City of Durham, North Carolina
Budget
Fiscal Year 2013 - 2014
City Vision Statement
Durham is the leading city in providing an excellent and sustainable quality of life.

City Mission Statement
To provide quality services to make Durham a great place to live, work and play.

Council Goals
- Strong and Diverse Economy
- Safe and Secure Community
- Thriving Livable Neighborhoods
- Well Managed City
- Stewardship of City’s Physical Assets

About the Cover
In the process of creating the City's Strategic Plan in April 2011 and the County's Strategic Plan in February 2012, both organizations discovered that by aligning their strategic plans and collaborating on various initiatives, they could provide a higher level of service delivery to the residents of Durham. This partnership has greatly improved communication, saved taxpayer dollars by pooling resources and has enabled the organizations to more effectively streamline their processes.
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Durham – Where Great Things Happen
The Government Finance Officers association of the United States and Canada (GFOA) presented an award for Distinguished Presentation to the City of Durham for its annual budget for the fiscal year beginning July 1, 2012.

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.

The award is valid for a period of one year only. We believe our proposed budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.
# TABLE OF CONTENTS

**Letter of Transmittal**

Manager’s Letter ................................................................................................................................. I-1-15

**City Priorities and Policies**

Overview .................................................................................................................................................. II-1
Strategic Plan .......................................................................................................................................... II-2-34
Budget and Financial Policies ................................................................................................................ II-35-41
Crosswalk of Department Goals to City Goals ..................................................................................... II-42-49

**Multi-Year Projections**

Overview .................................................................................................................................................. III-1
General Fund Appropriation and Revenue Projections ........................................................................ III-2-3
Debt Fund Projections .......................................................................................................................... III-4
Water and Sewer Fund Appropriation and Revenue Projections ........................................................ III-5-6
Solid Waste Disposal Fund Appropriation and Revenue Projections ................................................ III-7
Stormwater Management Fund Appropriation and Revenue Projections ........................................ III-8
Transit Fund Appropriation and Revenue Projections ........................................................................ III-9
Parking Facilities Fund Appropriation and Revenue Projections ....................................................... III-10
Ballpark Fund Appropriation and Revenue Projections .................................................................... III-11

**Budget Summaries**

Summary - All Funds .............................................................................................................................. IV-1-3
Summary of Revenues/Funds Recognized in Budget Ordinance ........................................................ IV-4-7
Summary of Appropriations for all Funds ............................................................................................. IV-8
Operating Funds by Appropriation Category ...................................................................................... IV-9
Intrabudget Transfers ............................................................................................................................. IV-10
Property Tax Base Information ........................................................................................................... IV-11
Tax Rate and Estimated Tax Collections ............................................................................................. IV-12
Estimated Unrestricted Fund Balance ................................................................................................. IV-13-14
Summary of Authorized positions by Fund ....................................................................................... IV-15
Summary of Authorized positions by department .............................................................................. IV-16

**Fund Summaries**

Overview .................................................................................................................................................. V-1
General Fund Summary ......................................................................................................................... V-2-5
General Fund Discretionary Revenue .................................................................................................. V-6-9
General Fund - Program Revenues ..................................................................................................... V-10-13
General Fund - Non-Departmental Appropriations ............................................................................ V-14
Debt Service Fund ............................................................................................................................... V-15
Water and Sewer Fund ....................................................................................................................... V-16-21
Capital Facilities Fees Fund ................................................................................................................ V-22
Solid Waste Disposal Fund ................................................................................................................ V-23-24
Stormwater Management Fund ........................................................................................................ V-25-26
Transit Fund .......................................................................................................................................... V-27
Parking Facilities Fund ........................................................................................................................ V-28
Ballpark Fund ............................................................................................................................................. V-29-30
Law Enforcement Officers’ Separation Allowance Fund ................................................................. V-31
Cemetery Fund ........................................................................................................................................... V-32
Other Post Employment Benefits Fund ............................................................................................... V-33
Emergency Telephone System Surcharge Fund ............................................................................... V-34
Durham Performing Arts Center Fund ................................................................................................. V-35
Durham Performing Arts Center Capital Reserve Fund ....................................................................... V-36
Impact Fee Fund ........................................................................................................................................ V-37
Business Improvement District Fund ...................................................................................................... V-38
Risk Reduction Fund ................................................................................................................................ V-39
Employee Insurance Fund ..................................................................................................................... V-40
Watershed Protection Fund .................................................................................................................... V-41
Dedicated Housing Fund ........................................................................................................................ V-42

Governance

Budget Summary ........................................................................................................................................ VI-1-2
City Council ........................................................................................................................................ VI-3-4
City Attorney ......................................................................................................................................... VI-5-8
City Clerk ........................................................................................................................................ VI-9-12
City Manager ......................................................................................................................................... VI-13-17

Administrative and Support Services

Budget Summary ........................................................................................................................................ VII-1-2
Audit Services ....................................................................................................................................... VII-3-6
Budget and Management Services ...................................................................................................... VII-7-13
Equal Opportunity and Equity Assurance ............................................................................................ VII-14-18
Finance ................................................................................................................................................ VII-19-27
Human Resources ................................................................................................................................. VII-28-35
Technology Solutions ........................................................................................................................... VII-36-40

Community Building

Budget Summary ........................................................................................................................................ VIII-1-2
City/County Inspections .......................................................................................................................... VIII-3-7
City/County Planning ............................................................................................................................... VIII-8-16
Community Development ....................................................................................................................... VIII-17-23
Economic and Workforce Development ............................................................................................. VIII-24-33
Neighborhood Improvement Services ................................................................................................. VIII-34-41
Contract Agencies - Arts and Culture .................................................................................................. VIII-42
Contract Agencies - Community Services ............................................................................................ VIII-43

Public Safety

Budget Summary ....................................................................................................................................... IX-1-2
Emergency Communications ............................................................................................................... IX-3-6
Emergency Management ...................................................................................................................... IX-7-9
Fire ....................................................................................................................................................... IX-10-17
Police .................................................................................................................................................. IX-18-24
Contract Agencies - Public Safety ......................................................................................................... IX-25
INTRODUCTION

The budget document is the annual financial plan for City operations for the period covering one fiscal year, July 1 - June 30. This plan describes sources of revenues and how funds will be spent during the year.

