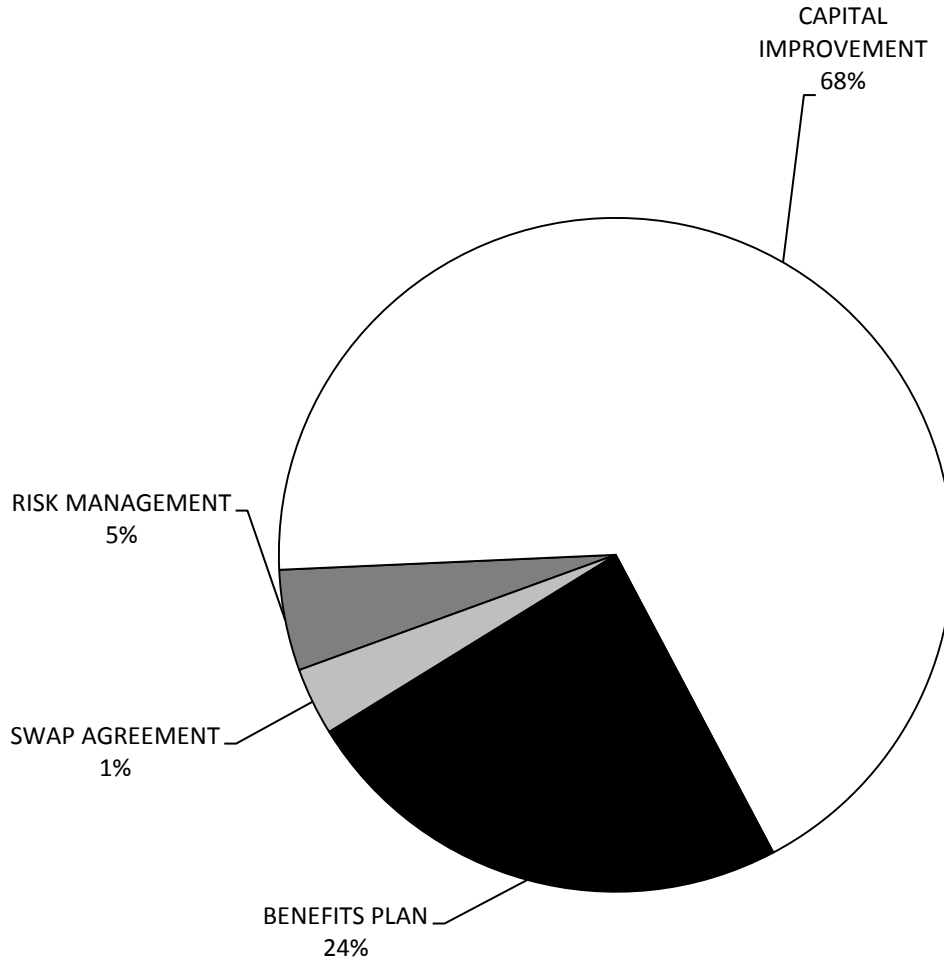




Other General Funds

These are funds that for accounting purposes are grouped with the general funds. They include the Risk Management Fund, Swap Fund, Capital Financing Fund, and the Benefits Plan Fund.

Other General Funds Approved Budget



Fund	2012-2013 Actual Expenditures	2013-2014 Original Budget	2013-2014 12 Month Estimate	2014-2015 Department Requested	2014-2015 Commissioner Approved
RISK MANAGEMENT	\$ 1,905,404	\$ 3,440,111	\$ 2,548,908	\$ 4,407,980	\$ 4,102,925
CAPITAL IMPROVEMENT	\$ 49,530,996	\$ 55,597,881	\$ 55,772,881	\$ 59,693,708	\$ 57,518,774
BENEFITS PLAN	\$ 18,072,988	\$ 19,414,926	\$ 20,236,331	\$ 20,264,695	\$ 20,264,695
SWAP AGREEMENT	\$ 3,200,000	\$ 4,811,041	\$ 4,808,041	\$ 2,750,000	\$ 2,750,000
MCO IMPLEMENTATION	\$ 5,496,953	\$ 0	\$ 0	\$ 0	\$ 0
Overall Result	\$ 78,206,340	\$ 83,263,959	\$ 83,366,161	\$ 87,116,383	\$ 84,636,394

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.

2013-14 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.

