

**Durham County
North Carolina**

◆

Approved Budget

**Fiscal Year
2011-2012**



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

DURHAM COUNTY, NORTH CAROLINA
FY 2011-12 BUDGET

BOARD OF COUNTY COMMISSIONERS



Michael D. Page, Chairman



Ellen W. Reckhow, Vice-Chairman



Joe W. Bowser



Becky M. Heron



Brenda A. Howerton

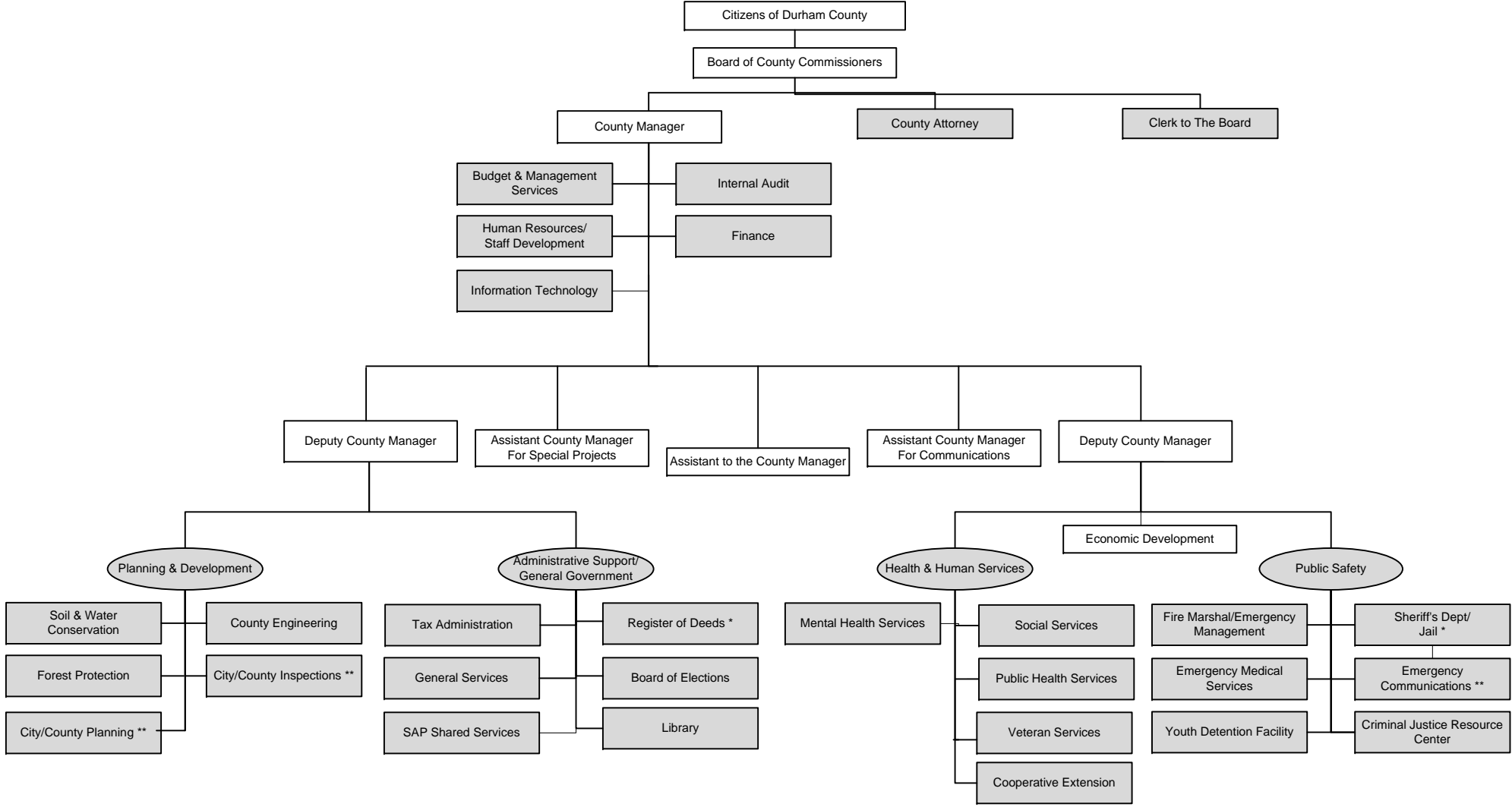
COUNTY OFFICIALS:

- Mike Ruffin***, County Manager
- Wendell Davis***, Deputy County Manager
- Marqueta Welton***, 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
Award*

PRESENTED TO

**Durham County
North Carolina**

For the Fiscal Year Beginning

July 1, 2010

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, 2010**. 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.

READER'S GUIDE

This section is designed to help the reader understand the budget by explaining how the document is organized. This document is a financial plan for Durham County Government operations for the July 1, 2011 through June 30, 2012 fiscal year and shows how funds are allocated and how they will be spent.

FUND STRUCTURE

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

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

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

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

The remaining budgeted funds are described below.

Other General Funds

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

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

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

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

Debt Service Fund

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

Special Revenue Funds

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

(Fund 2002210000), Special Butner District (Fund 2002250000), Special Park District (Fund 2002220000), and 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, 2011. In addition, the section contains a summary of FTEs for all funds.

The **Appendix** contains supplemental information that includes the FY 2011-12 Budget Calendar and the FY 2011-12 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 performance measurement information on departmental pages. Departments were asked to submit a graph, a two-year history, and strategies for improvement for two key performance measures.

ONLINE EDITION

Beginning in FY 2011-12 additional features and functionality have been added to the online version of the Durham County budget document. The online version can be accessed at **budget.durhamcountync.gov**. 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.

The addition of **Department Supplemental Information** allows citizens and interested individuals to access more information related to the services and accomplishments Durham County departments accomplish in the community. This information is accessible by following the associated link as found on the bottom of page 115 of the Criminal Justice Resource Center's department section.

Additional functionality has also been added to the online edition of this budget document in the way of an interactive table of contents and associated bookmarks throughout functional area and departmental sections.

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.

Interactive Bookmarks allow readers to browse to Departmental sections or return to Functional Area introductions through their use.

