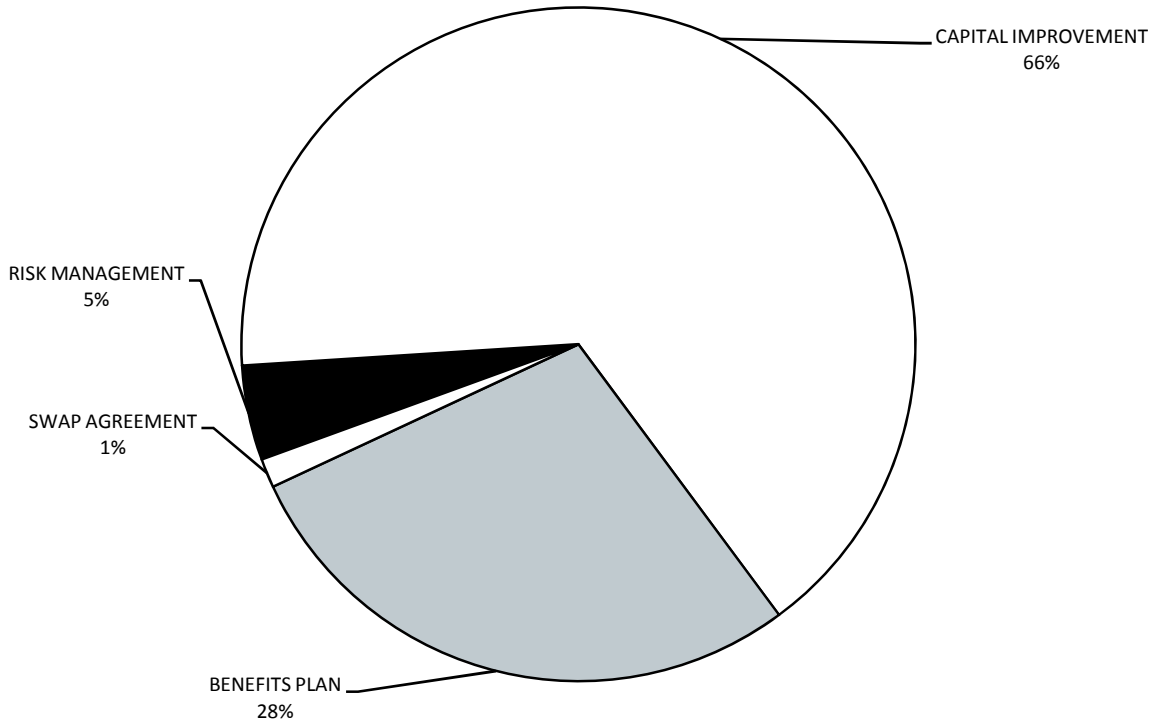


## Other General Funds Approved Budget



Fund	2008-2009 Actual Expenditures	2009-2010 Original Budget	2009-2010 12 Month Estimate	2010-2011 Department Requested	2010-2011 Commissioner Approved
RISK MANAGEMENT	\$ 1,669,379	\$ 2,430,287	\$ 2,429,817	\$ 2,463,115	\$2,463,115
CAPITAL IMPROVEMENT	\$ 35,862,105	\$ 38,385,437	\$ 38,385,437	\$ 43,123,385	\$35,621,302
BENEFITS PLAN	\$ 1,205,441	\$ 12,937,614	\$ 12,563,980	\$ 15,294,487	\$15,261,793
SWAP AGREEMENT	\$ 700,000	\$ 550,000	\$ 670,000	\$ 550,000	\$750,000
<b>Overall Result</b>	<b>\$ 39,436,925</b>	<b>\$ 54,303,338</b>	<b>\$ 54,049,234</b>	<b>\$ 61,430,987</b>	<b>\$54,096,210</b>

