

County of Durham, North Carolina

A Comprehensive  
Annual  
Financial Report



For year ended June 30, 2009

# **County of Durham, North Carolina**



## **Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009**

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**Prepared by the Durham County Finance Department**

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## **INTRODUCTORY SECTION**



## *Letter of Transmittal*

October 27, 2009

Honorable Chairman and Members of the Board of County Commissioners  
Durham County  
Durham, North Carolina

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Durham County for the fiscal year ended June 30, 2009.

This report consists of management's representations concerning the finances of Durham County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Durham County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Durham County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Durham County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County of Durham's financial statements have been audited by Cherry, Bekaert & Holland, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County of Durham for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor



concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion and that the County of Durham's financial statements for the fiscal year ended June 30, 2009 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act, the US Office of Management and Budget Circular A-133, "*Audits of State and Local Governments*," and North Carolina state law for state funds. Information related to this single audit, including the schedule of financial assistance, findings and questioned costs, and the independent auditor's report on the internal control structure and compliance with applicable laws and regulations are presented in a separate document.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County of Durham's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

Durham County, incorporated in 1881, is located in the piedmont part of the state, which is considered to be the top growth area in the State, and one of the top growth areas in the country. Durham County currently occupies a land area of 299 square miles and serves a population of 265,670. Durham County is empowered to levy a property tax on both real and personal properties located within its boundaries.

Durham County has operated under the commissioner-manager form of government since 1930. Policy-making and legislative authority are vested in a governing board consisting of the chairman, vice-chairman and three other members. The governing board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the government's manager (county manager), attorney and tax administrator. The county manager is responsible for carrying out the policies and ordinances of the governing board, for overseeing the day-to-day operations of the government, and for hiring the heads of the various departments. Effective with the 2004 election, the board members currently serve four-year terms. The chairman and the vice-chairman of the board are voted upon by the board in their first meeting which is in December after being sworn into office.

Durham County provides a full range of services, including sheriff and fire protection, emergency medical, human services (public health, mental health and social services), elections, register of deeds, animal control, youth home, criminal justice and cultural and recreational. Funding is provided for educational services of the Durham Public Schools and Durham Technical Community College. Also, the County funds services provided in conjunction with the City of Durham through interlocal agreements including economic and physical development, emergency communications, environmental engineering and inspections. Solid waste services are provided through contracting with a private company.

In accordance with standards of the Governmental Accounting Standards Board (GASB) defining the governmental reporting entity, this report includes all funds and component units (except as noted below) that are controlled by or are dependent on the County's governing body. Component units are legally separate entities for which Durham County is financially accountable. The Durham County Board of Alcoholic Beverage Control (ABC Board) is a component unit of Durham County. The ABC Board is presented as a proprietary fund. Additional information on the ABC Board can be found in Note A.1 in the notes to the financial statements. The Durham County Industrial Facility and Pollution Control Financing Authority (the "Authority") exists to issue and service revenue bond debt for private businesses for economic development purposes. The Authority is governed by a seven-member board, all of whom are appointed by the County Commissioners. The County can remove any board member of the Authority with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the financial statements. The Authority does not issue separate financial statements. Other governmental type entities within the County which have substantial autonomy and separate governmental characteristics are the Durham Public School Administrative Unit, Durham Technical Community College, Raleigh-Durham Airport Authority, the Special Airport District of Durham and Wake Counties, Triangle J Council of Governments, Triangle Transit Authority, Durham and Wake Counties Research and Production Service District and Advisory Committee, Durham Convention and Visitors Bureau and the Durham Civic Center Authority. These entities have not met the established criteria for inclusion in the reporting entity, and accordingly are excluded from this report.

The annual budget serves as the foundation for Durham County's financial planning and control. All agencies of Durham County are required to submit requests for appropriation to the county manager on or before March 15<sup>th</sup> of each year. The county manager uses these requests as the starting point for developing a proposed budget. The county manager then presents this proposed budget to the commissioners for review prior to May 31<sup>st</sup> of each year. The board is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, the close of Durham County's fiscal year. The adopted budget is prepared by fund, function (e.g., public safety), and department (e.g., sheriff). However, the appropriations are formally budgeted and approved on a functional basis. Budget-to-actual comparisons are provided for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 35 as part of the basic financial statements for the governmental funds. For nonmajor governmental funds, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 113.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County of Durham operates.

## **Local Economy**

### **Economic Development**

Durham County has an expanding, diversified economy with a strong foundation in electronics, metallurgy, telecommunications, health care, and medical related industries. The City of Durham, the County's major municipality, is known as the City of Medicine because of the significant impact that biotechnology, health care and other medical related industries have on the economic base.

The County possesses a variety of technical resources and intellectual assets such as three nationally renowned doctoral based research universities with a strong entrepreneurial focus located in the region, state funded research centers in biotechnology and microelectronics, and a strong business support system. Close collaboration between the academic and business communities fosters a free flowing exchange of information and ideas beneficial to both groups. In November, 2008, the Durham MSA was ranked eighth in *Forbes'* "Most Educated City in America".

Construction of new facilities and expansion of others is testimony to the fact that Durham is a nurturing environment for start-up companies and for more established companies. Many companies from various regions of the US as well as other countries have moved their headquarters here to take advantage of the County's diverse resources in an environment that fosters business development. Business expansions announced in 2008 totaled over \$723 million, with plans to create over 1,200 new jobs in the County.

The diversity of industries represented in the County and its strong emphasis on business development through research and development has brought national recognition to the area. Such recognition continues in the face of the nationwide economic downturn: in October, 2008, *BusinessWeek* ranked Durham as the #3 "US City to Ride out a Recession."

### **Research and Development**

Durham is located at the pinnacle of North Carolina's famous Research Triangle Park, formed in 1959 by business leaders, government officials and leaders from Duke University of Durham, North Carolina State University in Raleigh and the University of North Carolina at Chapel Hill. The Research Triangle Park (RTP) consists of 7,000 acres of land, 95% of its corporate enterprises are located in Durham County. In its fiftieth year, RTP is the largest and longest-operating research park in the county. RTP is the nation's largest and most successful research and development-oriented business park. The more than 170 tenant companies and organizations located in the Park represent some of the world's largest and most prestigious corporate and government organizations in scientific and technological research. Businesses in the Park employ approximately 42,000 full-time employees and an estimated 10,000 contract employees.

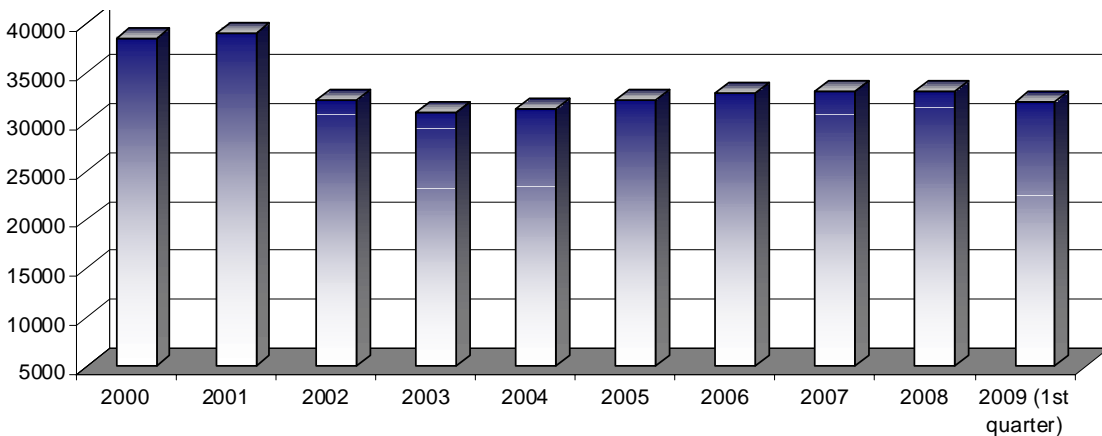
In 2008, plans to invest over \$370 million in the construction or expansion of facilities in the RTP were announced. That investment was expected to generate over 400 new jobs. In February, 2009, Durham ranked 11<sup>th</sup> Best Major Metro Area in the US for Job Creation in 2008, in an analysis performed by American City Business Journals.