Business area	2009-2010 Actual Expenditures	2010-2011 Original Budget	2010-2011 12 Month Estimate	2011-2012 Department Requested	2011-2012 Manager Recommended
BOARD OF COUNTY COMMISSIONERS	\$ 502,178	\$ 509,875	\$ 504,380	\$ 509,128	\$ 521,222
COUNTY ADMINISTRATION	\$ 1,417,175	\$ 1,484,405	\$ 1,483,401	\$ 1,460,767	\$ 1,627,093
FINANCE	\$ 1,952,578	\$ 2,033,142	\$ 1,915,928	\$ 1,991,912	\$ 1,991,912
TAX ADMINISTRATION	\$ 6,466,968	\$ 5,024,310	\$ 6,039,432	\$ 4,931,755	\$ 4,927,455
LEGAL	\$ 1,442,419	\$ 1,515,910	\$ 1,385,471	\$ 1,561,531	\$ 1,561,531
COURT FACILITIES	\$ 282,186	\$ 364,369	\$ 333,405	\$ 370,564	\$ 375,121
ELECTIONS	\$ 1,056,286	\$ 1,052,163	\$ 998,575	\$ 1,542,655	\$ 1,542,616
REGISTER OF DEEDS	\$ 1,439,217	\$ 1,576,352	\$ 1,517,931	\$ 1,613,559	\$ 1,613,559
GENERAL SERVICES	\$ 7,058,025	\$ 8,278,393	\$ 8,185,798	\$ 9,211,805	\$ 9,031,093
INFORMATION TECHNOLOGY	\$ 3,800,711	\$ 4,142,739	\$ 4,139,520	\$ 4,299,782	\$ 4,249,193
HUMAN RESOURCES	\$ 1,359,682	\$ 1,444,284	\$ 1,442,141	\$ 1,448,508	\$ 1,458,508
BUDGET & MANAGEMENT SERVICES	\$ 449,895	\$ 509,614	\$ 455,562	\$ 468,733	\$ 468,733
VETERANS SERVICES	\$ 95,140	\$ 95,546	\$ 104,803	\$ 97,595	\$ 97,595
GEOGRAPHIC INFORMATION SYSTEMS	\$ 360,589	\$ 366,638	\$ 366,638	\$ 367,571	\$ 437,613
SAP SHARED SERVICES	\$ 1,035,933	\$ 1,149,226	\$ 975,456	\$ 1,061,277	\$ 1,061,277
NONDEPARTMENTAL	\$35,248,206	\$ 31,949,389	\$ 37,361,068	\$ 44,994,280	\$ 46,104,946
OVERALL RESULT	\$ 63,967,201	\$ 61,496,364	\$ 67,209,510	\$ 75,931,383	\$ 77,069,467

By clicking on “Board of County Commissioners” in the table as found on page 47, readers will browse to the beginning of the Board of County Commissioners budget section.

Readers are able to return to the top of a Functional Area page by selecting the links found at the bottom of the last page of each Business Area, or a link at the bottom of the Functional Area page will return the reader to the General Fund section.

Click to return to top of section

By selecting “Click to return to top of section” in the bottom right hand side of the page as found on page 53, readers will return to the Functional Area introduction.

Interactive Bookmarks allow readers to quickly browse to Departmental online pages available at Durham County Government's website at <http://www.durhamcountync.gov>. These bookmarks will open Departmental pages in the reader's installed web browser.

Board of County Commissioners

Business Area: 4110

	2009-2010	2010-2011
Summary	Actual	Original

Readers can also browse to Departmental internet pages by clicking on the name of the Department at the beginning of their section as found on the top of page 50.

The screenshot shows the Durham County Government website. At the top, there is a navigation bar with links for Home, Departments, News, Jobs, Public Records, F.A.Q., Colonial, Community Links, and Search. Below this, the page is titled "Board of Commissioners" and "Durham County Board of Commissioners". A photograph of five board members is displayed, with their names listed below: Branca Howerton, Ester Henderson, (Alicia L. Laumier), Joe Sawyer, Michael Page (Chairman), and Becky Haron. Below the photo is a section titled "Board Function" which describes the board's role as the governing body of Durham County, responsible for enhancing the health of the community and providing efficient and effective county services.

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



Community Profile

Welcome to Durham County!



Photo Credit: Advanced Aerial Photography and Durham Convention & Visitors Bureau

Durham is centrally located in the piedmont region of North Carolina, 23 miles from the Virginia border, 140 miles from the Appalachian highlands and 130 miles from the coast. Durham has one major city, the City of Durham, which is the fifth largest city in the state. As of 2010, the population for Durham is 267,593. The land area is 299 square miles. The Durham Board of County Commissioners oversee the County and appoints the county manger to serve as the chief administrator of the County. Durham is home to two major universities, Duke University and North Carolina Central University. Durham is known as the County of MERIT, which is the acronym for the main areas of trade for the county: *Medicine, Education, Research, Industry and*

Technology. Durham is also known as the City of Medicine due to the major presence of the healthcare industry including more than 300 medical and health-related companies.



Durham County Courthouse and present location for the County's administrative offices.

Durham County Community Profile

- Date Established: April 17, 1881
- Population: 267,593
- Registered Voters: 182,102
- Location: North Central North Carolina, equidistant from Philadelphia and Atlanta
- Land Area: 299 square miles
- County Seat: Durham
- Townships: Durham, Carr, Oak Grove, Mangum, Lebanon & Triangle
- Main County Office: 200 E. Main Street, Durham, NC 27701



Historic Background

As early as colonial days, the area known as Durham County was important to North Carolina history. The English, Scottish and Irish settled along the waterways of the present Northeast

www.durhamcountync.gov




Community Profile

Historic Background *continued*

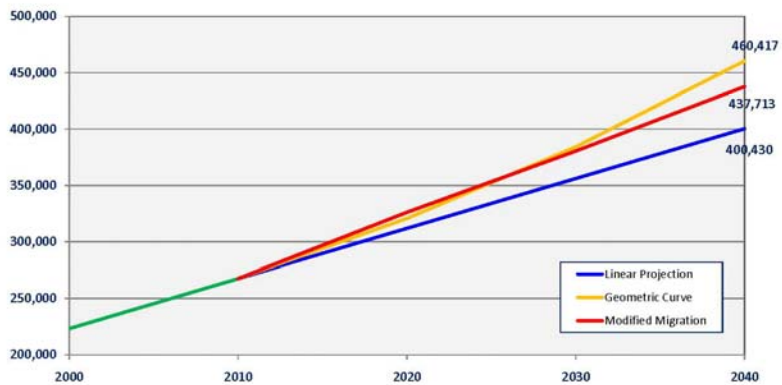
corner of the county on land given to the Earl of Granville by the British Crown. As a result of the hard work of those early settlers, the area soon became a prosperous section of the state.

The City of Durham, named for Dr. Bartlett Durham, began as a railroad station and settlement. While Durham’s official birth date is April 26, 1853, (the date that the U.S. Post Office was established), the town was not incorporated by the General Assembly until April 10, 1869. The tobacco manufacturing industry focused worldwide attention on the area after the Civil War. As a result of that thriving business, Durham County grew and prospered tremendously.

In 1881, Durham officials sought to become an autonomous political subdivision and decided it was time to separate from Orange County. Durham County was formed on April 17, 1881 from portions of land transferred from neighboring Wake and Orange counties. In 1911, an additional portion of land was added from Wake County. The first Durham County Board of Commissioners convened its initial meeting May 2, 1881. Durham County operated under the commission form of government with the chairman serving as chief administrator until 1930 when it adopted the county manager form of government. As of 2001, there have been six county managers.