# RISK MANAGEMENT FUND

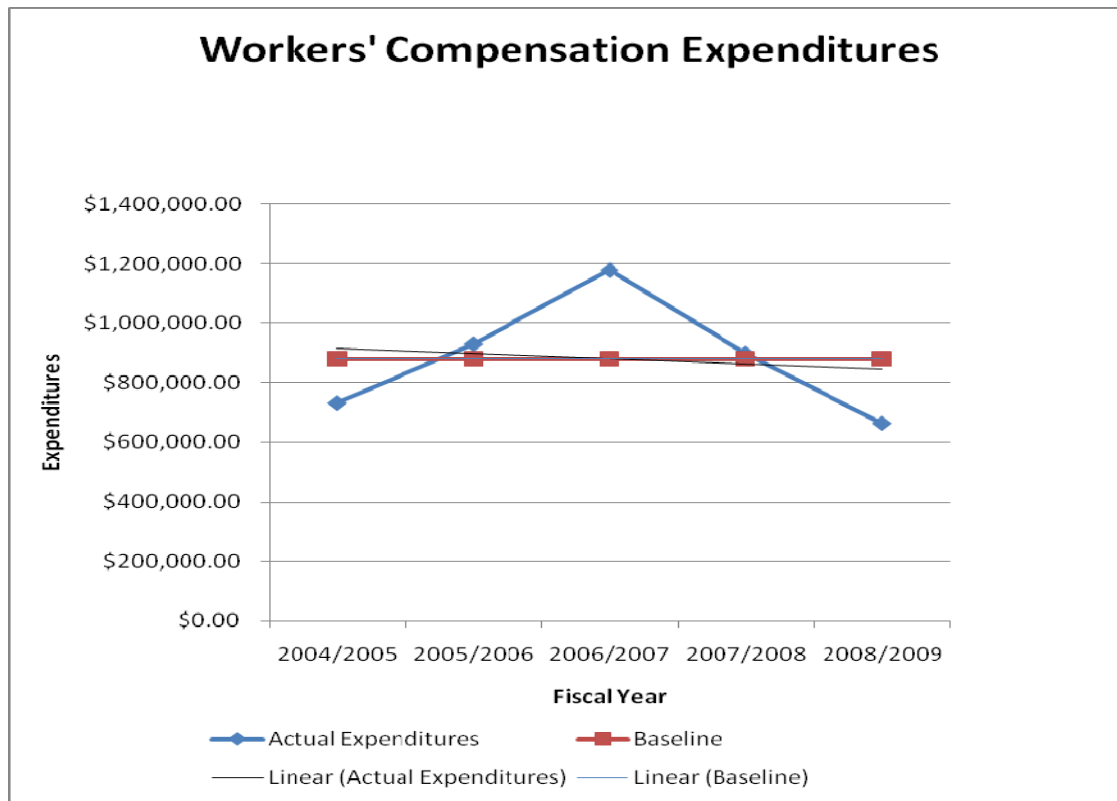
## PROGRAM DESCRIPTION

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.

## 2010-11 PERFORMANCE MEASURES

**Performance Measure:** Workers' Compensation Program



### Story Behind the Last Two Years of Performance

The number of overall injuries has decreased from last year. The number of back injuries, which generally yields the highest cost, has decreased from last year significantly. The overall Workers' Compensation payouts have decreased by approximately 56% over the past two years.

### Strategies: What do you propose to do to improve program performance?

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.

# Risk Management Fund

Fund: 1001020000

Summary	2008-2009 Actual Exp/Rev	2009-2010 Original Budget	2009-2010 12 Month Estimate	2010-2011 Department Requested	2010-2011 Commissioner Approved
▽ <i>Expenditures</i>					
Personnel	\$171,127	\$161,781	\$160,593	\$164,588	\$164,588
Operating	\$1,436,230	\$2,268,506	\$2,269,224	\$2,298,527	\$2,298,527
Transfers	\$62,022	\$0	\$0	\$0	\$0
<b>Total Expenditures</b>	<b>\$1,669,379</b>	<b>\$2,430,287</b>	<b>\$2,429,817</b>	<b>\$2,463,115</b>	<b>\$2,463,115</b>
▽ <i>Revenues</i>					
Investment Income	\$156,818	\$4,052	\$27,839	\$2,156	\$2,156
Service Charges	\$2,433,429	\$2,426,235	\$2,426,236	\$2,460,959	\$2,460,959
Other Revenues	\$225,743	\$0	\$0	\$0	\$0
<b>Total Revenues</b>	<b>\$2,815,990</b>	<b>\$2,430,287</b>	<b>\$2,454,075</b>	<b>\$2,463,115</b>	<b>\$2,463,115</b>
<b>Net Expenditures</b>	<b>(\$1,146,612)</b>	<b>\$0</b>	<b>(\$24,258)</b>	<b>\$0</b>	<b>\$0</b>
FTEs	2.00	2.00	2.00	2.00	2.00