Research conducted in Durham County continues to cover a broad range of high tech fields such as biotechnology, medical instrumentation, metallurgy, electronic hardware and software development, health care products, digital switching and transmission systems, telecommunication and microelectronics. There also continues to be an abundance of highly skilled graduates from the region’s research universities and prestigious law, business and medical schools. Perhaps the most striking indication of talent in the area is the large number of patents for inventions developed or discovered by the residents and/or companies of the County.

### **Health care**

The City Durham is called the City of Medicine because of its vibrant healthcare industry, which includes more than 300 medical- and health-related companies that are located in Durham County. There is a wide spectrum of major medical centers, including Duke University Medical Center, which ranked eighth Best Hospital in the US by *US News & World Report*, July 10, 2008; a wealth of ongoing medical research; and growing clinical opportunities which attract medical doctors. The result is that Durham County has one of the nation’s top five concentrations of physicians per capita and nearly one third of all workers in the labor force works in a health or medical related industry.

### **Manufacturing**



Source: Employment Security Commission (ESC)

Note: The ESC changed from using the SIC codes to the newer NAICS codes for counting employment. Therefore, the annual numbers have changed slightly from the fiscal year 2001-2002 report to reflect the new numbers for each year.

Durham County is not only a center for technology development; the County is also a strong manufacturing center. The manufacturing sector experienced a small decrease in employment from 33,209 in 2007 to 33,113 in 2008. While experiencing a 3 percent loss of manufacturing jobs during the first quarter of calendar year 2009, manufacturing remains an important employment base with 33,008 jobs in the County,

### **Telecommunications**

Durham's telecommunications infrastructure is among the most advanced in the nation, providing high-speed multimedia transmission. Verizon is the incumbent provider of phone service to Durham County, which has been a 100% fiber optic, SONET-ring-based telecom system since 1993. Verizon has in place one of the largest operational fiber optic networks in the world providing digital switching and high bandwidth options to virtually all Durham business centers.

### **Quality of Life**

Durham is in many ways comparable to a much larger city, but with a down-home charm. *Forbes* named the Raleigh-Durham area as the “#1 City Where People are Relocating” in March, 2009. In October 2008, *Black Enterprise* ranked Durham #1 on its list of 20 Best Places to Retire. In addition, Durham boasts nationally acclaimed restaurants and performance facilities that host Broadway shows and other professional performances. Durham County has a distinctive history and culture. Its advantageous location, climate and lifestyle draw people from around the world to a place that has a dynamic business environment and a beautiful setting in the Piedmont region of North Carolina.

### **Major Employers**

Listed below are the largest business and institutional employers in Durham County.

#### **Company or Institution**

**Duke University & Medical Center**  
**International Business Machines (IBM)**  
**Glaxo SmithKline**  
**Durham Public Schools**  
**Nortel Networks**  
**Lenovo Group, Ltd.**  
**Durham City Government**  
**Veterans Administration Medical Center**  
**Research Triangle Institute**  
**Durham County Government**  
**National Institute of Environmental Health Sciences**  
**Blue Cross Blue Shield of North Carolina**  
**North Carolina Central University**  
**Cree, Inc.**  
**Sterling Healthcare**  
**US Environmental Protection Agency**  
**AW North Carolina, Inc.**  
**Quintiles Transnational**  
**Fidelity Investments**

Source: Durham Chamber of Commerce

## **Capital Investment**

Many companies are either locating to Durham County or expanding their already existing operations in the County. Economic development announcements for 2008 were \$740,266,840. Economic development announcements occurring through the second quarter of 2009 amounted to over \$36 million.

## **Economic Development Statistics**

### **Per Capita Income**

Per capita income data for the last eight calendar years for Triangle MSA, Durham MSA, Raleigh/Cary MSA, North Carolina, and the United States are presented in the following table.

	2001	2002	2003	2004	2005	2006	2007	2008
<b>Triangle MSA</b>	\$ 32,360	\$ 33,490	\$ 34,605	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Durham MSA</b>	-	-	-	32,482	33,505	37,262	38,923	39,383
<b>Raleigh/Cary MSA</b>	-	-	-	36,309	37,270	37,107	38,648	39,580
<b>North Carolina</b>	26,910	28,215	29,219	29,541	30,429	32,338	33,636	34,483
<b>United States</b>	29,561	31,065	32,209	33,127	34,212	36,629	38,564	40,189

Source: Bureau of Economic Analysis

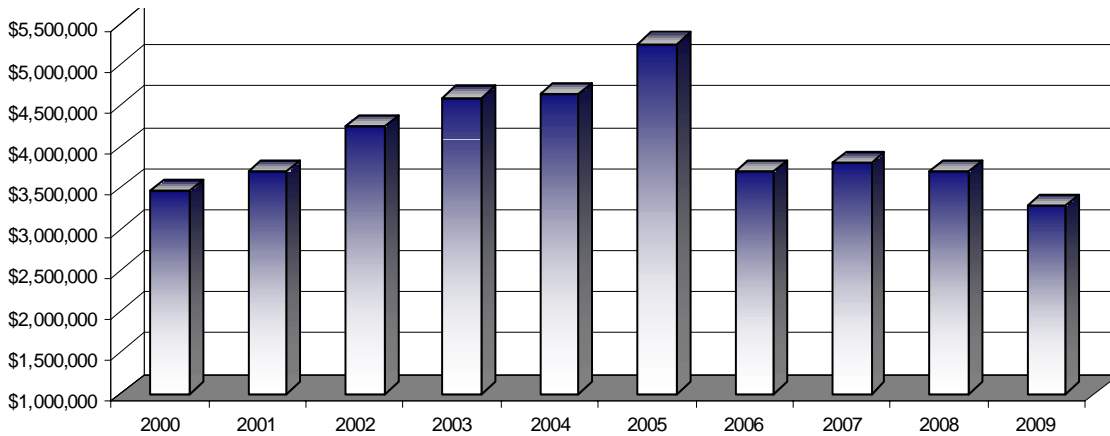
Prior to 2004, Durham was considered a part of the Triangle Metropolitan Statistical Area.

## **Retail Sales**

Total retail sales in the County for the past ten fiscal years are shown in the following table.

<b>Year Ended June 30,</b>	<b>Total Retail Sales (000's)</b>	<b>Total Taxable Sales (000's)</b>	<b>Percent Growth Over Previous Year</b>
2000	3,455,668		9.1%
2001	3,688,799		6.7%
2002	4,057,352		10.0%
2003	4,597,853		13.3%
2004	4,646,891		1.1%
2005	5,085,956		9.50%
2006	n/a	\$ 3,707,314	*
2007	n/a	3,796,971	2.36%
2008	n/a	3,703,207	-2.50%
2009	n/a	3,283,972	-11.32%

