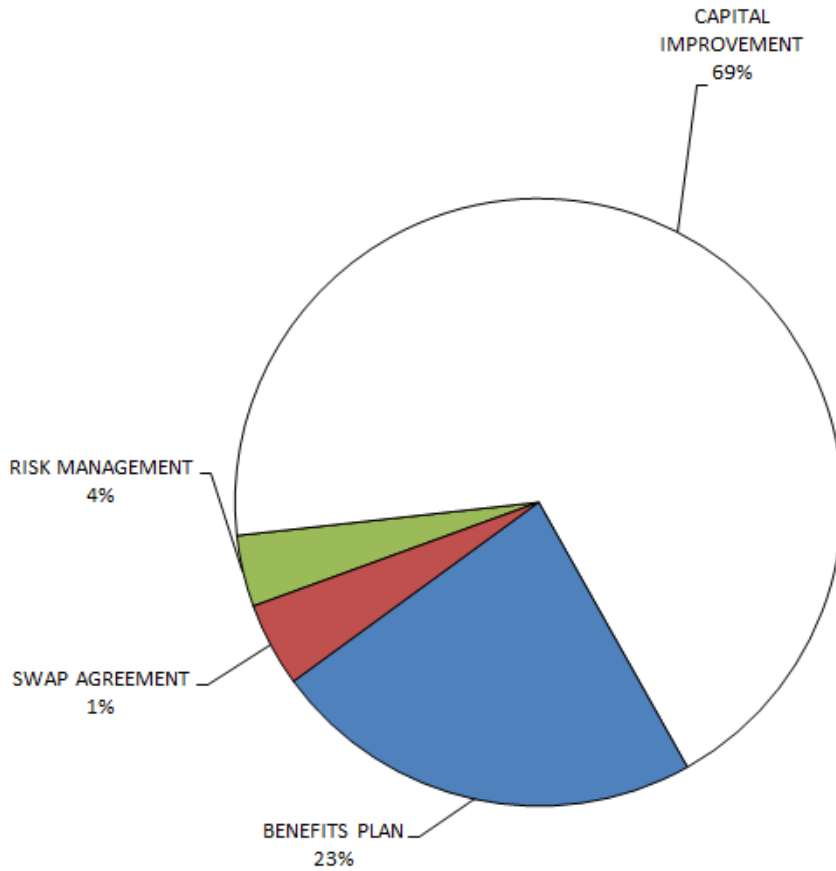


Other General Funds Approved Budget



Fund	2010-2011 Actual Expenditures	2011-2012 Original Budget	2011-2012 12 Month Estimate	2012-2013 Department Requested	2012-2013 Commissioner Approved
RISK MANAGEMENT	\$ 1,639,653	\$ 2,463,833	\$ 1,972,801	\$ 2,490,605	\$ 2,725,393
CAPITAL IMPROVEMENT	\$ 35,621,302	\$ 46,962,324	\$ 46,962,324	\$ 50,515,677	\$ 49,068,264
BENEFITS PLAN	\$ 15,385,184	\$ 16,078,660	\$ 15,978,660	\$ 16,488,494	\$ 16,526,908
SWAP AGREEMENT	\$ 750,000	\$ 1,803,000	\$ 1,701,200	\$ 2,203,000	\$ 3,203,000
MCO IMPLEMENTATION	\$ 0	\$ 0	\$ 8,000,000	\$ 0	\$ 0
Overall Result	\$ 53,396,139	\$ 67,307,817	\$ 74,614,985	\$ 71,697,776	\$ 71,523,565

RISK MANAGEMENT FUND

PROGRAM DESCRIPTION

The risk management function assists in protecting the employees, resources, operations and activities of Durham County from damage and/or loss for the least possible cost while still ensuring and maintaining the best interests of employees and citizens. This process is a coordinated and ongoing effort to identify, analyze and control the risk of accidental loss in which the county is exposed; arrange appropriate funding mechanisms for covered losses; and ensure the financial integrity of the county is not impaired should significant loss occur.

The safety component provides for development, organization, coordination, and implementation of safety programs and safety education and includes work-site inspections, hazard reduction/elimination, and accident/injury investigation, reporting and management.