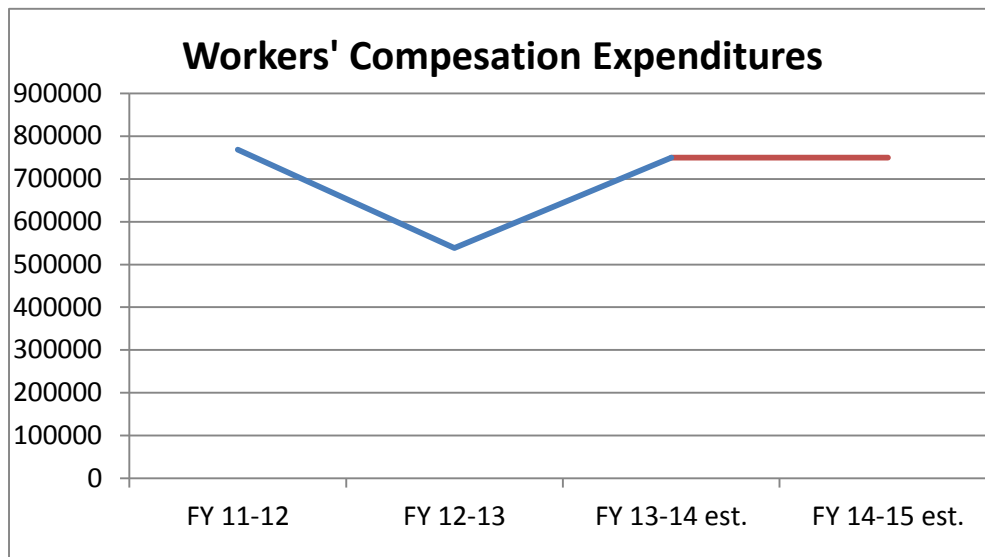
Risk Management Fund

Fund: 1001020000

Summary	2012-2013 Actual Exp/Rev	2013-2014 Original Budget	2013-2014 12 Month Estimate	2014-2015 Department Requested	2014-2015 Commissioner Approved
Expenditures					
Personnel	\$177,270	\$183,340	\$180,571	\$195,102	\$195,102
Operating	\$1,476,461	\$3,239,209	\$2,350,647	\$2,694,318	\$1,889,263
Transfers	\$251,673	\$17,562	\$17,690	\$1,518,560	\$2,018,560
Total Expenditures	\$1,905,404	\$3,440,111	\$2,548,908	\$4,407,980	\$4,102,925
Revenues					
Investment Income	\$16,751	\$0	\$6,089	\$5,057	\$2
Service Charges	\$2,490,605	\$2,790,111	\$2,790,111	\$2,902,923	\$2,102,923
Other Revenues	\$151,897	\$0	\$120,306	\$0	\$0
Other Fin. Sources	\$0	\$650,000	\$0	\$1,500,000	\$2,000,000
Total Revenues	\$2,659,253	\$3,440,111	\$2,916,506	\$4,407,980	\$4,102,925
Net Expenditures	(\$753,849)	\$0	(\$367,598)	\$0	\$0
FTEs	2.00	2.00	2.00	2.00	2.00

2014-15 PERFORMANCE MEASURES

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 the Workers' Compensation claim expenditure remained level from the previous fiscal year. Keeping these claims to a minimum saves County money and ultimately taxpayer dollars

What initiatives or changes to programs in 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 \$17,319,810 has been received to date; of these funds, \$4,468,044 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 2014-15 (September 2014 and March 2015), and a conservative estimate is the county will receive \$2,750,000. These budgeted funds are normally transferred to the Debt Service Fund to support debt service payments on the loans earning this revenue, however for FY 2014-15 the funds will accrue to support debt service payments in future years, helping keep the amount of property tax revenue needed for debt service to a minimum.

SWAP Fund

Fund: 1001030000

Summary	2012-2013 Actual Exp/Rev	2013-2014 Original Budget	2013-2014 12 Month Estimate	2014-2015 Department Requested	2014-2015 Commissioner Approved
▼ <i>Expenditures</i>					
Transfers	\$3,200,000	\$4,811,041	\$4,808,041	\$2,750,000	\$2,750,000
Total Expenditures	\$3,200,000	\$4,811,041	\$4,808,041	\$2,750,000	\$2,750,000
▼ <i>Revenues</i>					
Investment Income	\$4,864	\$3,000	\$3,000	\$0	\$0
Other Revenues	\$3,430,234	\$3,000,000	\$3,050,000	\$2,750,000	\$2,750,000
Other Fin. Sources	\$0	\$1,808,041	\$0	\$0	\$0
Total Revenues	\$3,435,099	\$4,811,041	\$3,053,000	\$2,750,000	\$2,750,000
Net Expenditures	(\$235,099)	\$0	\$1,755,041	\$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 12.12% for FY 2014-15 in an effort to fund capital facility improvements. The long-range Capital Financing Plan can be found in the FY 2014-23 Capital Improvement Plan. Durham County's Capital Financing Policy follows.

