as follows:

<b>Fire District Tax Rates: Comparison of FY 2012-13 and FY 2013-14</b>		
	<b>FY 2012-13 Adopted</b>	<b>FY 2013-14 Adopted</b>
Bahama	0.0600	0.0600
Bethesda	0.1000	0.0000
Bethesda Fire and Rescue	0.0000	0.1300
Lebanon	0.1000	0.1000
Parkwood	0.1150	0.1150
Redwood	0.1125	0.1125
Eno	0.0599	0.0799
New Hope	0.0895	0.0945

**Providing Necessary Funding for Planned Capital Projects/Supporting Operational Needs of New Buildings and Facilities**

FY 2013-14 will be an exciting year for Durham County capital projects as the new Human Services complex becomes fully operational and we continue to enjoy our new state-of-the-art courthouse. We have also continued to purchase natural areas for citizen enjoyment and wilderness protection through our open space and farmland acquisition program. These and other smaller projects constitute the current capital improvement activity, but they are not the only capital improvements driving the annual debt service payment supported by the County.

Over the last 12 years Durham County has had three General Obligation Bond referendums approved by Durham County voters supporting school construction, Durham Technical Community College expansion, new regional libraries, and North Carolina Museum of Life and Science expansion and renovation. Other loans have supported a new courthouse, a new Human Services complex, IT hardware and software upgrades for the County and vehicle replacement for the Sheriff and EMS, just to name a few. All of these capital improvements come with a long term cost, as payment for most improvements are over a 20 year span (30 years for the new courthouse). The recent level of capital improvement activity for Durham County has been unprecedented and a steadily increasing amount of annual debt service needed to pay for that activity is an expected and planned for result.

Annual debt service payments are supported with a variety of revenue sources; sales tax; Community Health Trust Funds, interest earnings, parking deck revenues, lottery funds (when available) and property tax (the largest single revenue source). The past couple of years have seen annual debt service payments rising as

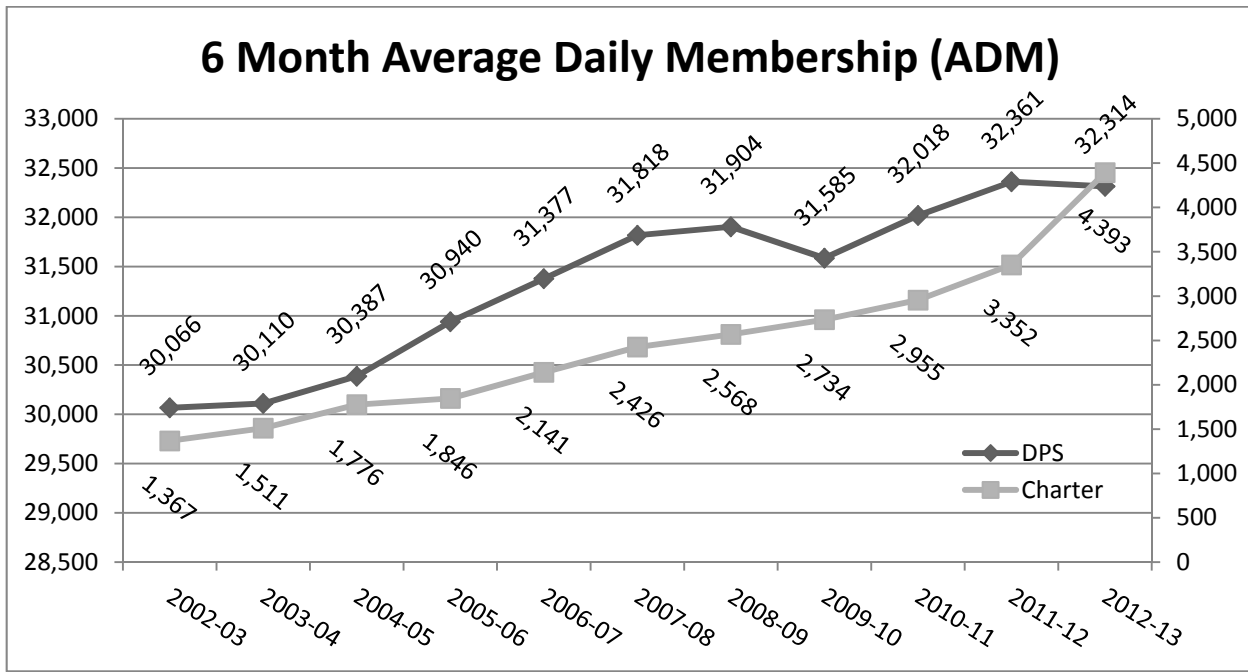
various revenue sources used to support that debt, namely sales tax, lottery funds, and interest earnings, have been flat or growing slowly. The result of this has been added pressure to support debt service payments with an increasing amount of property tax. For FY 2013-14 the annual debt service payment increased \$3.5 million from FY 2012-13 while various one time revenues sources other than property tax used to support debt service decreased by \$5.47 million, leaving a \$9 million gap in debt service funding that could only be filled by increasing the property tax rate 3 cents (each cent of property tax brings in approximately \$3 million). Of the total tax rate of 77.44 cents, 8.94 cents of that amount is dedicated for debt service, an increase of 3 cents from FY 2012-13, while the General Fund tax rate stayed flat at 68.50 cents.