2011-12 ACCOMPLISHMENTS

- Continued successful implementation of Departmental Worker Reassignment Strategy to reduce Workers' Compensation claims, resulting in a greatly mitigated number of claims being paid out.

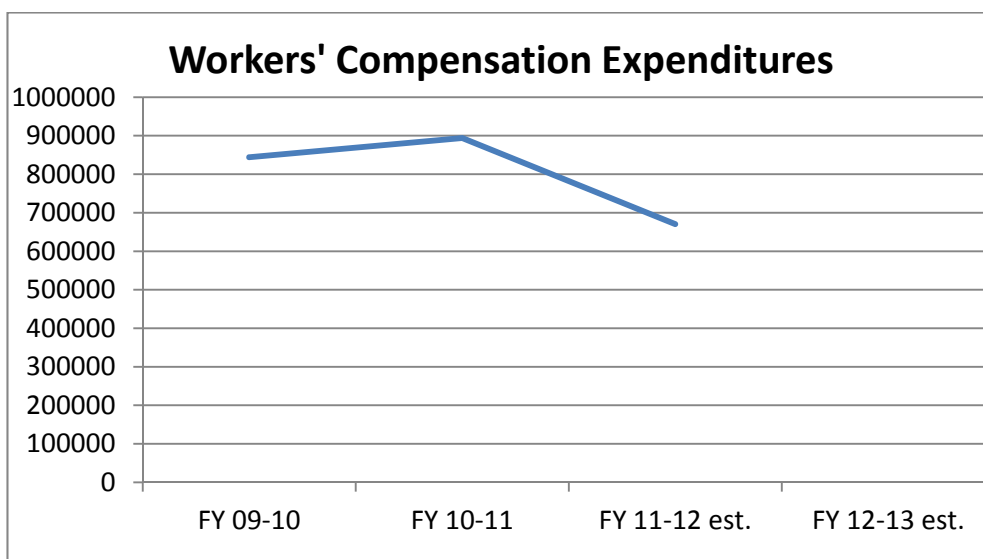
Risk Management Fund

Fund: 1001020000

Summary	2010-2011 Actual Exp/Rev	2011-2012 Original Budget	2011-2012 12 Month Estimate	2012-2013 Department Requested	2012-2013 Commissioner Approved
▽ <i>Expenditures</i>					
Personnel	\$167,769	\$165,306	\$166,191	\$174,537	\$174,537
Operating	\$1,471,884	\$2,298,527	\$1,806,610	\$2,316,068	\$2,316,068
Transfers	\$0	\$0	\$0	\$0	\$234,788
Total Expenditures	\$1,639,653	\$2,463,833	\$1,972,801	\$2,490,605	\$2,725,393
▽ <i>Revenues</i>					
Investment Income	\$24,894	\$2,874	\$6,049	\$0	\$0
Service Charges	\$2,460,959	\$2,460,959	\$2,460,959	\$2,490,605	\$2,490,605
Other Fin. Sources	\$0	\$0	\$0	\$0	\$234,788
Total Revenues	\$2,485,853	\$2,463,833	\$2,467,008	\$2,490,605	\$2,725,393
Net Expenditures	(\$846,200)	\$0	(\$494,207)	\$0	\$0
FTEs	2.00	2.00	2.00	2.00	2.00

2012-13 PERFORMANCE MEASURE

Performance Measure: Workers' Compensation Program



Why is this measure important to the overall goal or mission of the department? How does tracking this performance measure improve or help maintain a high level of service?

This fiscal year yielded a Workers' Compensation claim expenditure decrease of 23% of the average expenditure of the previous two fiscal years. Keeping these claims to a minimum saves County money and ultimately taxpayer dollars.

What initiatives or changes to programs in FY 2012-13 will the department take on in hopes to improve the overall performance of the related program or goal?

Continue higher scrutiny of case management on all Workers' Compensation claims and continue having departments utilize injured employees in light duty capacity as opposed to lost time from work.