Revenues	FY 2014-15
Property Taxes (9.32 cents)	\$29,033,897
Prior Year Taxes	\$53,800
One-half Cent Sales Taxes (Art. 40, 42, & 46)	\$24,698,723
Occupancy Taxes	\$2,500,000
Interest Earnings	\$10,000
Miscellaneous Revenue (American Tobacco)	\$523,929
Transfer from General Fund	\$401,500
Fund Balance	\$296,925
TOTAL RESOURCES	\$57,518,774

Expenditures	FY 2014-15
Motor Vehicle Tax Collection Fees (State)	\$53,800
Transfer to Debt Service	\$54,075,127
County Contribution*	\$3,389,847
TOTAL EXPENDITURES	\$57,518,774

**Projects funded with county contribution. These projects include:
Administration Building Refurbishment: \$531,744
Downtown Parking Deck: \$250,000
Ongoing Roof Replacement : \$1,864,550
Ongoing Parking Resurfacing: \$243,553
Open Space & Farmland Acquisition: \$500,000*

For FY 2014-15, the portion of the county-wide tax rate dedicated to the Capital Financing Plan is 9.32 cents, a 0.38 cent increase from FY 2013-14.

Largely driving the increase in property tax needed is increased support of debt service related to the third issuance of 2007 General Obligation bonds (\$51.05 million) and a significant increase in county contribution for various capital projects. Also one-time revenue sources that were available in FY 2013-14 are significantly reduced in FY 2014-15 (SWAP Fund and Capital Financing Fund one time support). 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, necessitating a 0.38 cent property tax rate increase to supply the funds to support debt service. A fiscal bright spot is the future planned use of available dedicated fund balances (savings accounts) and other revenue sources to keep the property tax rate dedicated for capital and debt support flat for the next several years. This is based on the current set of projects and their planned timing as set in the FY 2014-23 10 Year Capital Improvement Plan (CIP). Any unexpected changes to the CIP may cause changes in the amount of property tax needed to support the plan and its corresponding debt service.

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	2012-2013 Actual Exp/Rev	2013-2014 Original Budget	2013-2014 12 Month Estimate	2014-2015 Department Requested	2014-2015 Commissioner Approved
▼ <i>Expenditures</i>					
Operating	\$462,732	\$0	\$25,000	\$53,800	\$53,800
Transfers	\$49,068,264	\$55,597,881	\$55,747,881	\$59,639,908	\$57,464,974
Total Expenditures	\$49,530,996	\$55,597,881	\$55,772,881	\$59,693,708	\$57,518,774
▼ <i>Revenues</i>					
Taxes	\$18,324,291	\$27,154,480	\$27,753,549	\$31,188,038	\$29,087,697
Investment Income	\$4,031	\$10,000	\$10,000	\$10,000	\$10,000
Rental Income	\$431,614	\$423,929	\$423,929	\$423,929	\$523,929
Other Fin. Sources	\$31,074,981	\$28,009,472	\$27,585,403	\$28,071,741	\$27,897,148
Total Revenues	\$49,834,917	\$55,597,881	\$55,772,881	\$59,693,708	\$57,518,774
Net Expenditures	(\$303,921)	\$0	(\$0)	\$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 12.12% for the FY 2014-15 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.

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Capital Improvement Plan Debt Funding

FY 2014-2015

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General Fund	
Other:	\$401,500
Sales Tax (40):	\$10,137,717
Sales Tax (42):	\$12,211,133
Sales Tax (46):	\$2,349,873
<u>Occupancy Tax:</u>	<u>\$2,500,000</u>
Total:	\$27,600,223

Transferred
\$27,600,223

Community Health Trust Fund	
Fund Balance:	\$4,287,820

Transferred
\$4,287,820

Capital Project Funds	
Lottery Proceeds:	\$1,400,000
Other Project Funds:	\$20,000