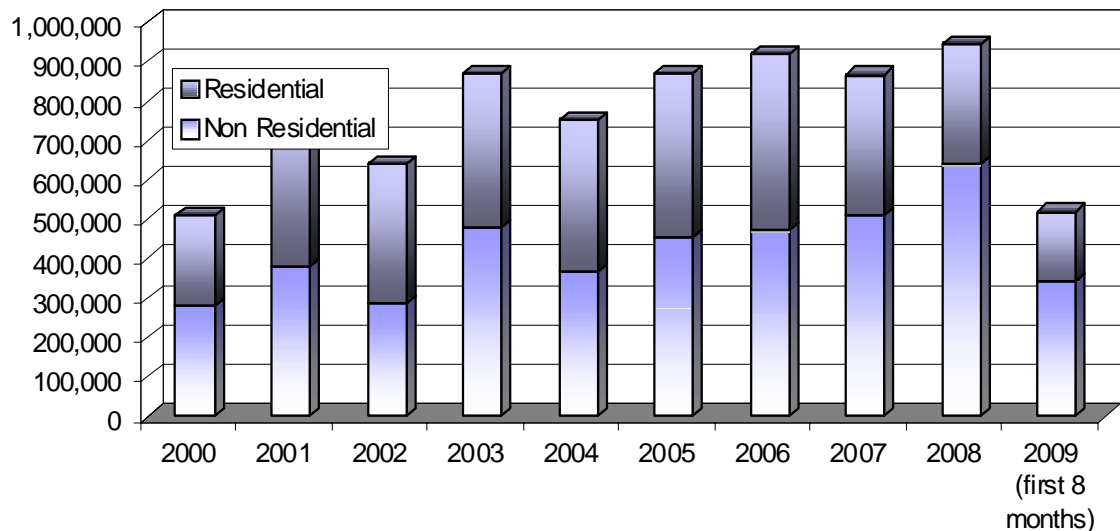
Note: The NC Department of Revenue made an administrative rule change to report Retail sales, beginning in Fiscal Year 2006, based on total taxable sales reported on sales and use tax returns by July of the Fiscal Year in question, rather than gross retail sales. Therefore, 2006 Retail sales total is based on total taxable sales reported on sales and use tax returns submitted during July 2005. Data for total gross retail sales is no longer available due to the change made by the NC Department of Revenue. The calculation of the "Percent Growth Over Previous Year" for total taxable sales is stated beginning fiscal year 2007 because comparable data is now available.



For fiscal years 2003, 2004, and 2005, Durham exceeded \$4.5 billion in gross retail sales activity. In fiscal year 2006, the NC Department of Revenue made a rule change to report total taxable sales reported on sales and use tax returns and no longer total gross retail sales. Therefore, in fiscal year 2006 the total taxable sales reported shows a decline, but it is due to the difference in reporting methods. In fiscal year 2009, the total taxable sales reported were \$3.3 billion, a decrease of \$699 million (11.3%), reflecting the impact of the national recession.

### **Construction Activity**

The following table illustrates construction activity in Durham County for the past ten calendar years by reference to the value of all building permits issued in the County.

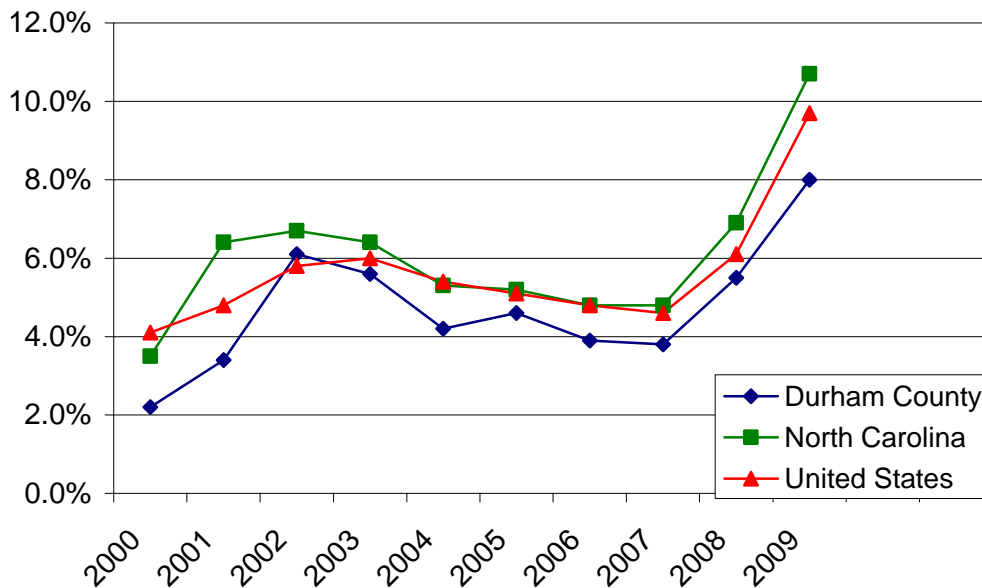


As of June 30, 2009, the total number of occupied dwelling units in Durham County was 101,246. Also, for the first eight months of 2009, 1,474 residential permits have been issued for new residences and for improvements, repairs and expansions of existing residences. From 2007 to 2008, there was an overall increase in the value of all building permits issued in the County. The value of non-residential construction increased, while the value of residential construction activity decreased. During the fiscal year 2008, the growth was evenly distributed across the County.

## Unemployment

The percentage of unemployment in the County, State and the United States for the past ten fiscal years (as of June 30) as follows.

	Durham County	North Carolina	United States
2000	2.2%	3.5%	4.1%
2001	3.4%	6.4%	4.8%
2002	6.1%	6.7%	5.8%
2003	5.6%	6.4%	6.0%
2004	4.2%	5.3%	5.4%
2005	4.6%	5.2%	5.1%
2006	3.9%	4.8%	4.8%
2007	3.8%	4.8%	4.6%
2008	5.5%	6.9%	6.1%
2009	8.0%	10.7%	9.7%



As of August 2009, the County's unemployment rate was 8.0%. This reflects a 2.5% increase from August 2008, comparing favorably to the larger unemployment rate increases of 3.8% and 3.6% for the state and nationwide, respectively. This is primarily because of the County's commitment to create more jobs within the County and maintain a strong economy.

## Long-term Financial Planning

The Board of County Commissioners continues to reaffirm the County's financial stability as one of its highest priorities. The Board recognizes that it is difficult to execute short- and long-term plans if the focus is on day-to-day viability. Consequently, the County's annual budget and financial decisions made throughout the fiscal year support an underlying philosophy to maintain a strong fund balance and the planned expansion of programs and services. Listed below are several of the County's major accomplishments for the year.



## **Facility Master Plan**

The Facility Master Plan that was approved in fiscal year 2000 laid the groundwork for the future building needs of the County and was centered on sound planning and solid financial research. The Master Plan was amended in fiscal year 2003 to reflect the changes in facility needs for the Human Services Agencies, particularly Mental Health, and to analyze several potential options for meeting the facility needs of Social Services, Public Health and Mental Health. The Facility Master Plan as currently amended serves as the basis for the facility projects included in the Capital Improvement Plan.

## **Capital Improvement Plan**

The County maintains a 10-year Capital Improvement Plan (CIP), which is fully updated every two years. During 2008-2009 fiscal year, the Board of County Commissioners (BOCC) adopted the 2010-2019 Capital Improvement Plan (CIP). The plan itself provides a blueprint which the County uses to meet the growing facility needs of the schools, libraries, museum, court system, public safety, human service agencies, general government needs and open space. The CIP also provides a financial overview of the financing options for the existing capital projects as well as those capital projects not yet implemented projected in the 10-year plan. Annually, the financing options are reviewed, as well as the projects and their estimated costs.

Accomplishments during the past fiscal year include the completion of the construction of Animal Control Office Building and demolition of the 500 Block of East Main Street. Also, programming and space planning evaluations were completed for the Detention Center Expansion, Main Library Renovations and the Lincoln Community Health Center Renovation. Projects in the bidding phase include the renovation of the Criminal Justice Resource Center (CJRC) Building and Durham County Justice Building and Parking Structure. Projects under construction include the Human Services Complex located on the 400 & 500 Blocks of East Main St., and renovations of the Durham County Memorial Stadium.

The 2001 & 2003 Bond Projects accomplishments include the construction of the South Regional Library and the renovation and expansion of the Southwest Library, which are currently under construction. The County recently adopted a High Performance Building Policy incorporating sustainable design into County building projects. This has resulted in four LEED certified buildings; the new Animal Control Office building recently received a LEED Certified “Silver” rating. In the year 2010, three projects are expected to receive LEED Certification. Additional projects utilizing sustainable design guidelines are currently under design and construction and are planned to achieve “Gold” and “Silver” ratings.

## Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to Durham County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. This was the ninth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Manager and the Board of County Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of Durham County's finances.

Respectfully submitted,

  
Michael M. Ruffin  
County Manager

  
George K. Quick  
Finance Director

# Durham County Board of County Commissioners



Michael D. Page  
Chairman



Ellen W. Reckhow  
Vice Chairman



Becky M. Heron



Joe Bowser



Brenda Howerton

## Durham County Administration

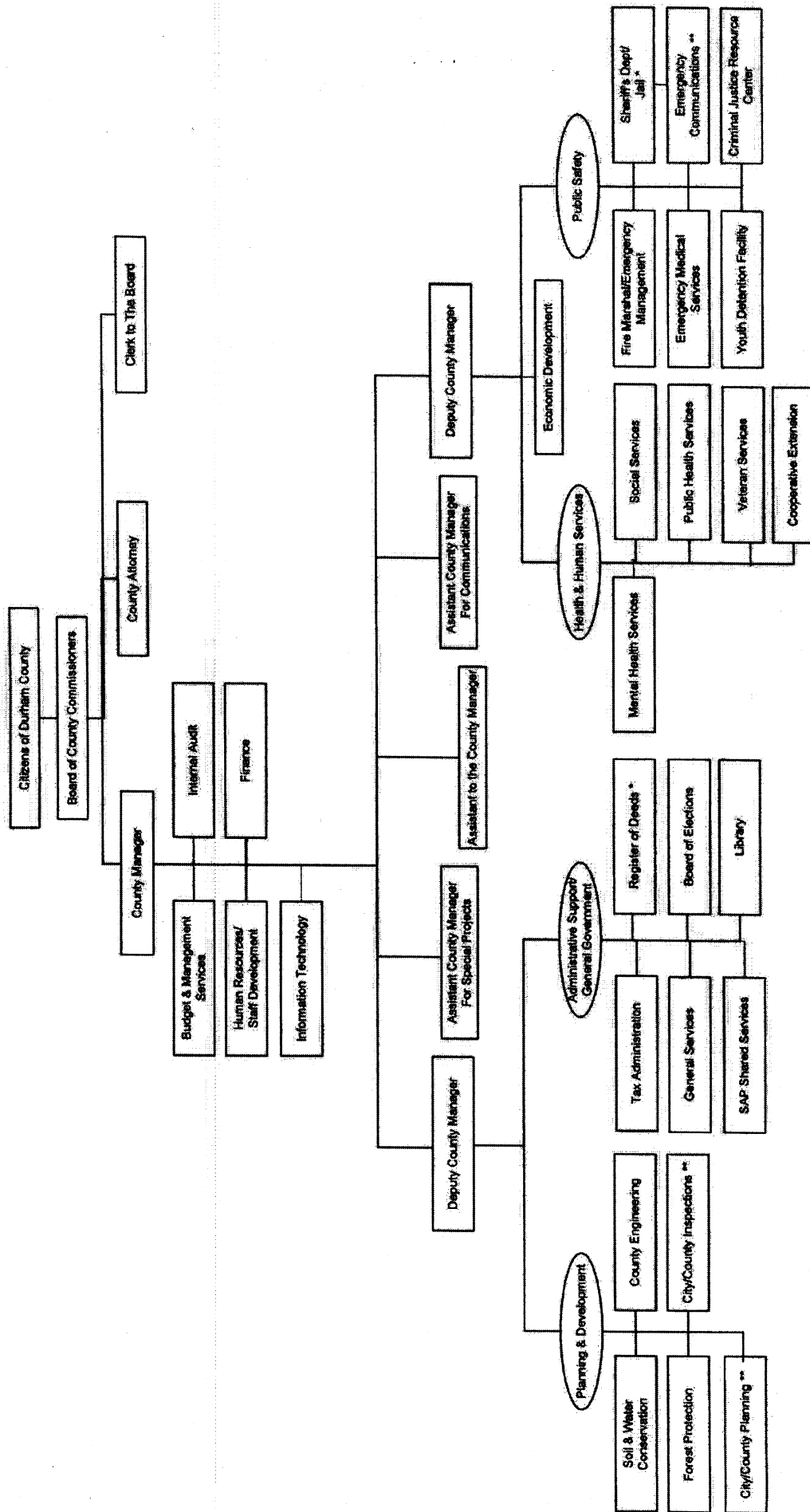


Mike Ruffin  
County Manager



George K. Quick  
Finance Director

# Durham County, North Carolina General Administration Organizational Chart



\* Elected Officials

\*\* Joint City/County Departments

# Certificate of Achievement for Excellence in Financial Reporting

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County of Durham  
North Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

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President

Executive Director

## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

Board of County Commissioners  
Durham County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Durham County, North Carolina (the "County"), as of and for the year then ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Durham County ABC Board. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Durham County ABC Board is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Durham County ABC Board were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2009, and the respective changes in financial position and the cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund and community health trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

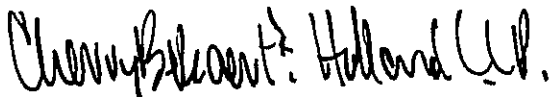
In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2009 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Required Supplementary Information as listed in the Table of Contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the County. The other supplemental information as listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

We did not audit the data included in the introductory or statistical sections of this report and, accordingly, we express no opinion on such data.

**CHERRY, BEKAERT & HOLLAND, L.L.P.**

A handwritten signature in black ink, appearing to read "Cherry Bekaert & Holland LLP", written in a cursive style.

Raleigh, North Carolina  
October 27, 2009



## Management's Discussion and Analysis

As management of Durham County, North Carolina (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages vii-xvii.

### Financial Highlights

- The assets of Durham County exceeded its liabilities at the close of the most recent fiscal year by \$168,519,115 (*net assets*). However, of this amount, unrestricted net assets has a deficit balance of (\$82,221,327) (*unrestricted net assets*) which is primarily because of the general obligation debt the County has issued on behalf of the school system, Durham Technical Community College and the Museum of Life and Science to fund capital outlay as required by State law coupled with the recording of pension liabilities for other postemployment benefits (OPEB) according to GASB Statements No. 43 and No. 45. The assets funded by the County that are owned by the School System, Durham Technical Community College and the Museum of Life and Science are capitalized in their financial statements. Therefore, the County, as the issuing government, has incurred a liability without a corresponding increase in assets.
- The government's total net assets decreased by \$15,519,783, a decrease of 8.43 percent, primarily due to decreases in the governmental activities' net assets.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$267,974,234, an increase of \$54,190,555 in comparison with the prior year. Approximately 58.03 percent of this total amount, \$155,493,047, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$61,852,737 or 16.50 percent of total general fund expenditures, compared to fiscal year 2008 which was \$60,777,677 or 16.28 percent of total general fund expenditures. There was an decrease in the net change in fund balance for fiscal year 2009 of over \$2.9 million; however, the percentage of unreserved fund balance to total general fund expenditures increased because reserves decreased by slightly over \$4 million thereby increasing unreserved by over \$1 million and in addition to an increase in County expenditures. The net change in fund balance decreased by over \$5.2 million in fiscal year 2009 from fiscal year 2008. The primary reasons for the decrease are the decrease in excess of revenues over expenditures of over \$13.6 million, the decrease in transfers out of over \$8.1 million, the increase in transfers in of over \$2 million and the decrease in the issuance of installment purchases of over \$1.7 million.
- The reserved by State Statute for the general fund decreased by over \$1.8 million compared to fiscal year 2008. This is primarily because of a decrease in local option sales tax collections distributed for the last quarter of the fiscal year after year end combined with an increase in the amount due from the capital project fund for an interfund loan until reimbursement of financing for construction activity is received and a slight decrease in the mental health receivable.
- The reserved for encumbrances decreased by over \$1.8 million because of decreased obligations at year end due to the economy.
- The County's total debt increased by \$95,087,907 (27.62 percent) during the current fiscal year. The key factors in this increase were the annual retirement of governmental and business-type

activities debt, the issuance of \$117,835,000 in certificates of participation (COPs) and the issuance of \$5,238,283 in general obligation bond anticipation notes (BANs).