SWAP FUND

PROGRAM DESCRIPTION

On July 30, 2004, the county entered into a floating, or basis swap, on \$125,810,000 of its outstanding fixed rate bonds. The notional amount of the swap agreement is equal to the par value of selected bonds. The swap agreement allows the county to make payments to the counterparty based on the taxable-equivalent Bond Market Association (BMA) index and for the counterparty to make reciprocal payments based on a floating rate priced at six-month LIBOR (London Interbank Offered Rate) plus a net amount of .952%. The agreement matures March 1, 2023. The balance in this fund is the reflection of this agreement, which calls for net payments to be made on March 15 and September 15 each year. Payments are accrued on a monthly basis and paid every six months.

The Board of County Commissioners established a policy requiring 50% of the savings be placed in a restricted account until such time the committed funds equal 110% of the liquidation value of the SWAP, and the balance available to support unrestricted needs. A total of \$10,900,400 has been received to date, of these funds, \$5,989,080 is unspent, and the majority of it is available as the liquidation value currently of the SWAP fund is almost zero. The county will get two new payments in FY 2012-13 (September 2012 and March 2013), and a conservative estimate is the county will receive \$2,203,000. Of the available SWAP fund balance, the county is appropriating \$1,000,000 to support increased debt service payments.

These budgeted funds will be transferred to the Debt Service Fund to support debt service payments on the loans earning this revenue.

SWAP Fund

Fund: 1001030000

Summary	2010-2011 Actual Exp/Rev	2011-2012 Original Budget	2011-2012 12 Month Estimate	2012-2013 Department Requested	2012-2013 Commissioner Approved
▼ <i>Expenditures</i>					
Operating	\$0	\$250,000	\$148,200	\$0	\$0
Transfers	\$750,000	\$1,553,000	\$1,553,000	\$2,203,000	\$3,203,000
Total Expenditures	\$750,000	\$1,803,000	\$1,701,200	\$2,203,000	\$3,203,000
▼ <i>Revenues</i>					
Investment Income	\$9,805	\$0	\$4,779	\$0	\$0
Other Revenues	\$2,071,849	\$900,000	\$1,803,000	\$2,203,000	\$2,203,000
Other Fin. Sources	\$0	\$903,000	\$0	\$0	\$1,000,000
Total Revenues	\$2,081,653	\$1,803,000	\$1,807,779	\$2,203,000	\$3,203,000
Net Expenditures	(\$1,331,653)	\$0	(\$106,579)	\$0	\$0

CAPITAL FINANCING PLAN FUND

PROGRAM DESCRIPTION

Concurrent with the 1986 bond referendum described in the Debt Service Fund section, the Board of County Commissioners established a Capital Financing Plan for the purpose of funding all major capital projects undertaken by the county. Revenues dedicated to the Capital Financing Plan are listed below with estimates for the upcoming fiscal year. In addition to debt service on general obligation bonds, these monies will be spent to retire debt associated with certificates of participation as well as to fund pay-as-you-go (county contribution) projects. Effective July 1, 1990, up to 20% of the fund's proceeds (computation limited to the first 5 cents of property taxes) could be dedicated to financing capital projects funded on a pay-as-you-go basis. The percentage dedicated to pay-as-you-go is 5.24% for FY 2012-13 in an effort to fund capital facility improvements. The long-range Capital Financing Plan can be found in the FY 2012-21 Capital Improvement Plan. Durham County's Capital Financing Policy follows.

Revenues	FY 2012-13
Property Taxes (5.94 cents)	\$17,656,044
One-half Cent Sales Taxes (Art. 40, 42, & 46)	\$22,986,983
Occupancy Taxes	\$2,125,000
Interest Earnings	\$10,000
Miscellaneous Revenue (American Tobacco)	\$392,218
Transfer from General Fund	\$3,898,019
Fund Balance	\$2,000,000
TOTAL RESOURCES	\$49,068,264

Expenditures	FY 2012-13
Transfer to Debt Service	\$47,708,264
County Contribution*	\$1,360,000
TOTAL EXPENDITURES	\$49,068,264
<i>*Projects funded with county contribution. These projects include: Admin. Bldg (Boiler replacement): \$500,000 Telecommunications Upgrade (VOIP): \$300,000 Open Space Land Acquisition: \$500,000 Hollow Rock: \$60,000</i>	

For FY 2012-13, the portion of the county-wide tax rate dedicated to the Capital Financing Plan is 5.94 cents, no increase from FY 2011-12.

