

**DURHAM COUNTY, NORTH CAROLINA  
FY 2010-11 RECOMMENDED BUDGET**

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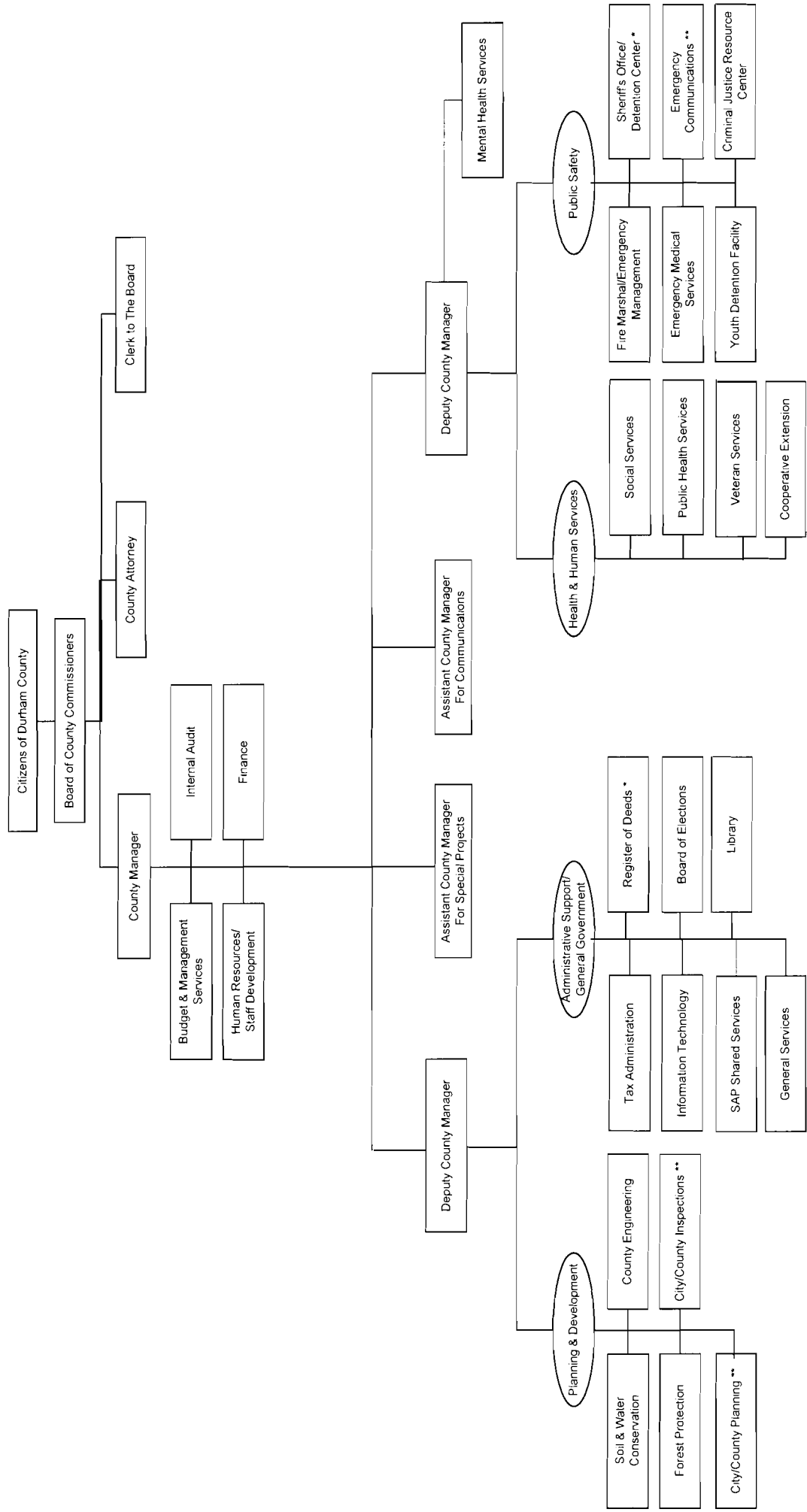
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***Mike Ruffin***, County Manager  
***Carolyn Titus***, Deputy County Manager  
***Wendell Davis***, Deputy County Manager  
***Lowell Siler***, County Attorney  
***Michelle Parker-Evans***, Clerk to the Board  
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***Pamela Meyer***, Director  
***S. Keith Lane***, Senior Budget Analyst  
***Kim Connally***, Budget Analyst  
***Gene Hodges***, Budget Analyst  
***Laura Jensen***, Assistant to the Co. Manager

# Durham County, North Carolina General Administration Organizational Chart



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



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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**July 1, 2009**

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to **Durham County, North Carolina** for its annual budget for the fiscal year beginning **July 1, 2009**. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

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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, 2010 through June 30, 2011 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 the county's Swap agreement.