DURHAM COUNTY POPULATION PROJECTIONS 2010-2040					
	2000	2010	2020	2030	2040
Linear Projection	223,314	267,593	311,872	356,151	400,430
Geometric Curve	223,314	267,593	320,652	384,231	460,417
Modified Migration	223,314	267,593	326,073	380,563	437,713



Organizational Overview

Policy-making and legislative authority are vested in the Board of County Commissioners consisting of the chairman, vice-chairman and three members. The governing board is responsible for, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the County Manager, Attorney and Tax Administrator.

The County Manager is responsible for carrying out the policies and ordinances of the governing board,

www.durhamcountync.gov



Community Profile

Organizational Overview *continued*

overseeing the day-to-day operations of the government, and hiring the heads of the various departments.

Board members serve four-year terms. The chairman and the vice-chairman of the board are voted on by the board in its first meeting after being sworn into office. In addition, the Sheriff and Register of Deeds are elected County positions.

Durham County provides a full range of services, including Sheriff and Fire Protection, Emergency Medical Services, Human Services (Public Health, Mental Health and Social Services), Elections, Register of Deeds, Animal Control, Youth Home, Criminal Justice, and Culture and Recreation Services. Funding is provided for Educational Services of the Durham Public Schools and Durham Technical Community College. Also, the County funds services provided in conjunction with the City of Durham through inter-local agreements, including Economic and Physical Development, Emergency Communications, Environmental Engineering and Inspections.



Population

As per Census 2010, 267,593 persons consider Durham, NC, their home. Since 1950, the population has steadily increased, making the biggest jump between 2000 and 2010. In 2000, the population was 223,314. By 2010, the population was 267,593.

Durham has a growing population of citizens 65 years or older. According to the United States Bureau's American Community Survey, 25,392 citizens are more than

65 years of age.

Durham recognizes the growing needs of its senior population and has established many programs to enhance opportunities for older adults. The Durham Center for Senior Life, located in near downtown Durham, is made up of four centers that offer diverse programs and services to its senior guests. Services included meals, transportation, adult education, exercise classes and more!



www.durhamcountync.gov



Community Profile

Education



Durham Public Schools has 54 schools with an enrollment of approximately 32,500 students and is one of the largest school districts in the state. A seven member Board of Education, elected every four years on a nonpartisan basis, governs the unit.

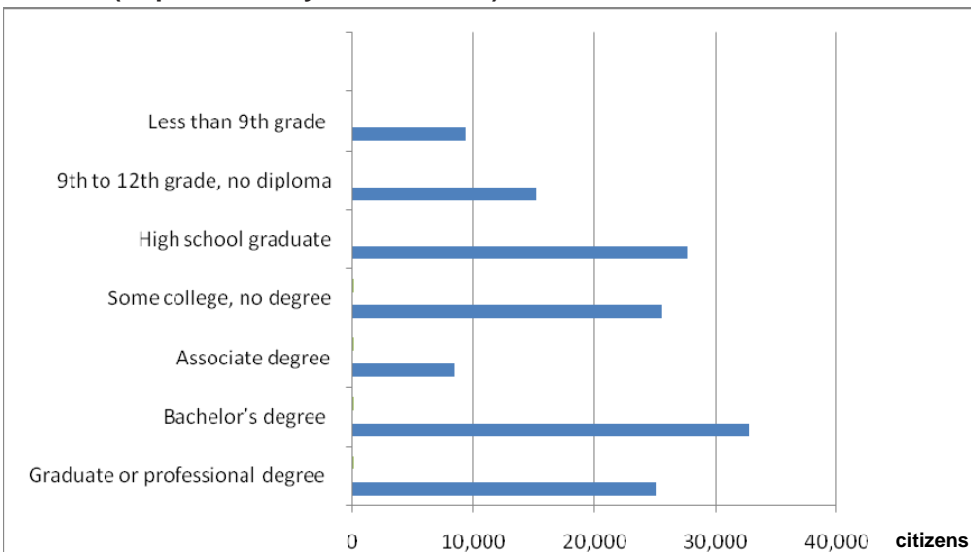
In addition to Durham Public Schools and many private schools, Durham is home to several notable colleges and universities including Duke University, North Carolina Central University and Dur-

ham Technical Community College. The North Carolina School of Science and Math is also situated in Durham.



Durham residents make a well educated population where most of the population have pursued degrees from institutions of higher learning. According to results from the 2000 Census, 32,700 residents of 143,804,100 that answered a question about educational attainment received a bachelor's degree.

EDUCATIONAL ATTAINMENT (Population 25 years and over)¹



www.durhamcountync.gov



Community Profile

Economic Conditions

Durham County Today

Durham County has evolved from an agricultural and manufacturing economy to attain world-class status in the areas of medicine and high technology. In the process, it has become one of the country's most desirable places to live. The internationally known Research Triangle Park is home to more than 170 major research and development organizations including IBM, GlaxoSmithKline, BASF, CREE, Cisco, RTI International and Sumitomo Electric Lightwave. These companies and others in the park employ approximately 42,000 people. Other major research and development organizations, including BD, Boramed, Cormetech, Organon, Technika, Freudenberg Nonwovens and AW North Carolina are located in the northern section of the county.



Major Business

Durham County has an expanding, diversified economy with a strong foundation in telecommunications, financial services, healthcare, medical related industries, manufacturing, pharmacological research and development, a growing life sciences cluster, service industries, general manufacturing, and education.

Employment by Industry

According to the North Carolina Employment Security Commission Office of Economic and Workforce Development, the number of Durham County residents employed between 2006-2008 steadily increased from 130,000 to approximately 135,000. From 2008-2009, employment rates took a deep nose dive to nearly 128,000. Since 2009, the employment rate has slowly increased to just over 130,000.

The unemployment rate for 2009 was 7.9% and in 2010 the rate was 8%. As of March 2011, the unemployment percentage for Durham County was 7.4%.



www.durhamcountync.gov



Community Profile

Economic Conditions

Like many counties across the country, Durham County's residents have been impacted by the economic downturn. Despite the downswing in the economy, Durham continues to be one of few places that have fared well in comparison to other places with similar demographics.

Since 2001, nearly 125 business have opened or relocated to Durham, including IEM, a Louisiana-based company that advises federal agencies on how to manage threats to public safety and property, which relocated its headquarters from Baton Rouge to the Research Triangle Park in 2010. The move created approximately 430 jobs. While businesses like IEM added to the community, more than four times the amount of business that opened or relocated to Durham have closed since 2001.