## **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, using the full-accrual basis of accounting, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, transportation, economic and physical development, environmental protection, human services, education, cultural and recreational and interest and fiscal charges. The business-type activities of the County include sewer utilities.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate entity, the ABC Board, for which the County is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 29-30 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. *Governmental funds* are reported using the modified accrual basis of accounting which provides a current financial resources focus. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the community health trust fund and the capital projects fund, all of which are considered to be major funds. Data from the other eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its general fund and community health trust fund, as required by General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. A budgetary comparison statement elsewhere in this report has been provided for the general fund and the community health trust fund to demonstrate compliance with this budget and whether or not the County succeeded in providing the services as planned when the budget was adopted.

The basic governmental fund financial statements can be found on pages 31-38 of this report.

**Proprietary funds.** The County maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its sewer utilities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer utility which is considered to be a major fund of the County.

The basic proprietary fund financial statements can be found on pages 39-41 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 42-43 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-98 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Durham County's progress in funding its obligation to provide pension benefits and postemployment benefits to its employees. Required supplementary information can be found on pages 99-104 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the required supplementary information on pensions and postemployment benefits. Combining and individual fund statements and schedules can be found on pages 107-141 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve as a useful indicator of a government's financial position over time. In the case of the County, assets exceeded liabilities by \$168,519,115 as of June 30, 2009. Net assets are reported in three categories: capital assets, net of related debt, restricted net assets and unrestricted net assets.

A major portion of the County's net assets in the amount of \$82,415,910 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt issued to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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## DURHAM COUNTY'S NET ASSETS

	Governmental		Business - type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 304,541,386	\$ 257,095,328	\$ 15,791,247	\$ 15,392,547	\$ 320,332,633	\$ 272,487,875
Capital assets	273,721,034	239,681,511	54,255,703	53,647,084	327,976,737	293,328,595
Total assets	<u>578,262,420</u>	<u>496,776,839</u>	<u>70,046,950</u>	<u>69,039,631</u>	<u>648,309,370</u>	<u>565,816,470</u>
Long-term liabilities outstanding	416,680,054	319,590,598	22,632,497	24,634,046	439,312,551	344,224,644
Other liabilities	40,061,274	36,322,009	416,430	1,230,919	40,477,704	37,552,928
Total liabilities	<u>456,741,328</u>	<u>355,912,607</u>	<u>23,048,927</u>	<u>25,864,965</u>	<u>479,790,255</u>	<u>381,777,572</u>
Net assets:						
Invested in capital assets, net						
of related debt	50,531,593	126,736,015	31,884,317	28,475,844	82,415,910	155,211,859
Restricted	162,060,835	99,390,125	6,263,697	6,217,552	168,324,532	105,607,677
Unrestricted	(91,071,336)	(85,261,908)	8,850,009	8,481,270	(82,221,327)	(76,780,638)
Total net assets	<u>\$ 121,521,092</u>	<u>\$ 140,864,232</u>	<u>\$ 46,998,023</u>	<u>\$ 43,174,666</u>	<u>\$ 168,519,115</u>	<u>\$ 184,038,898</u>

The second portion of the County's net assets in the amount of \$168,324,532 represents resources that are subject to external legal restrictions that limit the County's ability to access and use these funds beyond the purpose for which they were provided. Unexpended bond proceeds and statutorily restricted revenues are included in this category.

The remaining portion of net assets is unrestricted net assets. This balance of unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors. At June 30, 2009, the unrestricted net assets are a deficit in the amount of (\$82,221,327). The unrestricted deficit is attributable primarily to the general obligation bonds, certificates of participation and general obligation bond anticipation notes issued by the County for the public schools, Durham Technical Community College and the Museum for Life and Science. Even though the debt has been issued to finance the acquisition, construction and renovation for the public schools, Durham Technical Community College and the Museum of Life and Science, the Governmental Accounting Standards Board has determined that it is not capital debt for the County since it is not financing assets owned by the County. Therefore, this debt is reflected within the unrestricted portion of net assets rather than capital assets, net of related debt. In addition, as of fiscal year 2008, the unrestricted net assets deficit includes pension liabilities for other postemployment benefits per GASB Statements No. 43 and No. 45.

At the end of the current fiscal year, the County is not able to report positive balances in all three categories of net assets for the government as a whole. However, the same did not hold true for the separate governmental and business-type activities. The unrestricted net assets for the governmental activities had a deficit balance of (\$91,071,336) while the other two categories of net assets, capital net of related debt and restricted, and all three categories of net assets of the business-type activities were positive. The unrestricted net assets for the business-type activities had a positive balance of \$8,850,009.

The government's net assets decreased by \$15,519,783 during the current fiscal year. This amount is a decrease of 8.43 percent. After eight consecutive years of continued growth in the government's net assets, the County experienced a decrease in net assets due to the recession and the decline in the economy. In fiscal year 2009, operating grants and contributions increased over \$41.1 million primarily because of increased services provided by social services while capital grants and contributions decreased by over \$7.6 million primarily because of a decrease in education of over \$12.8 million combined with an increase in general government of over \$5.2 million. The Durham County Board of Education donated five properties to the County of over \$13 million compared to donated property of over \$19.8 million in fiscal year 2008 coupled with decreased capital contributions of intergovernmental revenues for educational purposes of over \$6 million. Charges for services decreased by over \$12.7 million mainly because of a decrease of over \$9.4 million in public safety combined with a decrease in general government and human services of over \$1.6 million and \$1.5 million, respectively. The decrease in public safety charges for services is primarily because of a change in the calculation for the emergency medical services net realizable receivable coupled with a reclassification of funds to operating grants and contributions and a decrease in emergency surcharge funds. As of fiscal year 2008, the emergency surcharge funds are no longer received by the County from the State but rather flow to the City of Durham. The decrease in general government and human services is mainly a result of decreases in the register of deeds and public health, respectively. Property taxes levied for general purposes increased by over \$7.0 million for fiscal year 2009. In addition, there was a decrease in local option sales tax for the year of over \$8.9 million and investments of over \$5 million due to the recession and the economic downturn. Also, in fiscal year 2009, there were increases in property taxes levied for fire districts, animal tax, gross receipts tax, other revenues and the area of amortization of bond premium. Likewise, in fiscal year 2009, there were decreases in revenues in property taxes levied for other district purposes and occupancy tax. The net of revenues in all areas was an increase to offset the increases in expenses which were over \$58.2 million. The significant increases were in human services and education of \$32.3 million and \$26.1 million, respectively, combined with increases in economic and physical development, public safety and cultural and recreational and a decrease in general government. The decrease in general government is primarily because of the reduction in the OPEB expense for fiscal year 2009. Despite the national recession and struggling economy, the County's finances are strong, sound and stable because of solid, dedicated and committed financial management.