**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 **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, 2010. In addition, the section contains a summary of FTEs for all funds.

The **Appendix** contains supplemental information that includes the FY 2010-11 Budget Calendar and the FY 2010-11 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.

**This document was prepared by the Durham County Budget and Management Services Department and is available online at [www.durhamcountync.gov](http://www.durhamcountync.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@durhamcountync.gov](mailto:budget@durhamcountync.gov).**

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**DURHAM COUNTY  
FY 2010-11 RECOMMENDED BUDGET**

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**ENTERPRISE FUND**

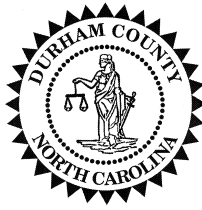
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## DURHAM COUNTY GOVERNMENT

**Michael M. Ruffin**  
County Manager

May 24, 2010

The Honorable Members  
Durham County Board of Commissioners  
Durham County Administrative Complex  
200 East Main Street  
Durham, North Carolina 27701

Dear County Commissioners:

I can say without reservation this recommended budget has been the most difficult one I have prepared in the 32 years that I have served as a manager. While Durham County is faring much better than many counties from the Wall Street failures that spawned a banking crisis and deep recession, the effects that came from the debacle required the administration to face some very difficult decisions about county funding and services for Fiscal Year 2011.

Last December, the Board wisely approved guidelines for the administration to follow in preparing the FY 2011 Budget:

- The recommended county-wide property tax rate shall not exceed \$73.81 cents.
- The recommended appropriation from the County's undesignated fund balance shall not exceed an amount that would create an undesignated fund balance percentage of less than 15% as reported in the County's *Comprehensive Annual Financial Report (CAFR)* for Fiscal Year 2009.
- No funding recommendations may be forwarded that would reduce maintenance of effort requirements as imposed by the State of North Carolina.
- Funding recommendations for outside organizations shall not be at a level greater than the average percentage of reduction recommended for county departments.
- Consolidation and reorganization of county services shall be considered where costs can be reduced and/or efficiencies can be realized due to duplications of effort.
- No new services or increases to existing service level shall be considered. Existing county services and services levels should be examined for continued need, effectiveness, costs, etc.
- Any strategies that would result in a reduction in force, layoffs or furloughs shall follow established policies and procedures.

In early May, Chairman Page asked the Board to permit me to bring a recommendation to the Board that included additional funding for the school system in light of the pending elimination of 237 teaching positions. Four of you agreed to let me to bring a proposal forward for your review that would exceed the agreed-upon tax rate increase to \$73.81 cents. With this exception, all of the above guidelines have been observed.

In spite of the reductions that you will review in the weeks ahead for county departments and services, I can report that staff has gone to great lengths to ensure that this budget does not materially affect the services that the most vulnerable in our community need. Consequently, services provided for those citizens who are homeless, poor, hungry, disabled, and sick have not been compromised. In fact, I have conferred with department heads and staff as I developed my funding recommendation to ensure the safety net of services we provide to these populations has been preserved.

I wish I could say the same for all county services. However, the County faced a \$10.8 million deficit at the beginning of this year's budget process. It was not an insurmountable challenge but the solutions to it do not come without some sacrifices.