In 2010, Durham County announced the following jobs and investments:

COMPANY	INVESTMENT	JOBS
Cree	392,000,000	330
AW NC	106,000,000	360
Duke University	100,000,000	-
Glaxo Smith Kline	70,000,000	-
Medicago	42,000,000	85
RTI	30,000,000	130
Bayer Crop Science	25,840,000	100
GE Aviation	16,000,000	50
Duke Medicine	8,225,000	130
ACW	5,200,000	155
HCL Clean Tech	4,000,000	13
IBM	3,700,000	600
IPS	3,000,000	30
Duke University Healthcare	3,000,000	-
Zenph	2,500,000	50
IEM	2,020,000	430
HTC	1,385,000	99
TRANSENTERIX	1,000,000	50

www.durhamcountync.gov



Community Profile

Economic Conditions *continued*

Businesses hiring Durham citizens are vital to residents' livability and the survivability of Durham's economy. The following is a breakdown of the effect of income on households in Durham from the years 2000-2009:

	2000	2009
Median Household Income	\$43,337	\$49,928
Per Capita Income	\$23,156	\$27,698

	Income 1999	Income 2009
Households	89,001	103,268
Less than \$10,000	10.4 %	8.1 %
\$10-\$14,999	5.1 %	5.1 %
\$15-\$24,999	12.1 %	10.5 %
\$25-\$34,999	12.8 %	11.2 %
\$35-49,999	15.9 %	15.2 %
\$50- \$74,999	20.3 %	18.8 %
\$75- \$99,999	10.5 %	11.4 %
\$100- \$149,999	8.6 %	12.3 %
\$150- \$199,999	2.2 %	3.9 %
\$200,000 or more	2.1 %	3.6 %

(INCOME AND BENEFITS (IN 2009 INFLATION-ADJUSTED DOLLARS))



Community Profile

Economic Conditions

Housing

The median value of a single family dwelling in Durham, NC, is \$162,455.

Between 2001-2010, the median cost of a single family dwelling increased year-to-year.

The economic downturn faced across the nation has brought challenges and benefits to buyers and sellers in Durham's housing market. Between 2006-2007, there was a peak in housing sales. According to Durham County tax records, 5,150 homes were sold in comparison to 4,934 the previous year and 4,813 sold in 2008-2009.



Tax Year SFD Median Tax Value	Number
2001	\$123,671.00
2002	\$125,081.00
2003	\$126,580.00
2004	\$127,632.00
2005	\$128,884.00
2006	\$130,317.00
2007	\$132,007.00
2008	\$159,613.00
2009	\$160,449.00
2010	\$161,558.00

2,730 homes were sold in Durham between 2010 and 2011. In comparison, 2,849 homes were sold in 2009-2010.

These sales numbers are recognized as qualified sales and does not include foreclosures sales or short sales.



Community Profile

Recreation and Points of Interest

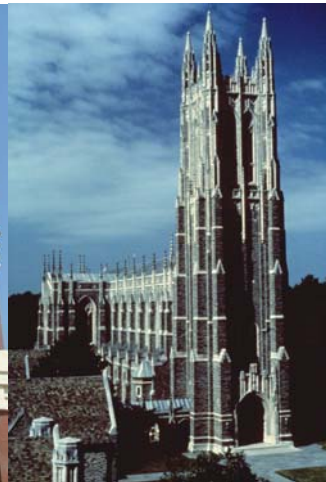
- American Tobacco Historic District
- Carolina Theatre
- Duke Chapel
- Duke Homestead and Tobacco Museum
- Duke University
- Duke University Medical Center
- Durham Arts Council Building
- Durham Bulls Athletic Park
- Durham Performing Arts Center
- The Hayti Heritage Center
- The Heritage Room
- North Carolina Central University
- North Carolina Museum of Life and Science
- Research Triangle Park
- The Streets at Southpoint
- West Point on the Eno



North Carolina Museum of Life and Science



Historic Durham Athletic Park
Photo Credit: Durham Convention & Visitors Bureau



Duke Chapel
Photo Credit: Duke University and
Durham Convention & Visitors Bureau



**Wool E. Bull, Durham Bulls
Mascot**
Photo Credit: Durham Convention &
Visitors Bureau

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DURHAM COUNTY – COMMUNITY INFORMATION

Date of incorporation: 1881

Form of government: Commission-Manager

Area: 290 square miles

Elevation: 400 feet

Climate:

Mean temperature: 59° F

Mean annual rainfall: 48 inches

Medical facilities (Durham County only):

Number of hospitals: 5

Number of beds: 1,648

Education:

Higher education:

Universities and colleges: 9

Public education:

Elementary schools: 30

Middle schools: 10

Secondary schools: 2

High schools: 12

Police protection (City):

Number of stations: 6

Number of personnel: 629

Sheriff protection (County):

Number of stations: 6

Number of officers: 155 sworn
204 detention officers

Fire protection (City):

Number of stations: 16

Number of personnel: 300

Volunteer fire protection (County):

Number of stations: 11

Number of personnel: 300

Communications (Durham County only):

Radio stations: 3

Television stations: 2

Newspapers (daily): 2

Recreation and culture:

Number of parks: 67

Miles of trails in county-regional park: 21.1

Number of 18-hole golf courses (public and private): 10

Number of parks with tennis courts: 12

Number of parks with basketball courts: 28

Number of public swimming pools: 5

Number of public libraries: 8

General statistics:

Year	Population	Unemployment rate	School enrollment
2006	249,654	3.9%	31,981
2007	254,902	3.8%	32,749
2008	261,206	5.5%	31,732
2009	265,670	8.0%	31,938
2010	267,849	7.8%	32,566

Major employers:

AW North Carolina, Inc.
BlueCross BlueShield of North Carolina
Cree, Inc.
Duke University and Duke University Health System
Durham City Government
Durham County Government
Durham Public Schools
Durham VA Medical Center
Fidelity Investments
GlaxoSmithKline
IBM
Lenovo
National Institute of Environmental Health Sciences
Nortel
North Carolina Central University
Quintiles Transnational Corp.
RTI International
Sterling Healthcare
United States Environmental Protection Agency

Top ten taxpayers:

Organization	Enterprise type	% total assessed valuation
GlaxoSmithKline	Manufacturer	1.97%
IBM	Manufacturer	1.65%
AW North Carolina, Inc.	Manufacturer	1.01%
Cree, Inc.	Manufacturer	0.92%
Merck	Manufacturer	0.74%
Duke Energy	Utility	0.66%
Verizon	Communications	0.64%
Southpoint Mall, LLC	Retail	0.61%
Eisai, Inc.	Manufacturer	0.47%
Highwoods/Forsyth	Real Estate	0.36%
State Street Bank and Trust	Finance	0.35%
		<u>9.38%</u>

Some information courtesy of the 2010-2011 Durham County Comprehensive Annual Financial Report, City of Durham and Durham Chamber of Commerce.