The Annual Budget has four basic functions. First, it expresses the policy of the City Council. Through the budget, the City Council exercises its authority to increase services in some areas of City operations and decrease them in others.

As a part of the budget review process, the City Council determines the tax rate for each fiscal year. Other fees, such as water and sewer rates, tipping fees, parking rates and cemeteries fees, may be reviewed and adjusted if necessary. At that time, the Council also makes appropriate salary modifications.

Secondly, the budget process is a management and planning tool. The budget and subsequent accounting reports allow managers to isolate potential problems and ensure that City resources are used effectively and efficiently. The process of preparing the budget provides the opportunity for managers to evaluate their operations and to formulate goals and objectives for the upcoming year. The budget system also provides a means of monitoring progress toward those goals throughout the year.

Thirdly, the Annual Budget is a means of communicating to the citizens of Durham and others how public funds are spent. The budget is a tangible expression of the City Council's policy direction. To citizens, the budget is a symbol of the policy of the City Council and the actions of the City Administration.

Finally, the budget is the foundation for the proper accounting of City funds. It expresses in financial terms the goals and plans of the City Council.

The types and amounts of authorized expenditures and the means for financing them are set forth in the budget. Once the budget is recorded in the accounting system, it serves as a control device to keep spending within authorized limits.

BUDGET DOCUMENT ORGANIZATION

The Letter of Transmittal is the first and most important section of the budget document. The Letter of Transmittal is the City Manager's proposed plan for service for the coming fiscal year. Also included in the letter are some of the operational issues that the administration has faced in the current fiscal year. In addition, the Manager outlines the financial plan for the following fiscal year.

Another indication of the City’s plan for service is expressed in the City Priorities and Policies section. This section contains the performance indicators that measure the City’s success in achieving the community’s goals as well as strategies that departments will employ for the upcoming fiscal year.

The actions that a city takes in one year may affect its ability to fund other initiatives in future years. The Multi-Year Fund Projections section includes five-year projections for the General Fund and the Enterprise Funds.

The next two sections, Budget Summaries and Fund Summaries, show the actual amount spent in each of the funds in the prior fiscal year, the budget for the current year, an estimate of revenues received and expenditures made at June 30, and the new budget as adopted by the City Council. The Budget Summaries look broadly at revenues and expenditures on a fund level. The sections are provided to give the reader an overview of the adopted budget. Although the budget ordinance represents the official adopted ordinance, the total revenues and appropriations in terms of actual dollars is net of intrabudget transactions. This prevents counting the transfer amounts twice, once in the receiving fund and once in the sending fund.
The Fund Summaries look more specifically at revenues and expenditures by appropriation categories and revenue categories.

The next five sections show budgetary, performance and operational information by functional category: Governance, Administrative and Support, Community Building, Public Safety and Public Services. Each department describes its mission statement, overall performance and context indicators and service changes requested for the proposed budget. A budget summary is provided on appropriation and program revenue information by departments for the previous year (actual), the current year (budgeted and estimated) and the new budget year (adopted).

The Debt Management section is provided to give the reader an overview of the city's debt service obligations, both for the following fiscal year and in the future. The section also provides information on the City’s legal debt limit and the City's overlapping debt (County debt borne by City taxpayers).

The Capital and Grant Project Information section of the budget describes the capital projects that have been approved as part of the Capital Improvements Program (CIP). The CIP is the companion document to the budget and outlines the plan of capital improvements over a six-year cycle. In order to be included in the CIP, a project must require the expenditure of at least $100,000 in any one of the six years. Projects associated with normal scheduled maintenance activities are not included in the CIP.

Supplemental Information provides information on the Budget Ordinance and the Financial Plan that the City Council adopts in June. Also, information on the City of Durham and a glossary are provided in this section.

Adherence to State Statutes
The General Statutes of North Carolina require that the City adopt an annual balanced budget. The annual budget is prepared using the modified accrual basis of accounting. This basis of accounting recognizes revenues either when they are received in cash (such as licenses or fines) or when the collection of the amount can be reasonably estimated to be received in the near future (such as property taxes). Expenditures in a modified accrual system are generally recognized in the period in which goods or services are received or when a liability is incurred.

The General Fund has an officially adopted annual budget. The appropriations in the budget ordinance for the various operating funds are on a functional basis. Although General Statutes and generally accepted accounting principles do not require an annual balanced budget for the remaining funds, they do have legally adopted balanced budgets.

The adopted Budget Ordinance includes the budget for the General Fund, the Enterprise Funds and the Fiduciary Funds. The Special Revenue Funds are comprised of grant funds that are included in grant project ordinances. State Statutes give local governments the option of either including grant funds in the operating funds or approving grants through grant project ordinances. Financial plans for each of the City's internal service funds are adopted by the City Council in a separate document that conforms to State Statutes.

The General Statutes also require balanced project ordinances for the life of projects, including both capital and grant activities, which are expected to extend beyond the end of the fiscal year. The descriptions of capital projects included in the budget document are also provided in order to conform to State Statutes that require the inclusion of this information.