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# SWAP FUND

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## 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 and the balance available to support unrestricted needs. A total of \$6,843,755 has been received to date. Of these funds, \$3,421,877 is restricted and \$2,358,319 was budgeted in prior years, leaving a balance of \$1,063,558 available from previous years to be budgeted. The county will get two payments in FY 2010-11 (September 2010 and March 2011), and a conservative estimate is the county will receive \$1,500,000. However, in order to let this fund grow and have larger amounts available for the Capital Improvement Plan in future years, only \$750,000 of the total available amount is budgeted.

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	2008-2009 Actual Exp/Rev	2009-2010 Original Budget	2009-2010 12 Month Estimate	2010-2011 Department Requested	2010-2011 Commissioner Approved
▽ <i>Expenditures</i>					
Operating	\$0	\$0	\$120,000	\$0	\$0
Transfers	\$700,000	\$550,000	\$550,000	\$550,000	\$750,000
<b>Total Expenditures</b>	<b>\$700,000</b>	<b>\$550,000</b>	<b>\$670,000</b>	<b>\$550,000</b>	<b>\$750,000</b>
▽ <i>Revenues</i>					
Investment Income	\$12,184	\$0	\$5,871	\$0	\$0
Other Revenues	\$1,205,274	\$550,000	\$2,639,306	\$550,000	\$750,000
<b>Total Revenues</b>	<b>\$1,217,459</b>	<b>\$550,000</b>	<b>\$2,645,177</b>	<b>\$550,000</b>	<b>\$750,000</b>
<b>Net Expenditures</b>	<b>(\$517,459)</b>	<b>\$0</b>	<b>(\$1,975,177)</b>	<b>\$0</b>	<b>\$0</b>

# 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 2.66% for FY 2010-11 in an effort to fund capital facility improvements. The long-range Capital Financing Plan can be found in the FY 2010-19 Capital Improvement Plan. Durham County's Capital Financing Policy follows.

Revenues	FY 2010-11
Property Taxes (5.48 cents)	\$15,770,051
One-half Cent Sales Taxes (Art. 40 & 42)	\$17,473,506
Occupancy Taxes	\$1,970,000
Interest Earnings	\$25,000
Miscellaneous Revenue (American Tobacco)	\$382,745
Fund Balance	\$0
<b>TOTAL RESOURCES</b>	<b>\$35,621,302</b>

Expenditures	FY 2010-11
Transfer to Debt Service	\$34,721,302
County Contribution*	\$900,000
<b>TOTAL EXPENDITURES</b>	<b>\$35,621,302</b>
<i>*Projects funded with county contribution. These projects include:</i>	
<i>Open Space Land Acquisition: \$850,000</i>	
<i>New Hope Creek/Hollow Rock: \$50,000</i>	

For FY 2010-11, the portion of the county-wide tax rate dedicated to the Capital Financing Plan is 5.48 cents, an increase of 0.71 cents from FY 2009-10.

Due to increasing capital building activity (Human Services Complex, New Justice Center, Durham Public Schools) there was a significant increase in the amount of debt service payment needed for FY 2010-11. Also several onetime revenue sources that were available in FY 2009-10 are not available in FY 2010-11. Finally, with lower sales tax and occupancy tax revenue as well as lower interest income added to the mix of increased expenditures and lower revenues, the only available recourse to service known and new debt is increased property tax. One bright spot is an increase in collected state lottery funds and an agreement with Durham Public Schools, which allows \$6,070,000 to support Durham Public Schools' debt service payments.