Continued capital building activity (Human Services Complex, New Justice Center, Durham Public Schools) and the second issuance of 2007 GO Bonds are pushing a significant increase in the amount of debt service payment needed for FY 2012-13. Also one-time revenue sources that were available in FY 2011-12 are significantly reduced in FY 2012-13 (namely proceeds from the sale of the Carmichael Building). Continued growth in sales tax and occupancy tax revenue are being budgeted along with a portion of the new Article 46 sales tax (as defined in a Board of County Commissioners resolution), however they are not enough to make up for other lost revenue and increases in debt service, leaving a one-time General Fund transfer necessary to keep the property tax needed for debt service flat. A fiscal bright spot is the use of Capital Finance Fund fund balance (\$2,000,000) to support debt service payments. This fund balance is because of over collection of Capital Finance Fund dedicated revenue during FY 2011-12.

A graphical representation of the Capital Financing Plan Debt Funding is included in this section. For more information on bonded capital projects, debt service, debt limits and principal and interest payments, refer to the Debt Service Fund section of the budget.

Capital Financing Plan Fund

Fund: 1001250000

Summary	2010-2011 Actual Exp/Rev	2011-2012 Original Budget	2011-2012 12 Month Estimate	2012-2013 Department Requested	2012-2013 Commissioner Approved
▼ <i>Expenditures</i>					
Transfers	\$35,621,302	\$46,962,324	\$46,962,324	\$50,515,677	\$49,068,264
Total Expenditures	\$35,621,302	\$46,962,324	\$46,962,324	\$50,515,677	\$49,068,264
▼ <i>Revenues</i>					
Taxes	\$16,353,021	\$17,344,147	\$17,568,614	\$23,326,661	\$17,656,044
Investment Income	\$5,399	\$5,000	\$1,189	\$10,000	\$10,000
Rental Income	\$399,618	\$387,550	\$387,550	\$392,218	\$392,218
Other Fin. Sources	\$19,443,506	\$29,225,627	\$31,183,636	\$26,786,798	\$31,010,002
Total Revenues	\$36,201,544	\$46,962,324	\$49,140,989	\$50,515,677	\$49,068,264
Net Expenditures	(\$580,242)	\$0	(\$2,178,665)	\$0	\$0

DURHAM COUNTY CAPITAL FINANCING POLICY

Durham County recognizes the goal of the Capital Financing Policy is to provide for the adequate funding of the county's capital program while avoiding erratic increases and decreases in the county's property tax rate. Thus, a Capital Financing Plan for the payment of debt related to projects financed by long-term borrowing shall be updated annually.

The county currently dedicates the following revenues to the payment of debt and pay-as-you-go (county contribution) capital projects:

- Article 40 and Article 42 one-half cent sales taxes;
- County share of the Occupancy Tax; and
- County-wide property taxes.

The county reserves up to 20% of these annually-dedicated revenues for pay-as-you-go projects. In addition, the Pay-As-You-Go Policy restricts dedicated property tax revenue to 20% of a maximum of 5 cents, or 1 cent, in county-wide property taxes. The portion of annual revenues reserved for pay-as-you-go is 5.24% for the FY 2012-13 budget.

Investment earnings on unexpended debt proceeds shall be restricted to the payment of debt. Investment earnings on amounts restricted for the payment of debt and pay-as-you-go funds shall bear the same restrictions as the principal amounts generating these investment earnings.

Excess funds, if available, within the Debt Service Fund may be used to provide advance funding for capital projects pending bond sale. Such advances or loans would be repaid with interest based on the monthly yield of the North Carolina Cash Management Trust short-term investment fund.

This policy applies to the Board of County Commissioners and county administration and may be revised by the Board as it deems appropriate to meet the changing needs of the county for capital financing.