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## DURHAM COUNTY'S CHANGES IN NET ASSETS

	Governmental Activities		Business - type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues:						
Charges for services	\$ 15,217,762	\$ 28,256,159	\$ 8,595,153	\$ 8,333,612	\$ 23,812,915	\$ 36,589,771
Operating grants and contributions	399,272,928	358,162,525	-	-	399,272,928	358,162,525
Capital grants and contributions	19,302,309	26,966,103	164,857	126,416	19,467,166	27,092,519
General revenues:						
Taxes	261,187,855	262,135,339	-	-	261,187,855	262,135,339
Investment and interest income	3,123,327	7,650,534	306,961	847,304	3,430,288	8,497,838
Amortization of bond premium	280,133	251,141	33,834	33,834	313,967	284,975
Other revenues	1,096,491	813,880	-	62,716	1,096,491	876,596
Total revenues	<u>699,480,805</u>	<u>684,235,681</u>	<u>9,100,805</u>	<u>9,403,882</u>	<u>708,581,610</u>	<u>693,639,563</u>
Expenses:						
General government	47,393,464	53,369,519	-	-	47,393,464	53,369,519
Public safety	52,889,080	51,025,747	-	-	52,889,080	51,025,747
Transportation	12,500	12,500	-	-	12,500	12,500
Economic and physical development	6,746,267	4,483,362	-	-	6,746,267	4,483,362
Environmental Protection	3,800,698	3,261,121	-	-	3,800,698	3,261,121
Human services	437,677,600	405,376,336	-	-	437,677,600	405,376,336
Education	143,520,618	117,349,760	-	-	143,520,618	117,349,760
Cultural and recreational	11,998,176	10,909,020	-	-	11,998,176	10,909,020
Interest and fiscal charges	14,785,542	14,218,611	-	-	14,785,542	14,218,611
Sewer utility	-	-	5,277,448	5,870,964	5,277,448	5,870,964
Total expenses	<u>718,823,945</u>	<u>660,005,976</u>	<u>5,277,448</u>	<u>5,870,964</u>	<u>724,101,393</u>	<u>665,876,940</u>
Increase (decrease) in net assets	(19,343,140)	24,229,705	3,823,357	3,532,918	(15,519,783)	27,762,623
Net assets – 7/1/2008	<u>140,864,232</u>	<u>116,634,527</u>	<u>43,174,666</u>	<u>39,641,748</u>	<u>184,038,898</u>	<u>156,276,275</u>
Net assets – 6/30/2009	<u>\$ 121,521,092</u>	<u>\$ 140,864,232</u>	<u>\$ 46,998,023</u>	<u>\$ 43,174,666</u>	<u>\$ 168,519,115</u>	<u>\$ 184,038,898</u>

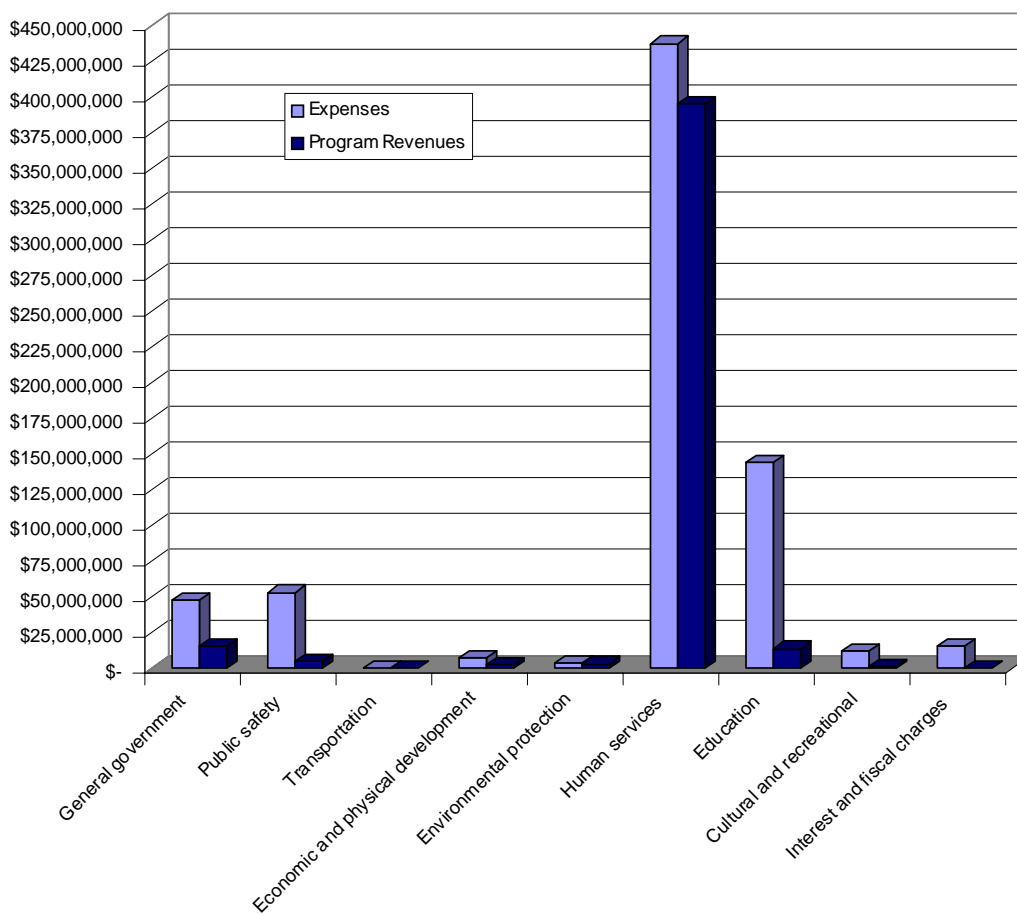
- Property taxes levied for general purposes increased by \$7,310,717 (3.71 percent) during the year. This increase is primarily because of the Tax Department's continued collection efforts including participating in the North Carolina Local Government Debt Setoff Clearinghouse Program.
- Local option sales tax decreased by \$8,961,280 (15.98 percent) during the year. The decrease was due to the recession and the economic downturn. With the mortgage crisis, increased unemployment, poor investment market, etc., people were even more reluctant to go out and spend money than in the previous fiscal year saving instead for necessities.
- Intergovernmental revenues and contributions increased by \$33,485,050 (8.69 percent) including pass-through and direct payments. The primary reasons for this increase are increases in human services and general government combined with a decrease in education. Operating grants and contributions increased primarily as a result of increased services provided by human services of over \$38 million. In addition, there were increased services in public safety of over \$2.3 million. Capital grants and contributions decreased by over \$7.6 million because of a decrease in education of over \$12.8 million combined with an increase in general government of over \$5.2 million. Contributed assets to the County from the Durham County Board of Education in fiscal year 2009 were over \$13 million compared to \$19.8 million in fiscal year 2008. In addition, intergovernmental revenues for educational purposes decreased by over \$6 million. In fiscal year 2007, the County entered into an agreement with the Durham County Board of Education regarding properties whereby the County would hold title to these properties and fund major improvements to these properties. As of fiscal year end, the transfer of twenty-two of these titles had occurred with the capital contribution being recorded accordingly.
- Charges for services decreased by \$12,776,856 (34.92 percent). Most of this increase is because of a decrease in the charges for services in public safety of over \$9.4 million combined with decreases in general government and human services of over \$1.6 million and \$1.5 million, respectively. The decrease in public safety is mainly because of a change in the calculation for the emergency medical services net realizable receivable, a reclassification of funds to operating grants and contributions and a decrease in emergency surcharge funds. As of fiscal year 2008, the emergency surcharge funds are no longer received by the County from the State but rather are received by the City of Durham. The decrease in general government and human services is mostly a result of decreases in the register of deeds and public health, respectively.
- Investments decreased by \$5,067,550 (59.63 percent) due to the effect the recession and the decline in the economy had on the market.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. The overall expenses for the County increased by \$58,224,453 (8.04 percent) due to increases in expenses of governmental activities netted with decreases in expenses of business-type activities. The largest increase was in human services, which increased \$32,301,264 (7.97 percent) due primarily to increases in services by social services of over \$31.6 million with an increase in public health of over \$1.6 million, as well. Education increased by over \$26.1 million which is because of increased construction activity with a decrease in the amount of construction activity being capitalized coupled with increased operating expenses and depreciation expense. In addition, public safety expenses increased by \$1,863,333 (3.65 percent) because of increased services. Economic and physical development increased by \$2,262,905 (50.47 percent) primarily because of