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	2008-2009 Actual Exp/Rev	2009-2010 Original Budget	2009-2010 12 Month Estimate	2010-2011 Department Requested	2010-2011 Commissioner Approved
▽ <i>Expenditures</i>					
Transfers	\$35,862,105	\$38,385,437	\$38,385,437	\$43,123,385	\$35,621,302
<b>Total Expenditures</b>	<b>\$35,862,105</b>	<b>\$38,385,437</b>	<b>\$38,385,437</b>	<b>\$43,123,385</b>	<b>\$35,621,302</b>
▽ <i>Revenues</i>					
Taxes	\$13,984,718	\$13,545,488	\$13,842,488	\$22,343,757	\$15,770,051
Investment Income	\$83,587	\$100,000	\$8,022	\$25,000	\$25,000
Rental Income	\$401,649	\$391,257	\$391,257	\$382,745	\$382,745
Other Revenues	\$0	\$1,800,000	\$1,650,000	\$0	\$0
Other Fin. Sources	\$20,295,430	\$22,548,692	\$20,371,883	\$20,371,883	\$19,443,506
<b>Total Revenues</b>	<b>\$34,765,384</b>	<b>\$38,385,437</b>	<b>\$36,263,650</b>	<b>\$43,123,385</b>	<b>\$35,621,302</b>
<b>Net Expenditures</b>	<b>\$1,096,721</b>	<b>\$0</b>	<b>\$2,121,787</b>	<b>\$0</b>	<b>\$0</b>

## **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 2.66% for the FY 2010-11 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:

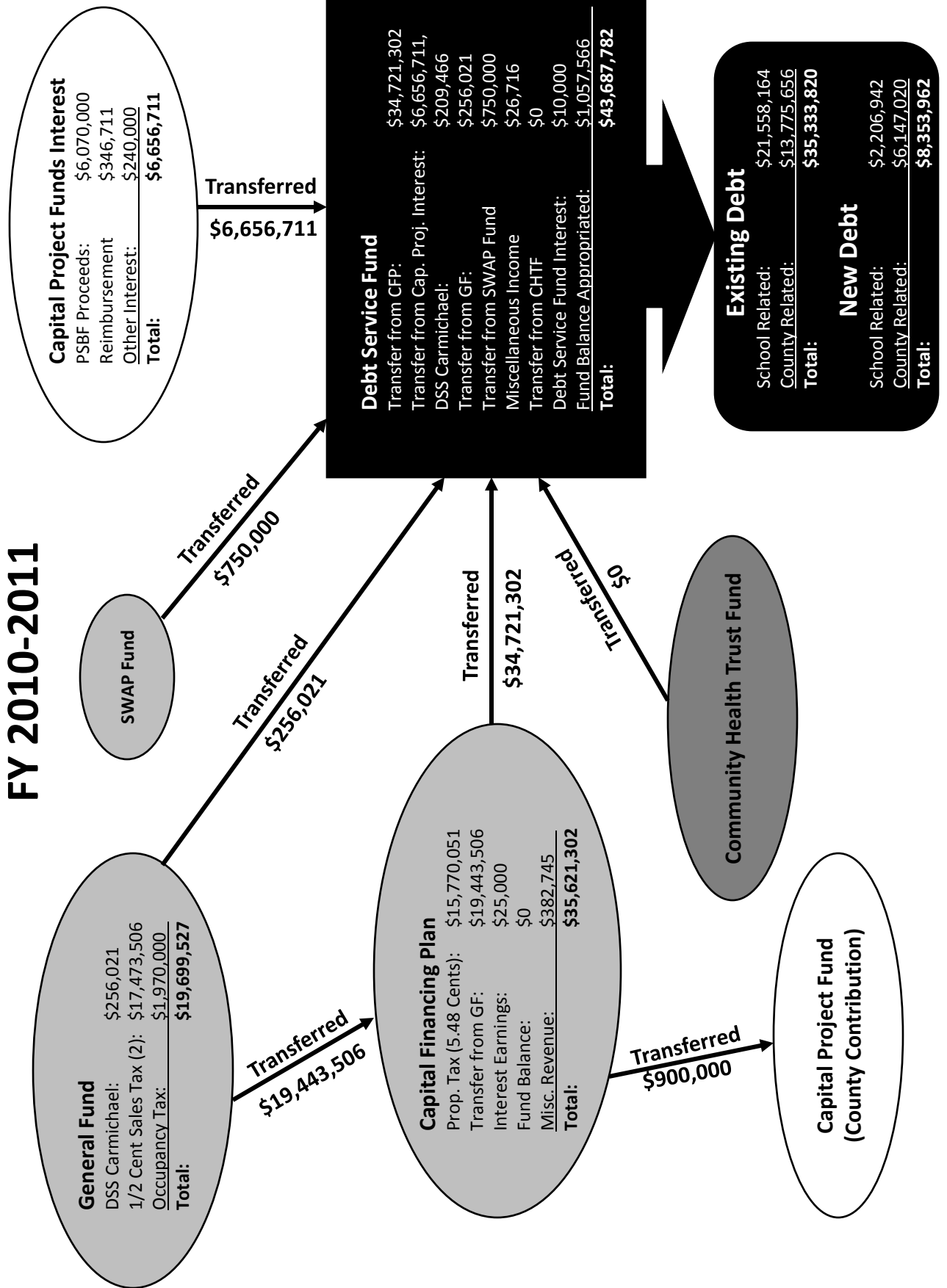
The county will annually designate:

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 2010-2011



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# BENEFITS PLAN FUND

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## 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 FY2011, the plan will be funded as follows: \$14,166,226 will be transferred from the General Fund, \$214,530 will be transferred from the Special Revenue Fund, \$150,171 will be transferred from the Enterprise Fund, and \$349,086 will be transferred from the Community Health Trust Fund to the Benefits Plan Fund to cover the cost of the plan. \$381,780 of the Mental Health LME revenue allocation will be budgeted directly in the in the Benefits Plan Fund to cover benefits costs for these employees.

Note: This fund was previously named Cafeteria Plan Fund. The name was changed to reflect the county's discontinuation of the cafeteria-style benefits package.

### FY 2010-11 Benefits Plan Fund Budget

Health, Dental, Vision, Life & AD&D, COBRA/FSA/HAS/Parking/Transportation	\$ 14,528,783
Wellness Clinic	\$ 315,592
Administration Expenses	\$ 68,332
Reserved for Future Needs	\$ 349,086
TOTAL:	\$ 15,261,793

# Benefits Plan Fund

Fund: 1001500000

Summary	2008-2009 Actual Exp/Rev	2009-2010 Original Budget	2009-2010 12 Month Estimate	2010-2011 Department Requested	2010-2011 Commissioner Approved
▽ <i>Expenditures</i>					
Personnel	\$1,111,585	\$12,521,676	\$12,163,656	\$14,528,783	\$14,528,783
Operating	\$93,856	\$415,938	\$400,324	\$383,924	\$383,924
Transfers	\$0	\$0	\$0	\$381,780	\$349,086
<b>Total Expenditures</b>	<b>\$1,205,441</b>	<b>\$12,937,614</b>	<b>\$12,563,980</b>	<b>\$15,294,487</b>	<b>\$15,261,793</b>
▽ <i>Revenues</i>					
Intergovernmental	\$219	\$0	\$0	\$381,780	\$381,780
Contrib. & Donations	\$620	\$0	\$0	\$0	\$0
Investment Income	\$23,843	\$0	\$10,000	\$0	\$0
Other Revenues	\$576	\$0	\$0	\$0	\$0
Other Fin. Sources	\$1,416,449	\$12,937,614	\$12,937,614	\$14,912,707	\$14,880,013
<b>Total Revenues</b>	<b>\$1,441,707</b>	<b>\$12,937,614</b>	<b>\$12,947,614</b>	<b>\$15,294,487</b>	<b>\$15,261,793</b>
<b>Net Expenditures</b>	<b>(\$236,266)</b>	<b>\$0</b>	<b>(\$383,634)</b>	<b>\$0</b>	<b>\$0</b>
FTEs	0.00	0.00	0.00	0.00	0.00

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