**DURHAM COUNTY
FY 2011-12 APPROVED BUDGET**

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County of Durham

Michael M. Ruffin
County Manager

July 1, 2011

Dear Durham County Residents:

I am pleased to present a document that lays out a comprehensive spending plan for Fiscal Year 2011-12. This is the eleventh budget which I have prepared for Durham County and the thirty-third budget I have prepared over my career. This year and the last two budget years have been difficult. We have all had to adjust to the reality that what was normal in 2008 is not the “normal” we see today, or will see in the years ahead. Unfortunately, the robust economy that helped fuel the cost of County services is not the same today. Our country is recovering, Durham County is recovering, but recovery is slow and looks very different from recoveries after previous recessions. This recession was indeed a “Great Recession” and has required that we not only adjust our spending, but also adjust our strategy if we are to continue providing high-quality services in Durham County. Indeed, we are known across the country as a County that provides outstanding services. I commend our employees for what they have done to ensure that our services and service levels have not been affected by what we have experienced over the last few years. We have an outstanding workforce and great leadership throughout this organization. While next year’s budget is understandably leaner, as has been the case for the last two budgets, it is also a budget that continues to address our community’s needs and priorities.

Goals of the FY 2011-12 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 2011-12, 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. Our goal was to adjust spending to levels that would maximize resources and allow us to balance the FY 2011-12 budget without a tax rate increase. Durham County’s property tax rate will remain at 74.59 cents/\$100 of valuation for FY 2011-12.

This budget represents a roadmap for accomplishing the priorities of the Board of County Commissioners and the long-standing goals of Durham County. While the robust economy we enjoyed for decades is gone, 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 current levels;
- ✓ Holding property taxes as low as possible;
- ✓ Providing adequate funding for Durham Public Schools;
- ✓ Providing adequate funding for planned capital projects;
- ✓ Partnering 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. In January 2009, Moody’s Investors Service, one of the worlds’s most respected and widely-utilized sources for credit ratings, reaffirmed the County’s AAA bond rating – the highest rating attainable. One 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 recession, AAA-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 2010-11. The County projects a modest decrease of 0.26% in its General Fund fund balance from 20.08% to 19.81%.

General Fund Fund Balance: Comparison of FY 2010 Actual and FY 2011 Projected			
	FY 2010 Actual	FY 2011 Projected	Anticipated Change
Total Fund Balance	\$ 101,634,062.00	\$ 104,057,578.48	\$ 2,423,516.48
Less:			
Reserved by state statute	\$ 21,546,147.00	\$ 21,500,000.00	\$ (46,147.00)
Reserved by state statute - Mental Health	\$ 1,401,371.00	\$ 1,400,000.00	\$ (1,371.00)
Reserved for encumbrances	\$ 2,401,634.00	\$ 2,400,000.00	\$ (1,634.00)
Reserved for other purposes	\$ 5,206,209.00	\$ 5,300,000.00	\$ 93,791.00
Net Unreserved	\$ 71,072,132.00	\$ 73,457,578.48	\$ 2,385,446.48
Designated for Mental Health	\$ 1,457,669.00	\$ 603,726.00	\$ (853,943.00)
Designated for Social Services	\$ 397,599.00	\$ -	\$ (397,599.00)
Designated for subsequent years	\$ 6,203,505.00	\$ 7,533,104.00	\$ 1,329,599.00
Designated for Risk Management	\$ 4,693,154.00	\$ 4,693,154.00	\$ -
Designated for debt service	\$ 3,361,560.00	\$ 4,789,401.12	\$ 1,427,841.12
Designated for Other Post- Employment Benefits	\$ 16,413,757.00	\$ 17,413,757.00	\$ 1,000,000.00
Undesignated	\$ 38,193,144.00	\$ 38,121,846.36	\$ (71,297.64)
Local Government Commission recommended 8% minimum	20.08%	19.81%	-0.26%

Providing Services at Current Levels

Durham County is known throughout the country as a leading provider of services that matter most in the lives of citizens. During periods of economic recession, many county services experience increased demand. Durham County’s unemployment rate, while considerably lower than the rest of the country, has experienced a steady climb until recently and is now at 7.6%. Consequently, it is no surprise that requests for public assistance are on the upswing. This recession is having a tremendous impact on families and it is imperative for the County to respond. While the County has made necessary reductions to its operating budget, the FY 2011-12 budget guarantees we will continue to meet the needs of our citizens.

In FY 2011-12, the County will maintain its services at current levels because of the cooperation and dedication of its employees who rolled up their sleeves and found creative ways to cut their budgets and save money. County departments were asked to submit budget requests 2% lower than their FY 2010-2011 appropriation. All departments did so, but there were some reductions that could not be made without affecting the quality

of services Durham County provides to its citizens and were consequently restored. Flat funding was recommended for the Museum of Life and Science as well as Durham Technical Community College. Revenue projections were such that Durham County budgeted merit-based salary increases for employees for the first time in two years. However, longevity payments were not budgeted allowing additional savings to the County.

The FY 2011-12 budget eliminates 20.80 County full-time equivalents (FTEs), 6 of which are County supported. The remaining 14.80 FTEs were previously supported by grant funds. Losing these positions will add to the County's challenge of serving its citizens, but it is an important sacrifice to balance the budget. Additionally, 11.1 new positions are being added in order to fulfill needs in our Libraries, General Services, IT, the County Attorney's Office, Criminal Justice Resource Center, the Triangle Wastewater Treatment Plant (Sewer Utility) and Public Health. The following table outlines the newly-added positions.

FY 2011-12 Approved New Positions			
	Full-time Equivalency	Salary and Benefits	Start Date
Maintenance Technician I (General Services)	3.00	\$92,613	07/01/11
Audio Visuals Network Administrator (Information Technology)	1.00	\$62,192	07/01/11
Assistant County Attorney for DSS (County Attorney)	1.00	\$83,498	07/01/11
Library Assistant (South Regional Library)	0.50	\$13,223	07/01/11
Library Assistant (Southwest Regional Library)	0.50	\$13,223	07/01/11
Library Page (South Regional Library)	0.48	\$8,553	07/01/11
Library Page (South Regional Library)	0.48	\$8,553	07/01/11
Library Page (Southwest Regional Library)	0.48	\$8,553	07/01/11
Library Page (Southwest Regional Library)	0.48	\$8,553	07/01/11
Library Page (Southwest Regional Library)	0.48	\$8,553	07/01/11
Courier (Library Facilities Administration)	0.50	\$11,403	07/01/11
Physician Extender (Family Planning Outreach Grant - PH)	0.20	\$15,890	07/01/11
Gang Reduction Strategy Manager (CJRC)	1.00	\$67,215	07/01/11
General Utility Worker (Sewer Utility)	1.00	\$30,871	07/01/11
TOTAL	11.10	\$432,892	

The following table shows the funds comprising Durham County's budget. The total appropriation for all funds in FY 2011-12 is just over \$499.6 million. The General Fund will see a 1.05% reduction in funding from its current budget, a testament to the efforts of County employees and the Board of County Commissioners.