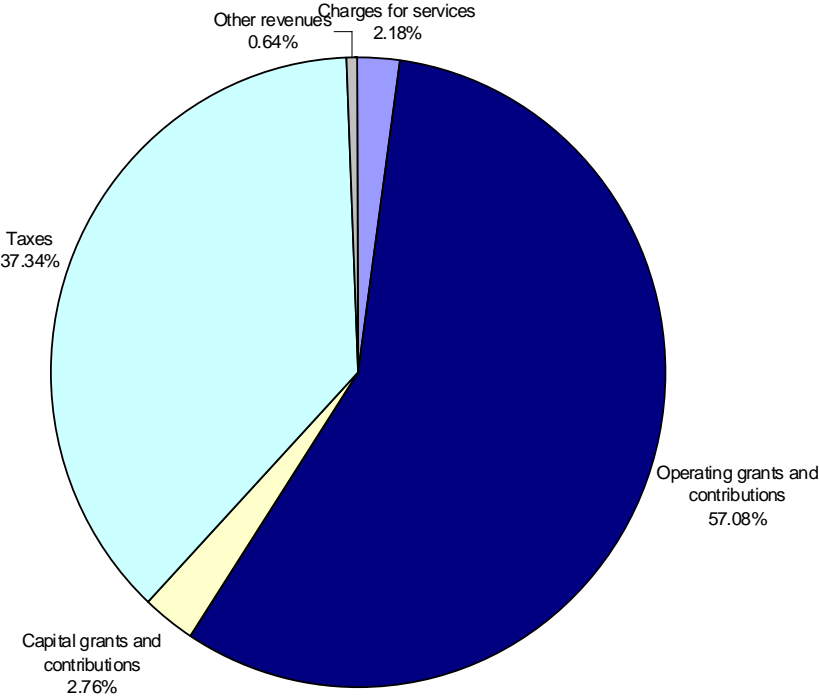


increased payments of Industrial Extension Policy (IEP) Agreements with more incentives being met in fiscal year 2009. See Note F for a detailed explanation of the County’s IEP. The net decrease for general government expenses was \$5,976,055 (11.20 percent) mainly because of the reduction in the post-employment (OPEB) expense for fiscal year 2009. Interest and fiscal charges increased \$566,931 (3.99 percent) mostly because of the change in the accrued interest payable and decreased interest expenses for the year. In fiscal year 2008, the change was a decrease to expenses of over \$236 thousand whereas in fiscal year 2009 the change was an increase to expenses of over \$357 thousand. Sewer utility expenses decreased \$593,516 (10.11 percent) primarily because of decreases in interest and fiscal charges and operating expenses. During fiscal year 2009, the County ceased contracting for the waste water treatment plant facilities and began operating the plant internally. As a result, the contracted services expenses decreased with personnel services, utilities and maintenance and other operating expenses increasing with the net effect being a cost savings to the County. In addition, environmental protection increased by \$539,577 (16.55 percent) due primarily to increased services and cultural and recreational increased by \$1,089,156 (9.98 percent) due primarily to increased services and the reduction in the investment in joint venture.

### Expenses and Program Revenues – Governmental Activities



**Revenues by Source – Governmental Activities**



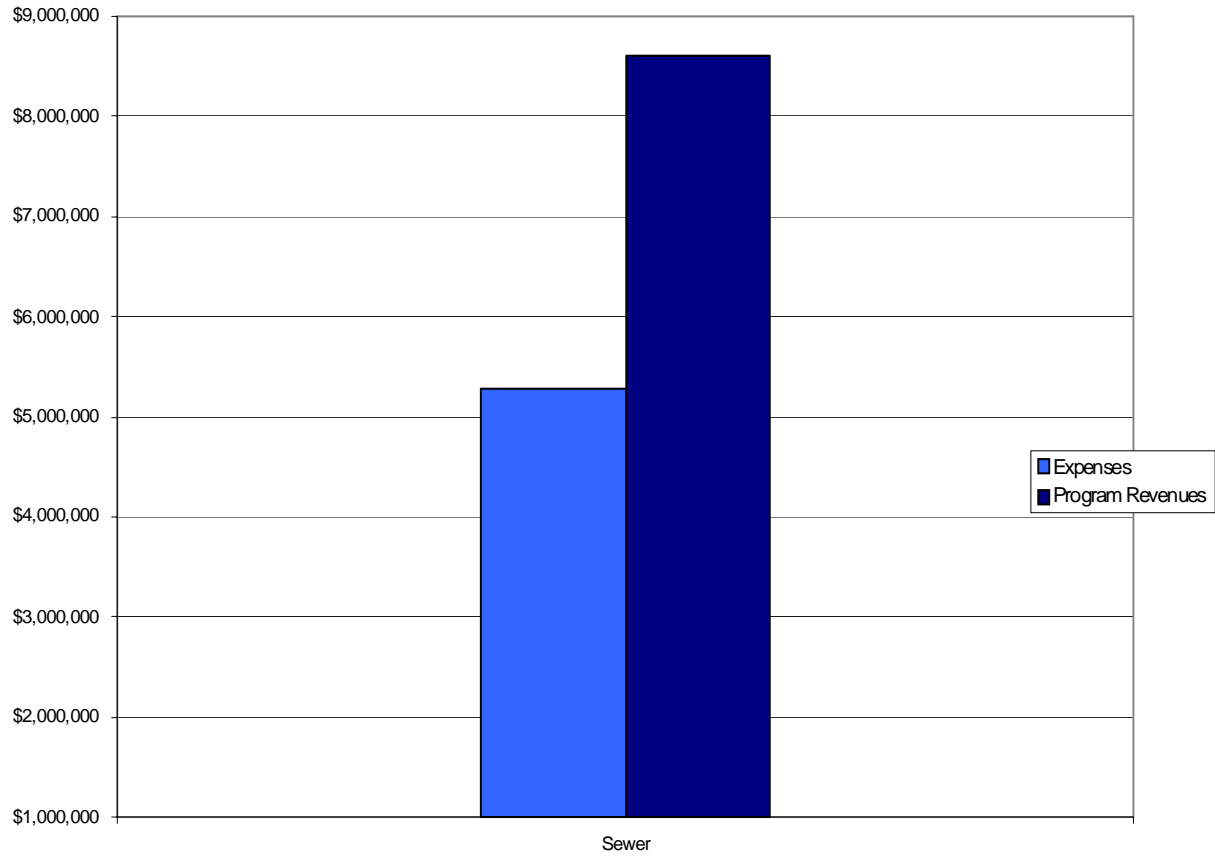
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**Business-type activities.** Business-type activities increased the County's net assets by \$3,823,357 offsetting the decrease in governmental activities' net assets by 19.77 percent. Key elements of this are as follows:

- Expenses decreased \$593,516 mainly because of decreases in interest and fiscal charges and operating expenses. During fiscal year 2009, the County ceased contracting the operations of the waste water treatment plant facilities and began operating the plant internally. As a result, the contracted services expenses decreased and personnel services, utilities and maintenance and other operating expenses increased with the net effect being a cost savings to the County.
- Charges for services increased by \$261,541 (3.14 percent). There was a rate increase of 10 percent effective July 1, 2008 in fiscal year 2009 as well as an increase in the capital recovery charges of 4 percent. The capital recovery charges are part of connection fees for new customers and are used as a source of funding for capital acquisitions, construction and improvements.
- Investment and interest income decreased by \$540,303 (63.77 percent) because of the effect the recession and the decline in the economy had on the market.
- There was capital contributions (sewer lines) from private developers in fiscal year 2009 of \$145,300 compared to \$35,055 in fiscal year 2008.
- There were intergovernmental revenues of \$19,557 received for the water reuse project in fiscal year 2009.
- Sewer assessments in the amount of \$69,257 were released by the Board of County Commissioners because of their age and thus no likelihood of being collected.