Transferred
\$1,420,000

Capital Financing Plan	
Prop. Tax (9.32 Cents):	\$29,033,897
Prior Year Taxes:	\$53,800
Transfer from GF:	\$27,600,223
Interest Earnings:	\$10,000
Fund Balance:	\$296,925
<u>Misc. Revenue:</u>	<u>\$523,929</u>
Total:	\$57,518,744

Transferred
\$54,075,127

Transferred
3,389,847

Capital Project Fund (County Contribution)	

- Projects funded with county contribution:
- Admin. Building Refurb: \$531,744
 - Downtown Parking Deck: \$250,000
 - Ongoing Roof Replacement : \$1,864,550
 - Ongoing Parking Resurfacing: \$243,553
 - Open Space & Farmland: \$500,000

Debt Service Fund	
Transfer from CFP:	\$54,075,127
Transfer from Cap. Project Funds	\$1,420,000
Transfer from Comm. Hlth Tr. Fund	\$4,287,820
Miscellaneous Income	\$368,221
Debt Service Fund Interest:	\$15,000
<u>Justice Center Parking Deck Rev:</u>	<u>\$400,000</u>
Total:	\$60,566,168

Debt Areas	
DPS Related:	\$30,114,672
DTCC Related:	\$1,044,066
NCMLS Related::	\$1,544,043
<u>County Related:</u>	<u>\$27,863,387</u>
Total:	\$60,566,168

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.

Beginning in the third quarter of FY2013, The County’s financial system was reconfigured to account for the self-insured benefits more efficiently. This improvement allows for better analysis and tracking of how both the health and dental plans are performing. With this change, in the payroll process the County contribution and the employee/retiree contribution will automatically post as funding sources.

The Fund Balance Policy was also revised so that unspent funds for the self-insured benefits (i.e. Health and Dental) can only be used as funding for these benefits and will be committed in the County’s fund balance. By committing these unspent funds in the County’s fund balance and establishing this process in amending the County’s Fund Balance Policy, the Board added stronger internal controls to further ensure compliance. In order to be in compliance, the County is required to perform an annual review of the performance of the self-insured benefits and the reserves for these benefits.

For FY2015, the plan will be funded as follows: Funds will be transferred to the Benefits Plan Fund to cover the cost of the plan: \$16,238,787 will be transferred from the General Fund; \$204,160 will be transferred from the Sewer Utility Enterprise Fund for employees that reside in that fund; \$18,559 will be transferred from the Risk Management Fund for employees that reside in that fund; \$2,963,524 funding source for employee contributions booked directly to the Benefits Plan Fund and a \$839,665 fund balance appropriation of unassigned fund balance for non-self-funded benefits (i.e. vision, life ins., wellness clinic, and administration fees)

FY 2014-15 Benefits Plan Fund Budget

Health	\$17,335,731
Dental	\$1,904,429
Vision	\$318,477
Life Insurance	\$180,000
Wellness Clinic HealthSTAT	\$445,458
Plan Administration Fees	\$80,600
Total Expenditures:	\$20,264,695
Less Employee/Retiree Contribution Health	\$2,199,496
Less Employee/Retiree Contribution Dental	\$764,028
Utility Fund Indirect Cost Charge for Service	\$204,160
Total County Funding	\$17,097,011

Benefits Plan Fund

Fund: 1001500000

Summary	2012-2013 Actual Exp/Rev	2013-2014 Original Budget	2013-2014 12 Month Estimate	2014-2015 Department Requested	2014-2015 Commissioner Approved
▼ <i>Expenditures</i>					
Personnel	\$17,614,675	\$18,853,407	\$19,691,844	\$19,738,637	\$19,738,637
Operating	\$458,313	\$561,519	\$544,487	\$526,058	\$526,058
Total Expenditures	\$18,072,988	\$19,414,926	\$20,236,331	\$20,264,695	\$20,264,695
▼ <i>Revenues</i>					
Intergovernmental	\$55,174	\$0	\$0	\$0	\$0
Investment Income	\$7,548	\$0	\$2,735	\$0	\$0
Service Charges	\$0	\$0	\$1,797	\$0	\$204,160
Other Revenues	\$3,247,431	\$2,869,770	\$2,749,625	\$2,963,524	\$2,963,524
Other Fin. Sources	\$16,459,587	\$16,545,156	\$15,489,003	\$17,301,171	\$17,097,011
Total Revenues	\$19,769,740	\$19,414,926	\$18,243,160	\$20,264,695	\$20,264,695
Net Expenditures	(\$1,696,752)	\$0	\$1,993,171	\$0	\$0

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