FY 2011-12 Total Appropriation for All Funds				
	2010-11 Modified Budget	2011-12 Department Requested	2011-12 Commissioner Adopted	Percent Change FY 2011-12 from FY 2010-11
General Fund	\$ 362,366,311	\$ 361,801,669	\$ 358,568,344	-1.05%
Risk Management Fund	\$ 2,463,115	\$ 2,463,833	\$ 2,463,833	0.03%
SWAP Fund	\$ 750,000	\$ 1,153,000	\$ 1,803,000	140.40%
Capital Financing Plan Fund	\$ 35,621,302	\$ 52,616,089	\$ 46,962,324	31.84%
Benefits Plan Fund	\$ 15,406,676	\$ 16,078,660	\$ 16,078,660	4.36%
Bethesda Fire District Fund	\$ 1,611,368	\$ 1,686,858	\$ 1,686,858	4.68%
Lebanon Fire District Fund	\$ 1,055,275	\$ 1,097,638	\$ 1,097,638	4.01%
Parkwood Fire District Fund	\$ 1,644,444	\$ 1,564,240	\$ 1,564,240	-4.88%
Redwood Fire District Fund	\$ 746,895	\$ 746,000	\$ 746,000	-0.12%
New Hope Fire District Fund	\$ 59,874	\$ 56,313	\$ 72,518	21.12%
Eno Fire District Fund	\$ 23,594	\$ 22,956	\$ 22,956	-2.70%
Bahama Fire District Fund	\$ 683,755	\$ 731,106	\$ 731,106	6.93%
Special Park District Fund	\$ 637,161	\$ 703,904	\$ 703,904	10.48%
Special Butner District Fund	\$ 17,559	\$ 17,289	\$ 17,289	-1.54%
Debt Service Fund	\$ 43,687,782	\$ 52,673,909	\$ 52,305,150	19.72%
Sewer Utility Fund	\$ 8,987,212	\$ 52,673,909	\$ 8,288,030	-7.78%
George R. Linder Memorial Fund	\$250	\$250	\$250	0.00%
Community Health Trust Fund	\$7,006,066	\$5,123,499	\$6,123,499	-12.60%
Law Enforcement Officers Trust Fund	\$204,734	\$290,000	\$290,000	41.65%
TOTAL	\$482,973,373	\$507,115,243	\$499,525,599	3.43%

Holding Property Taxes as Low as Possible

Recovery from the economic recession has been slow. The unemployment rate decreased to 7.6%, but thousands of citizens continue to look for jobs. Home sales are increasing, but new residential construction is still low. Durham County has had fewer tax foreclosures, but bankruptcies are still at recession-high levels. Given the mixed economic environment, the approved budget maintains the property tax rate at \$0.7459.

Each year there is natural growth in the tax base due to new commercial and residential construction. Next year's property tax base is up, but only a miniscule 0.34%, far less than in previous years when the County saw increases of 4% or greater. Every 1% of tax base growth equates to \$2.15 million in additional tax dollars, in other words a 4% growth would have meant an additional \$8.5 million for the County compared to the 0.34% increase, which only provides \$1.01 million for the County. This recession is deep and property tax base growth at 0.34% as compared to an average 4% growth is where the County is taking the biggest hit. The following table presents the estimated property values that were used to develop the budget.

Property Values: Comparison of FY 2010-11 Actual and FY 2011-12 Projected				
	FY 2010-11 Adopted	FY 2010-11 Actual	FY 2011-12 Projected	% Change FY 12 from FY 11 Actual
Real Property	\$ 24,457,564,864	\$ 24,366,218,366	\$ 24,496,218,366	0.53%
Auto Value	\$ 1,690,000,380	\$ 1,538,498,642	\$ 1,508,498,642	-1.95%
Personal Value	\$ 2,806,047,732	\$ 3,098,482,067	\$ 3,098,482,067	0.00%
Public Service	\$ 512,746,790	\$ 501,907,483	\$ 501,907,483	0.00%
TOTAL	\$29,466,359,766	\$29,505,106,558	\$29,605,106,558	0.34%

One bright spot in the revenue picture is the County’s property tax collection rate. Durham County employees work tirelessly to see that their community, their city, their home is supported with a highly efficient and supportive local government. To that end the Durham County tax department has done an outstanding job over the last several years increasing the property tax collection rate for the County, edging ever closer to 99% collections. With that in mind the County has increased the expected property tax collection rate from 97.75% to 98.55% bringing in an additional \$1.76 million in property tax revenue without having to increase the property tax rate.

Additionally, there are other property taxes that some Durham County citizens pay. Durham County has seven fire districts serving its unincorporated areas and its citizens in five of the seven districts will see no increase in property taxes. Three districts, Bethesda, Redwood and New Hope (rates established by neighboring Orange County through an interlocal agreement), requested tax rate increases in order to maintain current levels of service. The approved rates are as follows:

Fire District Tax Rates: Comparison of FY 2010-11 and FY 2011-12		
	FY 2010-11 Adopted	FY 2011-12 Adopted
Bahama	0.0600	0.0600
Bethesda	0.0900	0.1000
Lebanon	0.1000	0.1000
Parkwood	0.1100	0.1100
Redwood	0.1075	0.1125
Eno	0.0599	0.0599
New Hope	0.0695	0.0895

Providing Adequate Funding for Durham Public Schools

During the past several months, representatives from Durham Public Schools (DPS) and the Durham County Board of Commissioners met along with others in the community to prepare a budget for the school system that met the needs of DPS students while recognizing the current fiscal strains in our community. Durham County will appropriate \$110,106,952 for Durham Public Schools, and has also agreed to support DPS operating expenditures with the County using \$1,017,500 in lottery funds for school related debt service. Lottery funds are drawn down by joint action of the Board of County Commissioners and Board of Education and do not normally appear in the County’s budget. By using the lottery funds indirectly for operating expenses, Durham Public Schools can keep more teachers in FY 2011-12. The \$108,736,952 in current expense represents a 1.59% (\$1,704,763) increase over FY 2010-11 funding. The agreement for Durham County to use lottery funds for school debt service allows for the continued support of operating costs for DPS and fully funds the Board of Education’s budget request for FY 2011-12. It should be noted that a onetime use of lottery funds by Durham County in FY 2010-11 to support DPS related debt service, which in turn freed up property tax dollars for DPS current expense funding, has severely reduced available revenue for the County in FY 2011-12. This means the County had to find \$3,052,500 of new revenue along with the recommended \$1,704,763 increase in order to support funding at the level DPS proposed.

The Board of County Commissioners, Board of Education, and Superintendent Becoats are to be commended for finding a funding solution that vigorously supports Durham Public Schools in a time where state funding is declining, and for also allowing Durham County to keep its property tax rate flat.

For many years, Durham County has ranked first in per pupil funding among North Carolina’s most populous counties. For FY 2011-12, Durham County remains in the top position. The following table shows the total per pupil current expense funding among North Carolina’s 10 most populous counties. These numbers were calculated using the FY 2011-12 planning allotments issued by the North Carolina Department of Public Instruction and each county’s approved current expense funding.

