

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

Tuesday, May 20, 2003

1:00 P.M. Budget Worksession

**MINUTES**

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

Present: Chairman Ellen W. Reckhow and Vice-Chairman Joe W. Bowser (arrived late), and Commissioners Philip R. Cousin Jr. (arrived late), Becky M. Heron, and Mary D. Jacobs

Absent: None

Presider: Chairman Reckhow

**Community Health Trust Fund Update**

George K. Quick, Finance Director, said the purpose of this presentation was to provide the Board of County Commissioners an update on the status of the Community Health Trust Fund.

Mr. Quick distributed a chart to the Commissioners that showed the balances in the Health Trust Fund as of March 31, 2003. The total funds being managed by the four companies amount to \$24,422,845. The Trust Fund was opened during FY 1999 with a deposit of \$23,500,000. As of March 31, 2003, the balance plus the transfers is \$29,207,245. Since inception, the earnings percentages are as follows: MDL 9.26%; US Trust 10.62%; Sovereign -6.59%; and WEDGE -5.69%.

Commissioner Heron said she would like to see each individual fund's figures. She wanted to know how much money each of the four managers started with and what the individual balances were as of March 31, 2003.

The County Commissioners asked questions and made comments about the Health Trust Fund. Mr. Quick responded to the questions and comments.

Finance Director Quick summarized fund performance. He said that, based on performance and status, he would recommend that Durham County make no changes at this point. Durham County should continue with these four fund managers. Their performance should be re-evaluated in six months to a year to determine if any changes should then be made.

No official action was taken on this agenda item.

### **FY 2004 Property Tax Estimate**

Pam Meyer, Budget Director, made a presentation to the Board of County Commissioners regarding the FY 2004 Property Tax Estimate.

Keith Lane, Senior Budget Analyst, distributed three handouts to the Commissioners concerning property tax estimates.

Ms. Meyer used charts to explain significant revenue and the General Fund Revenue for the FY 2003-04 Recommended Budget. One chart included DSS pass through and one excluded DSS pass through funds. She presented a brief overview of the Property Tax Highlights that included the FY 2003 to FY 2004 Valuations Comparisons, FY 2003 to FY 2004 Property Tax Comparison, and Budgeted Property Taxes and Prior Year Taxes by Funds.

The Commissioners asked questions and made remarks about the property taxes.

Ms. Meyer responded to the questions and comments. She said that the figures were conservative.

No official action was taken on this agenda item.

### **General Fund Revenue Highlights—Sales Tax, Local Occupancy Tax, and Fees**

Ms. Meyer also shared with the Commissioners the General Fund Revenue Highlights that included the Local Occupancy Tax, Sales Tax Comparisons, and General Fund Fee Increases.

Commissioner Heron expressed the opinion that Durham County should work harder to influence the legislature to give the County additional revenue sources. Durham County has requested other local options such as the Prepared Food Tax, Real Estate Transfer Fees, and other taxes and fees. She stated that Durham needs the authority to have the local options subject to a referendum. She urged the Board to work harder and put more pressure on the legislature to get the local options in this upcoming year. Otherwise, the County will continue to struggle.

County Manager Mike Ruffin asked Chairman Reckhow if she wanted staff to revisit the well and septic tank fees and the fire fees to determine if the fees could be increased next year.

Chairman Reckhow wanted to know the last time the fire fees were increased.

The Commissioners did not ask any additional questions about the revenues.

No official action was taken on this agenda item.

### **Capital Improvement Plan Debt Funding**

Ms. Meyer recognized Mr. Lane to give the Commissioners an overview of the Capital Finance Plan Model 2004-2033, Thirty Years Ending 6-30-2033.

Mr. Lane used the Capital Improvement Plan Debt Funding graphic schedule to explain the total program to the Commissioners.

The Commissioners asked several questions and made comments about the Capital Improvement Plan Debt Funding.

County Manager Ruffin, Budget Director Meyer, Senior Budget Analyst Lane, and Finance Director Quick responded to the questions and comments.

No official action was taken on this agenda item.

### **Fund Balance Estimate**

Mr. Quick presented an overview to the Board of County Commissioners concerning the Fund Balance estimate. The documents he presented were "Financial Trends: General Fund Balance" and "General Fund Balance: Comparison of FY 2002 Actual and FY 2003 Projected".

Susan Fox-Kirk, Deputy Finance Director, participated in the presentation.

Mr. Quick said the Local Government Commission has set the criteria for the Fund Balance Ratio at 8%.

The FY 2002 Actual Fund Balance totals \$48,838,609, and the FY 2003 Projected Fund Balance totals \$57,441,750.23, an anticipated change of \$8,603,141.23.

The FY 2002 Actual Fund Balance Ratio is 11.30%, and the FY 2003 Projected Fund Balance Ratio is 14.37%, a 27% increase over last year.

County Attorney Chuck Kitchen spoke about Medicaid funding that the Area Mental Health Board is eligible to spend to support the Mental Health Department.

The Board of County Commissioners asked questions and made comments about the fund balance presentation.

Staff responded to the questions and comments.

County Manager Ruffin said that the County of Durham's fund balance in the multi-year plan would go to 15% to 20%. The County needs to develop a Fund Balance policy.

Chairman Reckhow directed the County Manager to work on the Fund Balance policy and bring it back for the Commissioners' consideration.

No official action was taken on this agenda item.

**Adjournment**

Chairman Reckhow adjourned the Budget Worksession at 3:15 p.m.

Respectfully submitted,

Garry E. Umstead, CMC  
Clerk to the Board