This tax rate increase has been expected, although smaller than originally estimated, and implicitly agreed on by the Durham County citizens who have approved three different General Obligation Bond referendums over the last twelve years.

### **Providing Effective Funding for Public Education in Durham**

Despite the fiscal strains on our community, it is vital that we continue to meet the needs of Durham Public School students. This year Durham County will appropriate a total of \$119,603,311 for Durham Public Schools. Current expense funding of \$118,233,311 represents a 2.1% (\$2,436,649) increase over FY 2012-13 funding, while capital outlay funding stays flat at \$1,370,000. The DPS current expense budget is supported by \$7,059,710 of Durham voter approved dedicated Article 46 sales tax. The Board of County Commissioners, Board of Education, and Superintendent Becoats are to be commended for finding a funding solution that supports Durham Public Schools in a time where state funding continues to decline.

County current expense per pupil funding for Durham Public Schools is budgeted at \$3,149 per pupil and still ranks the highest of any of the ten most populous counties in the state. However, more of this funding is being diverted to charter schools within the county as the number of students attending charter schools grows at a much faster rate than student growth in Durham Public Schools. As you can see from the graph below, since 2009-10 the 6 month ADM student count for DPS has grown 729 students while the charter school student count has grown 1,659 students. Percentage wise that is a 2.31% growth over four years for DPS and a 60.68% growth for charter schools. County funding must follow the student to either DPS schools or charter schools, but such drastic changes in student growth patterns is putting pressure on Durham Public Schools to use less available local resources to support its mission.



Debt service funding for Durham Public School capital projects continues to be the single biggest area of debt service the county supports at \$26.8 million for FY 2013-14.

Durham County also supports higher education programs at Durham Technical Community College (DTCC), one of the finest community colleges in North Carolina. Despite an 18% increase in their student population since 2009, the County’s appropriation for Durham Tech had only increased 1.71% in the same time period. For FY 2013-14 the County is increasing its support for Durham Tech by \$400,000 or 7.1%. Durham Tech is a very important part of our strategy to help citizens raise their standard of living by getting the education they need to compete for jobs in the 21<sup>st</sup> century. For these reasons, our Board has also dedicated \$881,000 of the “Education” Article 46 sales tax to provide scholarship support for Durham residents who return to school and support for the “Gateway to College” high school graduation program. Without this crucial financial and educational support many of our residents would not be able to continue their education, raise their standard of living, and compete for tomorrow’s jobs.

#### Partnering with Nonprofit Agencies for Important County Services

There are many important partners who help Durham County fulfill its mission by extending and enhancing the services the County provides. Each year the County invites nonprofit agencies to submit applications to provide services to citizens that accomplish one of the following:

- ✓ Provide a service to the community through more cost-effective means than government;
- ✓ Supplement and/or extend current County human services at a reduced cost; or
- ✓ Fill in gaps that exist between the level of services the County provides and unmet community needs.

Durham County received 67 nonprofit funding applications from area organizations this year with requests totaling over \$2.35 million. Unfortunately, the County was unable to fund every applicant. For FY 2013-14 \$860,609 is allocated to support 52 non-profit programs or organizations. The following table lists the nonprofit agencies receiving funding.