FY 2011-12 Total Per Pupil Funding Among 10 Most Populous Counties		
Rank	County	Total Per Pupil Funding
1	Durham	\$ 3,045
2	New Hanover	\$ 2,463
3	Guilford	\$ 2,371
4	Mecklenburg	\$ 2,273
5	Wake	\$ 2,060
6	Forsyth	\$ 2,007
7	Buncombe	\$ 1,840
8	Onslow	\$ 1,577
9	Cumberland	\$1,445
10	Gaston	\$ 1,278

Capital outlay funding for FY 2011-12 is flat at \$1.37 million. If capital outlay and debt service funding are included, Durham County supports public education at a total of \$3,812 per pupil.

Providing Adequate Funding for Planned Capital Projects

FY 2011-12 will be an exciting year for Durham County capital projects as the first section of the new Human Services complex becomes fully operational and the second section begins construction. The new courthouse will see continued construction with its parking deck becoming operational for County staff and downtown use in the evenings and for special events. Durham Public Schools continues to use 2007 GO Bond funds to largely upgrade existing schools and build new ones, while our open space and farmland acquisition program continues to purchase natural areas for citizen enjoyment and wilderness protection. 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 10 years Durham County has had three GO Bond referendums pass 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. 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 decreasing. The result of this has been added pressure to support debt service payments with an increasing amount of property tax. For FY 2011-12 the annual debt service payment increased \$8.6 million from FY 2010-11 while various revenues sources other than property tax did not grow by that amount. This means that more of the total 74.59 cent property tax rate had to be delegated to supporting debt service payments, leaving less revenue available for County operating needs.

The County used several one-time revenue sources for FY 2011-12 to make up some of the difference (funds from the sale of the Carmichael building and Community Health Trust Fund), but will need to rely on significantly increasing property tax revenue in the coming years. This has been expected and implicitly agreed

on by the Durham County citizens who have approved three different GO Bond referendums over the last decade.

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 54 nonprofit funding applications from area organizations this year, with requests totaling over \$1.6 million. Unfortunately, the County was unable to fund every applicant. \$835,667 is allocated to support 42 non-profit programs or organizations in FY 2011-12. The following table lists the nonprofit agencies receiving funding.

FY 2011-2012 Non-Profit Funding			
Non-Profit Agency Name	FY 10-11 Adopted Budget	FY 11-12 Requested Budget	FY 11-12 Adopted Budget
Achievement Academy of Durham	\$17,746	\$24,577	\$20,000
AnimalKind	\$11,723	\$31,371	\$11,723
Believers United for Progress	-	\$28,820	-
Big Brothers Big Sisters of the Triangle	\$27,787	\$35,000	\$16,672
Bridge II Sports	-	\$20,000	-
Child and Parent Support Services	\$11,237	\$13,828	\$11,237
Child Care Services Association	\$29,783	\$40,000	\$29,783
Christian Living & Learning Center, Inc.	-	\$6,500	-
Communities In Schools of Durham, Inc.	\$4,836	\$10,000	\$3,869
Dress for Success Triangle	-	\$10,000	\$5,000
Duke HomeCare & Hospice	-	\$51,000	-
Durham Center for Senior Life	\$123,069	\$130,000	\$117,428
Durham Community Penalties Program, Inc.	\$18,900	\$30,000	-
Durham Companions	\$4,670	\$15,000	\$2,802
Durham Congregations In Action	-	\$10,000	\$10,000
Durham Council for Children with Special Needs	\$11,535	\$13,000	\$11,535
Durham County Teen Court and Restitution Program	\$29,421	\$30,000	\$23,537
Durham Crisis Response Center	\$46,140	\$54,488	\$36,912
Durham Economic Resource Center (DERC)	-	\$20,000	\$14,496
Durham Interfaith Hospitality Network	\$13,000	\$20,000	\$15,000
Durham Literacy Center	\$26,619	\$28,000	\$26,619
Durham Striders Youth Association, Inc.	\$10,000	\$30,000	\$17,500
Durham Teacher Warehouse Corporation (also known as Crayons2Calculators)	-	\$15,000	\$5,000
Durham's Partnership for Children	\$13,310	\$30,000	\$13,310

FY 2011-2012 Non-Profit Funding			
Non-Profit Agency Name	FY 10-11 Adopted Budget	FY 11-12 Requested Budget	FY 11-12 Adopted Budget
El Centro Hispano	\$29,421	\$42,735	\$29,421
Elna B. Spaulding Conflict Resolution Center	\$24,440	\$34,000	\$19,552
Eno River Association	\$13,310	\$15,000	\$13,310
Food Bank of Central and Eastern North Carolina	\$15,823	\$30,000	\$20,000
Full Gospel Deliverance Center Outreach Ministry, Inc.	-	\$15,000	-
Genesis Home	\$21,739	\$21,739	\$21,739
Inter-Faith Food Shuttle	\$8,873	\$60,000	\$10,000
John Avery Boys & Girls Club	\$35,011	\$45,000	\$21,007
M-POWERHOUSE, Inc. of the Triangle	-	\$4,000	-
Operation Breakthrough	\$79,390	\$100,000	\$79,390
People's Channel	\$20,000	\$16,500	\$16,500
Planned Parenthood of Central North Carolina	\$17,746	\$20,000	\$17,746
Project Graduation of Durham, Inc.	\$3,783	\$3,500	\$3,500
RAM Organization	-	\$50,000	\$10,000
Reality Ministries, Inc.	\$10,000	\$40,000	\$8,000
Ronald McDonald House of Durham, Inc.	-	\$12,000	-
Salvation Army Boys & Girls Club	\$12,609	\$15,000	\$10,087
Scrap Exchange	-	\$28,000	-
Senior PharmAssist, Inc.	\$87,641	\$93,282	\$93,282
Shodor Education Foundation	\$9,500	\$25,000	\$7,600
Southeastern Efforts Developing Sustainable Spaces (SEEDS)	-	\$4,000	\$4,000
The Hill Center, Inc.	-	\$25,000	\$10,000
Threshold Clubhouse, Inc.	-	\$30,000	\$5,000
Triangle Champions Track Club	\$8,873	\$25,000	\$7,098
Triangle Land Conservancy	-	\$30,000	-
Triangle Radio Reading Service	\$3,888	\$4,250	\$3,888
Triangle Residential Options for Substance Abusers, Inc. (TROSA)	\$23,124	\$70,000	\$23,124
Victorious Community Development Corporation	\$9,000	\$10,000	\$9,000
Volunteer Center of Durham	-	\$10,000	-
Youth Quest	-	\$31,230	-
Organizations funded in FY11 without a FY12 Request	\$49,246	-	-
	\$883,193	\$1,606,820	\$835,667