In determining how the administration met the challenges posed by declining revenues and state reductions, several core themes became evident:

- Ensure that county revenue forecasts are realistic and based on present trends;
- Protect services for those populations that are the most vulnerable in our community;
- Help Durham Public Schools save as many teaching positions as feasible with additional county funding;
- Ensure that service reductions are minimal;
- Protect the County's AAA Bond Rating;
- Decrease the amount of appropriated fund balance to protect county reserves for future needs;
- Use undesignated fund balance for one-time, non-recurring expenditures;

The recommended budget that follows includes the following:

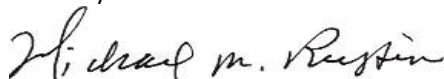
- Proposed general fund spending of \$339,277,565, an increase of 0.68%;
- A 4.29 cents (6%) increase in the property tax rate; 2.5 cents for debt and 1.79 cents increase for Durham Public Schools, which will save 111 teaching positions;
- Elimination of 61 county positions (10 are grant-funded) – 46 are vacant, 15 are filled;
- Closure of county Libraries from 6 pm to 9 pm on Wednesdays;
- Suspension of Open Space Matching Grants;
- Increases for county's share of retirement and health care in the amount of \$3.36 million;
- No raises or longevity supplements for county employees;
- A reduction of appropriated fund balance to \$6 million;

It is important to note that total funding for Durham Public Schools appears to have increased only 2.11%. This does not take into account that additional county funding to absorb the requested 3% current expense reduction also had to be found. Therefore, the actual increase in public school funding including the 3% reduction I requested was \$5,148,756 – an increase of 5.2%.

Staff and I believe a responsible, straightforward budget has been proposed for your consideration. While sacrifices had to be made in order to live off less money, county services have not been materially reduced. We look forward to your review and will work diligently with you to finalize a budget to serve our County.

With highest regards, I am

Sincerely



Michael M. Ruffin  
County Manager

cc: Michelle Parker-Evans, Clerk  
Lowell Siler, County Attorney

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## FY 2010-11 BUDGET HIGHLIGHTS

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- The tax rate will increase from 70.81 cents/\$100 valuation to 75.10 cents/\$100 valuation (2.5 cents for debt service and 1.79 cents for increased Durham Public Schools current expense funding).
- Property tax revenue collection percentage stays flat at 97.5%, the same as budgeted in FY 2009-10.
- Sales taxes, including the Interlocal Agreement with the City of Durham, are estimated to decrease 4.13% in FY 2010-11 – due to the continued downturn in the economy as well as Medicaid Swap legislation changes with the State of North Carolina.
- Various fee increases in these departments: Sheriff, Erosion Control, Fire Marshal, Public Health and the Enterprise Fund.
- Increase the Solid Waste Management fee from \$90/annually to \$95/annually.
- Eliminate 48.78 FTEs (non-grant supported).
- Eliminate 14.78 grant related FTEs.
- Adding 8 new FTE's (non-grant supported).
- Net General Fund reduction of 55.56 FTEs for FY 2010-11.
- No furloughs planned.
- No reductions to employee 401(k) or health benefits plan.
- Eliminated pay-for performance salary increases for employees for FY 2010-11.
- Suspension of the longevity program for FY 2010-11.
- The cost of the County benefits plan has increased 18% or \$1.96 million.
- Increase in the participation rate for the County contribution to the Local Government Employees Retirement System (LGERS) from 4.87% to 6.42%, approximately \$1.4 million.
- Reduced Fund Balance appropriated from \$6.6 to \$6 million.
- Pass-through funding for FY 2010-2011 will no longer be budgeted in the County's General Fund, decreasing the overall general fund budget by \$368.39 million.
- Departmental budgets were reduced an average of 1.63% in order to meet target budget reductions.
- \$3.95 million in Community Health Trust Fund annual lease revenues will be transferred to the General Fund to support health care related expenditures.
- 2.11% increase in overall funding to Durham Public Schools, 3.16% increase in current expense funding
- Durham Technical Community College funding reduction of 3.0%.
- 3.0% reduction to North Carolina Museum of Life and Science current expense funding.
- Vehicle and equipment loan supports 19 vehicles (new (3) and replacement (16) vehicles) for the Sheriff, EMS and General Services, one ambulance box remount, equipment for 14 Sheriff vehicles, and other equipment for facilities (detailed on the Vehicle & Equipment page in the document).
- All Library facilities will close from 6pm to 9pm Wednesday evenings.
- The anticipated sale of Home Health program will reduce County appropriations by approximately \$500,000.
- Open Space Matching Grants funding suspended for FY 2010-11.
- 45 nonprofit agencies applied for funding with requests totaling \$1,739,914; 33 agencies are recommended for funding in FY 2010-11 for a total of \$835,650.

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