<b>FY 2013-2014 Non-Profit Funding</b>		
<b>Agency</b>	<b>FY 13-14 Requested Budget</b>	<b>FY 13-14 Approved Amount</b>
A Helping Hand	\$39,024	\$15,000
Achievement Academy	\$25,000	\$20,000
African American Dance Ensemble	\$12,000	\$5,000
Big Brothers Big Sisters of the Triangle	\$25,000	\$15,005
Bridge II Sports	\$40,000	\$6,000
Center for Documentary Studies	\$8,050	\$0
Child and Parent Support Services	\$13,828	\$11,237
Child Care Services Association	\$31,350	\$29,783
Clean Energy Durham	\$25,438	\$5,000
Community Health Coalition	\$25,000	\$5,000
D3 Community Outreach	\$20,000	\$5,000
Dress for Success Triangle	\$25,000	\$5,000
Durham Center for Senior Life	\$130,000	\$105,685
Durham Congregations in Action	\$12,000	\$11,100
Durham County Teen Court and Restitution Program	\$26,000	\$21,183
Durham Crisis Response Center	\$40,000	\$36,912
Durham Economic Resource Center	\$25,000	\$14,496
Durham Interfaith Hospitality Network	\$27,500	\$20,000
Durham Literacy Center	\$60,000	\$26,619
Durham P.R.O.U.D. Program	\$35,000	\$0
Durham Striders Youth Association, Inc.	\$30,000	\$15,750
Durham Symphony Orchestra	\$10,000	\$5,000
Durham Teacher Warehouse Corporation (also known as Crayons2Calculators)	\$35,000	\$5,000
Durham's Partnership for Children	\$30,000	\$13,310
EDGE Training and Placement	\$198,300	\$0
El Centro Hispano	\$42,696	\$29,421
El Futuro	\$40,000	\$6,000
Elna B. Spaulding Conflict Resolution Center	\$25,150	\$17,597
Eno River Association	\$15,000	\$6,655
First in Families of North Carolina	\$8,730	\$5,000
Food Bank of Central and Eastern North Carolina	\$30,000	\$5,000
Genesis Home	\$48,000	\$21,739
Hill Center, Inc.	\$25,000	\$0

<b>FY 2013-2014 Non-Profit Funding</b>		
<b>Agency</b>	<b>FY 13-14 Requested Budget</b>	<b>FY 13-14 Approved Amount</b>
HopeLine, Inc.	\$6,000	\$0
InStepp	\$7,750	\$5,000
Inter-Faith Food Shuttle	\$20,000	\$10,000
Just A Clean House	\$11,719	\$5,000
Life House Learning Center	\$50,000	\$0
Little River Community Complex	\$114,475	\$0
Mental Health America of Triangle	\$157,254	\$23,588
Museum of Durham History	\$30,000	\$10,000
New Life Cultural Development Center	\$25,000	\$0
Operation Breakthrough	\$100,000	\$71,451
Partners for Youth	\$5,000	\$5,000
People's Channel	\$14,850	\$14,850
Piedmont Wildlife Center	\$10,819	\$8,190
Planned Parenthood of Central North Carolina	\$20,000	\$17,746
Playworks Education Energized	\$25,000	\$10,000
RAM Organization	\$31,950	\$15,000
Reality Ministries, Inc.	\$36,000	\$7,200
Rebuilding Together of the Triangle	\$29,500	\$0
Reinvestment Partners	\$30,000	\$5,000
Ronald McDonald House of Durham	\$10,000	\$0
Salvation Army Boys & Girls Club	\$30,000	\$0
Scrap Exchange	\$30,000	\$5,000
Senior PharmAssist, Inc.	\$98,080	\$94,080
Shodor Education Foundation	\$15,000	\$6,840
Southeastern Efforts Developing Sustainable Spaces (SEEDS)	\$5,000	\$3,600
Southpoint Academy	\$20,000	\$0
Threshold Clubhouse, Inc.	\$10,000	\$0
Triangle Champions Track Club	\$24,000	\$7,098
Triangle Land Conservancy	\$25,000	\$0
Triangle Residential Options for Substance Abusers, Inc. (TROSAs)	\$70,000	\$23,124
Victorious Community Development Corporation	\$10,000	\$8,100
Voices Together	\$75,000	\$11,250
Volunteer Center of Durham	\$14,000	\$0
Walltown Children's Theatre	\$15,000	\$5,000
	<b>\$2,359,463</b>	<b>\$860,609</b>

## A County of Distinction

Durham County continues to reap state and national awards for the services provided as the County's leadership and workforce puts its creativity to work making a difference in our community. Our employees' dedication is reflected by the awards and recognition received by departments and individual staff. The following is a partial list of state and national accolades that have been bestowed upon Durham County as well as highlights of new projects and initiatives currently underway.