A County of Distinction

Even in the midst of difficult budget cuts, Durham County continues to reap state and national awards for the services provided, as now more than ever, the County's leadership and workforce will put its creativity to work to make a difference in our community. Our employees' dedication is reflected by the awards and recognition received by departments and individuals. 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 AAA bond rating with all three credit rating agencies, putting 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 2009-10 Comprehensive Annual Financial Report (CAFR).
- ❖ The County completed the first stage of construction of the new Human Services Complex being erected around the current Public Health building. Public Health and the Durham Center (Mental Health) have completed their move into the new facility, and the Department of Social Services is expected to move into the completed facility in 2012.
- ❖ Construction of the new state-of-the-art Durham County Courthouse is underway, with a "topping out" ceremony held on April 14, 2011. Completion is expected by the end of 2012.
- ❖ Major renovations to Durham County Stadium were completed and a grand re-opening held on Sept.15, 2010. A stadium manager has been hired, and an expanded and enhanced event calendar is under way.
- ❖ The Carmichael Building, which currently houses a portion of the Department of Social Services, is under negotiations to be sold for approximately \$6.8 million. The sale is expected to close in January 2012, with DSS remaining in the building until the new Human Services Complex is complete.
- ❖ Durham County ensured continued growth in Durham of one of the Triangle's key "green technology" firms by offering \$2 million in economic development incentives to support a \$392 million expansion of Cree's facilities that will include at 244 new jobs.
- ❖ Durham County completed the sale of Home Health Agency on August 2, 2010 in the amount of \$3.5 million.
- ❖ The Durham Center (Mental Health) and Criminal Justice Resource Center received a 2010 Employee Productivity Award from the NC Association of County Commissioners.
- ❖ The Budget and Management Services Department received the GFOA Distinguished Budget Presentation Award for FY 2010-11 budget document.
- ❖ The North Carolina Association of County Commissioners awarded Durham County a 2010 "Outstanding County Program Award" for Computers 4 Kids, a program transferring older computers from the County to Durham Public Schools.
- ❖ The Public Health Department and the County Attorney's Office received the Laserfiche 2010 Run Smarter Award in the County Government category. Award winners are chosen based on four criteria: the creativity of the solution, the operational improvements realized by the organization, the use of Laserfiche software and resources, and inspiration potential for other Laserfiche users to think more inventively in their own organizations.

Looking Ahead

While we are holding the line with the FY 2011-12 year budget, we are certainly not holding the line as an organization. This year will see the completion of the Durham County Strategic Plan. Over the next several months our Strategic Plan Development Team will comb through data gleaned from citizen surveys, interviews with community leaders, focus groups and town hall meetings to clarify the community vision for this great County. The Board of County Commissioners will then develop a plan with clearly stated goals, priorities and action items. Future budgets and future services will be guided by the decisions we make next year.

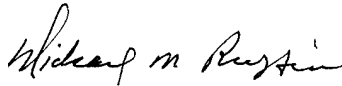
The Board of County Commissioners also recognizes the need to seek out new revenue streams to support education and transit goals. To that end the Commissioners adopted a resolution in June 2011 calling for a referendum to be held in November 2011 on two proposed sales taxes. A one-quarter cent sales tax would be for funding of Durham Public Schools and could generate \$9.2 million in new revenue in FY 2012-13. A one-half cent sales tax could bring an extra 25,000 hours in bus transportation in the first year of implementation, and an additional 50,000 by the third year.

In conclusion, the budget that follows was carefully and thoughtfully prepared. It adjusts spending to realistic levels while maintaining the priorities of the Board of County Commissioners and moves forward on the long-standing goals of Durham County. In short, a reasonable spending plan was approved that ensures high levels of service 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

FY 2011-12 BUDGET HIGHLIGHTS

- The tax rate will remain at 74.59 cents/\$100 valuation.
- Property tax collection percentage increases to 98.55%, up 0.25% from FY 2010-11.
- Sales taxes, including an Interlocal Agreement with the City of Durham, are estimated to increase 2.15% in FY 2011-12 from current year estimates due to a slowly growing economy. FY 2010-11 collections outpaced budget amounts due to lower reimbursements rather than strong economic growth. See the Revenue Highlights page for more detail.
- Various fee increases in these departments: EMS, Animal Control, Public Health and the Enterprise Fund.
- Net General Fund reduction of 10.70 FTEs for FY 2011-12.
- Eliminating 6.0 FTEs (non-grant supported).
- Eliminating 14.80 FTEs (grant supported).
- Adding 10.10 new General Fund FTE's (non-grant supported).
- Adding 1.00 Sewer Utility Fund FTE that will be supported by revenues in that fund.
- Reinstated pay-for performance salary increases for employees for FY 2011-12.
- Continued suspension of the longevity program for FY 2011-12.
- The total cost of the County benefits plan fund has increased 5% or \$816,867.
- Increase in the participation rate for the County contribution to the Local Government Employees Retirement System (LGERS) from 6.42% to 6.95% for local general class and from 6.41% to 7.04% for LEO class, approximately \$470,566.
- Increased Fund Balance appropriated from \$4.4 to \$5.1 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.
- Current expense funding to Durham Public Schools to increase 1.59%; no increase in capital outlay funding.
- The county will use \$1,017,500 of lottery funds to indirectly support teaching positions for FY 2011-12. This will be a one year agreement between the county and school system.
- Flat funding for Durham Technical Community College.
- Flat funding for the North Carolina Museum of Life and Science current expense funding.
- Vehicle and equipment loan supports 11 vehicles (new (5) and replacement (5) vehicles) for Department of Social Services, EMS and General Services, one ambulance box remount, and other equipment for facilities (detailed on the Vehicle & Equipment page in the document).
- Open Space Matching Grants funding is suspended for FY 2011-12.
- 54 nonprofit agencies applied for funding with requests totaling \$1,606,820; 42 agencies are approved for funding in FY 2011-12 for a total of \$835,667.
- Reduction in the Durham Convention Center subsidy of approximately \$125,000.
- Funding for Durham County's participation in the Mayor's Summer Youth Workers Program \$20,000.
- Funding for an energy monitoring system in Durham County government buildings is included at \$20,000. Energy usage patterns and potential resource efficiencies will be identified through use of the monitoring system.
- Audits for all Volunteer Fire Departments that receive county funding.
- Debt Service funding increases \$8.6 million, while property tax dedicated to support debt service increases 0.46 cents to 5.94 cents. Funding from other sources, SWAP fund and the sale of county owned property limited the amount of property tax needed to support debt service.
- Project BUILD Collaboration with the City of Durham. The County will fund 3 fulltime FTEs and operating expenditures. The City of Durham agrees to assign one full-time employee from Project Safe Neighborhood Community Outreach Program to the Project BUILD Program. In addition to providing all funds necessary to pay for salary and benefits of the City FTE, the City shall pay to the County \$20,000 towards the annual cost of the Project BUILD program. The County will fund its portion of the program with JCPC grant funding and county dollars.
- Funding for a Gang Reduction Strategy Manager is jointly shared with the City of Durham. The position will work closely with a Steering Committee coordinating City and County efforts for a community-wide Gang Reduction Strategy.
- Funding for a joint homelessness prevention initiative between the City of Durham and Durham County to ensure that City and County activities compliment and adhere to the Federal Strategic Plan to End and Prevent Homelessness, *Opening Doors*. One position and financial assistance has been funded in the DSS budget.

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