**RESOLUTION OF THE DURHAM COUNTY BOARD OF COMMISSIONERS AMENDING ITS POLICY
ON FINANCING CAPITAL PROJECTS**

WHEREAS, Durham County adopted on March 27, 1989, a policy setting forth that the county will annually update and review its capital needs and its plan for financing the payment of debt for projects financed by long-term borrowing; and

WHEREAS, Durham County recognizes that the goal of its capital financing policy is to provide for the adequate funding of the county's capital program while avoiding erratic increases and decreases in the county's property tax rate; and

WHEREAS, in an attempt to meet this goal, the Board identified in the policy certain sources of revenue to the county from which funds would be used for the satisfaction of the county's debt obligations; and

WHEREAS, this policy applies to the governing board and administration of the county and may be revised from time to time by the governing board as it deems appropriate to meet the changing needs of the county for capital financing:

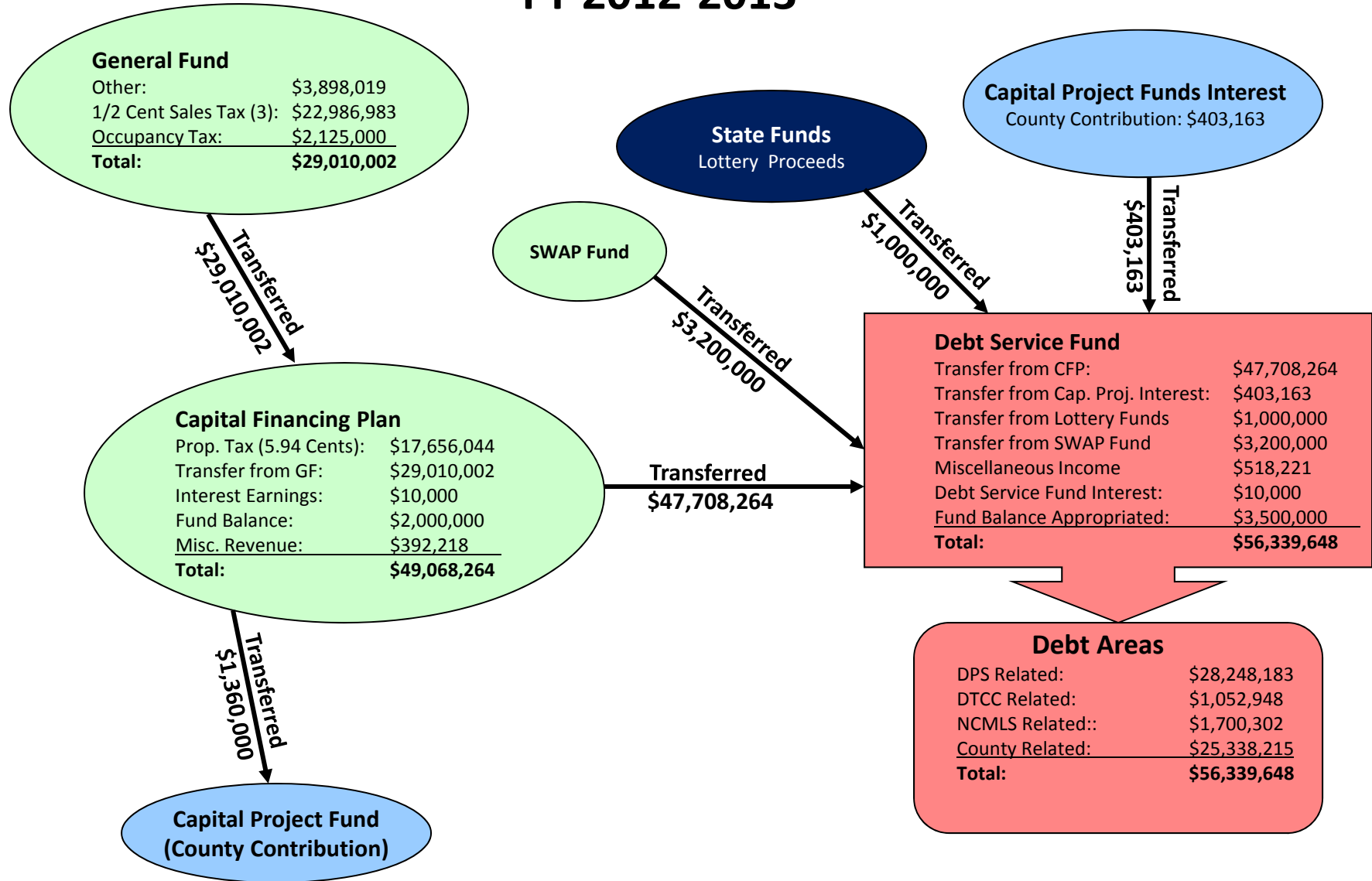
NOW, THEREFORE BE IT RESOLVED that the Board of Commissioners of Durham County hereby amends its policy of financing capital projects and capital project debt revised and approved on June 26, 2006 as follows:

The county will annually designate:

1. Article 40 and Article 42 one-half cent sales taxes,
2. The county's share of the occupancy tax,
3. Countywide property taxes,
4. In addition, dedicated property tax revenue to 20% of a maximum of five cents (or 1 cent) in countywide property taxes for pay-as-you-go projects.

AND BE IT FURTHER RESOLVED that all provisions of the policy adopted on March 27, 1989, which are not inconsistent with the provisions hereof remain in full force and effect.

Capital Improvement Plan Debt Funding FY 2012-2013



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BENEFITS PLAN FUND

PROGRAM DESCRIPTION

Durham County has a benefit plan that is partially self-funded. This plan allows for more effective and efficient management of health care costs for both the county and its employees. By retaining profits that would normally accrue to the administrator of a fully-insured plan, the county is able to provide a core plan for all employees that includes health, dental, vision and one time salary life insurance coverage for all employees and offers dependent coverage that more employees can afford.

For FY2013, the plan will be funded as follows: \$16,035,266 will be transferred from the General Fund, \$236,460 will be transferred from the Special Revenue Funds, and \$200,008 will be transferred from the Sewer Utility Enterprise Fund to the Benefits Plan Fund to cover the cost of the plan and \$55,174 for revenue received from Duke for 7 FTEs working with the Diabetes Coalition Project will be budgeted directly in the fund.

FY 2012-13 Benefits Plan Fund Budget

Health, Dental, Vision, Life and AD&D, COBRA,FMLA, FSA, Parking/Transportation	\$ 16,016,282
Wellness Clinic	\$ 378,164
Administration Expenses	\$ 132,462
TOTAL:	\$ 16,526,908

FY 2012-13 HIGHLIGHTS

- Wellness Clinic hours will be restored to 37½ per week, and employees will be able to be seen on the same day for colds, allergies, sore throats, and all of the normal reasons they would visit their primary care physician. However, when they present themselves at the Wellness Clinic, there will be no co-pay and employees may conveniently fill generic prescriptions written by Wellness Clinic staff at the Public Health Pharmacy just down the hall. The County's cost for these generics will be much lower since it will now benefit from the Public Health Pharmacy's ability to purchase medications at greatly discounted rates. This will further reduce insurance claims and help to fight the cost of increases in the healthcare insurance plan.
- Wellness Center contract increase of \$31,824.

Benefits Plan Fund

Fund: 1001500000

Summary	2010-2011 Actual Exp/Rev	2011-2012 Original Budget	2011-2012 12 Month Estimate	2012-2013 Department Requested	2012-2013 Commissioner Approved
▽ <i>Expenditures</i>					
Personnel	\$14,985,152	\$15,608,398	\$15,495,759	\$15,549,577	\$15,604,751
Operating	\$400,032	\$470,262	\$482,901	\$527,386	\$510,626
Transfers	\$0	\$0	\$0	\$411,531	\$411,531
Total Expenditures	\$15,385,184	\$16,078,660	\$15,978,660	\$16,488,494	\$16,526,908
▽ <i>Revenues</i>					
Intergovernmental	\$421,641	\$535,640	\$535,640	\$0	\$55,174
Investment Income	\$7,418	\$0	\$429	\$0	\$0
Other Revenues	(\$2,585)	\$0	\$0	\$0	\$0
Other Fin. Sources	\$14,976,873	\$15,543,020	\$15,612,580	\$16,488,494	\$16,471,734
Total Revenues	\$15,403,347	\$16,078,660	\$16,148,649	\$16,488,494	\$16,526,908
Net Expenditures	(\$18,163)	\$0	(\$169,989)	\$0	\$0

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