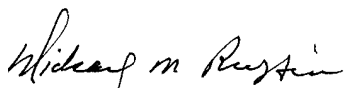
- ❖ The County maintained its TRIPLE A bond rating with all three credit rating agencies, putting it in the top 1% of counties in the U.S. in this respect.
- ❖ The Finance Department was awarded the Government Finance Officers Association's (GFOA) Certificate of Excellence in Financial Reporting for the FY 2011-12 Comprehensive Annual Financial Report (CAFR).
- ❖ Construction of the new state-of-the-art Durham County Courthouse was completed in FY 2012-13. The Durham County Courthouse opened on February 11, 2013. The building was awarded a gold LEED certification (second highest award given) on June 3, 2013. Some of the LEED features in the new courthouse include: low flow water fixtures, drought tolerant landscaping, rain water collection for irrigation, green roof, and day/night regulated air and light systems.
- ❖ Received Alliance for Innovation's 2013 Award for Excellence in Local Government for the "A Heartbeat Away Initiative" partnership in CPR/AED training along with the City of Durham and Durham Public Schools.
- ❖ Durham County supported continued growth in Durham through economic incentives of over \$3.4 million tied to \$289 million of capital investment and approximately 250 new jobs.
- ❖ The Budget and Management Services Department received the GFOA Distinguished Budget Presentation Award for FY 2012-13 budget document.

In conclusion, the budget that follows was carefully and thoughtfully prepared. The Board of County Commissioners recognizes the need to seek out new revenue streams to support our goals, services, and increasing capital debt. Important community needs are met in the context of goals that both the Board and our dedicated workforce share. In short, a reasonable spending plan has been approved that maintains high levels of service and continues to support the County's strong fiscal position at a cost our community can afford.

Thank you for your continued interest in and support of Durham County.

With highest regards, I am

Sincerely,



Michael M. Ruffin  
County Manager

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## FY 2013-14 BUDGET HIGHLIGHTS

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- The tax rate will increase from 74.44 cents to 77.44 cents/\$100 valuation, a 3 cent increase, for debt service.
- Property tax collection percentage stays at 98.8%, with overall valuations increasing 2.27% from last year's budgeted values.
- Sales taxes, including an Interlocal Agreement with the City of Durham, are estimated to decrease 0.10% from the current year primarily due to increasing reimbursements to area non-profits. See the Revenue Highlights page for more detail.
- Various fee increases in these departments: General Services-Solid Waste, Public Health, EMS and the Enterprise Utility Fund.
- Net General Fund increase of .73 FTEs for FY 2013-14.
- Adding 22.75 new General Fund FTE's.
- Eliminating 22.02 FTEs.
- Increase in the participation rate for the County contribution to the Local Government Employees Retirement System (LERS) from 6.74% to 7.07% for local general class and from 6.77% to 7.28 % for LEO class, approximately \$310,000.
- Continued pay-for performance salary increases for employees for FY 2013-14.
- The General Fund fund balance appropriation increases from \$8.38 million to \$10.60 million.
- \$3.95 million in Community Health Trust Fund annual lease revenues will be transferred to the General Fund to support health care related expenditures.
- Funding of \$191,910, slightly less than prior year, to implement second year strategic plan initiatives.
- Funding for Durham Public Schools increases \$2,436,649 to \$119,603,311; no increase in capital outlay funding. Article 46 sales tax (and includes Article 46 sales tax funding of Pre-K programs) stays flat as well.
- Durham Technical Community College funding increases by 7.5% or \$400,000. Article 46 sales tax support for student scholarships and Gateway to College program stays flat.
- North Carolina Museum of Life and Science current expense funding increases 2.66%
- Vehicle and capital equipment purchases - 54 vehicles (new (2) and replacement (52) vehicles) for the EMS, General Services, Library and Sheriff, and new equipment for General Services, EMS, and the Sheriff. (detailed on the Vehicle & Equipment page in the document).
- Open Space Matching Grants funding remains at \$77,175.
- 67 nonprofit agencies applied for funding with requests totaling \$2,359,263; 52 agencies are approved for funding in FY 2013-14 for a total of \$860,608.
- Reduction in the County share of the Durham Convention Center subsidy by \$98,768.
- Funding for Durham County's participation for 37 slots in the Durham Youth Works Internship Program \$62,280.
- Debt Service increases to \$59.87 million, with property tax dedicated to support debt service increasing 3 cents to 8.94 cents to support the debt service payments. Additional funding from SWAP funds, Lottery funds, and Article 46 sales tax also support debt service needs for FY2013-2014.

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