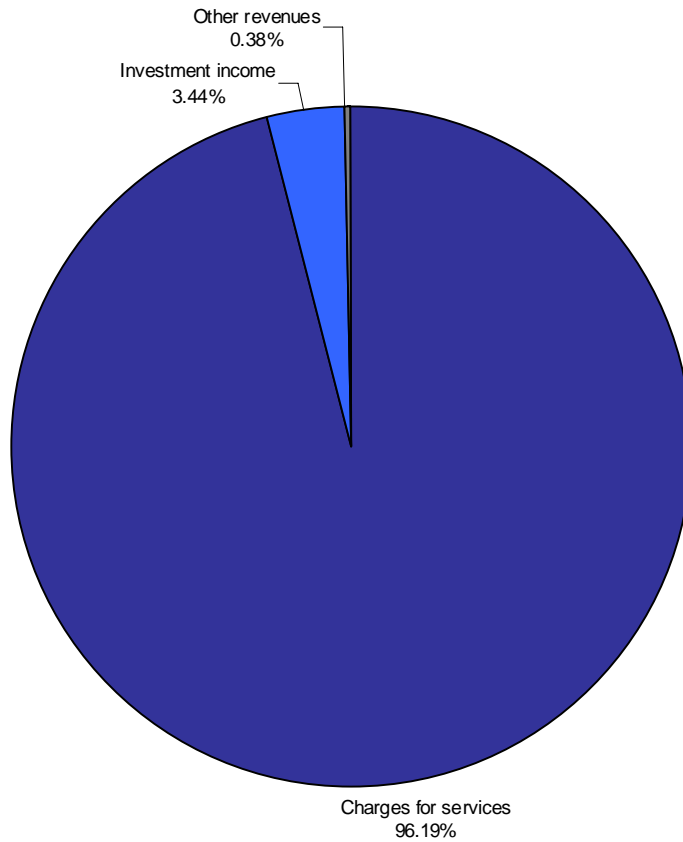
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## Expenses and Program Revenues – Business-type Activities



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## Revenues by Source –Business-type Activities



## Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$267,974,234, an increase of \$54,190,555 in comparison with the prior year. Approximately 58.03 percent of this total amount (\$155,493,047) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to honor contracts and purchase orders of the prior period (\$81,491,109), 2) for a variety of other restricted purposes (\$5,937,533) or 3) because it is reserved by state statute (\$25,052,545).

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$61,852,737, while total fund balance decreased slightly to \$92,187,744. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 16.50 percent of total general fund expenditures, while total fund balance represents 24.60 percent of that same amount. The percentage of unreserved fund balance to total general fund expenditures increased from 16.28 percent for fiscal year 2008 to 16.50 percent for fiscal year 2009, an increase of 0.22 percent. The net change in fund balance for fiscal 2009 was a decrease of over \$2.9 million; however, the percentage of unreserved fund balance to total general fund expenditures increased because reserves decreased by over \$4 million thereby increasing unreserved by over \$1 million in addition to an increase in County expenditures. The net change in fund balance decreased by over \$5.2 million in fiscal year 2009 from fiscal year 2008. The primary reasons for the decrease are the decrease in excess of revenues over expenditures of over \$13.6 million, the decrease in transfers out of over \$8.1 million, the increase in transfers in of over \$2 million and the decrease in the issuance of installment purchases of over \$1.7 million.

The fund balance of the County's general fund decreased by \$2,925,236 during the current fiscal year. Key factors in this reduction are as follows:

- Intergovernmental revenues of the general fund decreased by 2.03 percent or \$2,545,341 excluding federal pass-through and direct. There was a decrease of \$9.6 million for social services because of increased federal funding as a result of the American Recovery and Reinvestment Act of 2009 (Title V, Section 5001). The increased funding is to provide fiscal relief to state and local governments during the economic downturn. The recession adjustment period for the temporary funding began on October 1, 2008 and ends on December 31, 2010. Offsetting the decrease for social services were increases in public health, mental health and other of over \$2.7, \$1.2 and \$2.9 million, respectively.
- The general fund taxes decreased by 1.44 percent or \$3,711,722. This decrease is primarily the result of an increase in the amount of current year levy collections netted with decreases in local option sales tax, prior year's levy collections and occupancy tax. The County had a revaluation effective for the tax year 2008. The tax rate was reduced from \$0.834 to \$0.7081 which is slightly higher than revenue neutral for an increased levy for tax year 2008. Current year levy collections increased by \$6,587,274 (3.38 percent) whereas the local option sales tax, prior year levy collections and occupancy tax decreased by \$8,961,280 (15.98 percent), \$1,025,728 (51.27 percent) and \$429,093 (16.25 percent), respectively. The minor decrease in the general fund's percentage of current year levy collections (0.33 percent) as well as the decrease in the local

option sales tax, prior year levy collections and occupancy tax is all a result of the recession and economic downturn. The reduction in percentage of collection was minimal while the amount collected for the current levy increased because of the Tax Departments continued collection efforts including participating in the North Carolina Debt Setoff Clearinghouse Program.

- Charges for services decreased \$2,292,111 (11.87 percent) mainly because of decreases in public health and the register of deeds netted with an increase in emergency medical services' charges. Public health and register of deeds decreased by \$1,384,885 (35.05 percent) and \$1,741,294 (71.06 percent), respectively, while emergency medical services increased by \$1,078,392 (27.31 percent). The decrease in public health and register of deeds were a result of decreased administrative services while the increase in emergency medical services was a result of increased services as well as an increase in charges.
- Investments decreased by \$2,145,874 or 44.16 percent due to the recession and economic downturn.
- Licenses and permits decreased by \$304,718 (29.03 percent) mainly because of the reduction in construction permits, a result of the recession and economic downturn.
- Rent decreased by \$1,481,044 (71.82 percent) because of a reclassification of \$1.5 million in revenues from an interlocal agreement to intergovernmental revenue. There is no actual reduction in revenues as the category of intergovernmental revenues (other) was increased accordingly.
- Public safety expenditures increased \$1,054,831 (2.33 percent). This is due mainly because of increased services of emergency medical services of \$353,373 (4.90 percent), jail of \$190,871 (1.42 percent), emergency communications center of \$150,516 (19.57 percent) and the criminal justice partnership of \$122,128 (6.04 percent). Other minor increases occurred in the sheriff, youth home, animal control, fire protection and medical examiner with a decrease in other public safety.
- Economic and physical development increased by \$2,288,014 (60.04 percent) primarily because of increased disbursements per the IEP Agreements with more incentives being met.
- Human services' expenditures net of federal pass-through and direct decreased by \$10,330,045 (5.98 percent). There was a decrease in social services of over \$13.2 million; however, not because of a decrease in services but rather because of an increase in federal funding thereby decreasing the amount of state and local funding as a result of the American Recovery and Reinvestment Act of 2009 (Title V, Section 5001). The increased funding is to provide fiscal relief to state and local governments during the economic downturn. The recession adjustment period for the temporary funding began on October 1, 2008 and ends on December 31, 2010. Offsetting the decrease in social services were increases in public health, mental health and other of over \$1.6 million, \$1 million and \$200 thousand, respectively, primarily because of increased services.
- Education increased by \$7,511,980 from the prior fiscal year. Of this increase, Durham Public Schools and Durham Technical Community College received increased funding of \$7,440,439 and \$63,932, respectively, while other education received an increase of \$7,609.
- Cultural and recreational increased \$678,647 because of increased services provided by the Library of \$438,460 and an increase in other cultural and recreational of \$240,187.
- Due to the economic downturn, in January of fiscal year 2009, the County's Board and management reassessed the County's financial position. To ensure that the recession would not have a severe negative impact on Durham County, restrictions were put into place effective immediately for the remainder of the fiscal year. Those restrictions included a three percent

freeze on operating and capital budgets that included 100 percent freeze on out of state travel and a hiring freeze with exceptions being approved by the County Manager. In addition, only capital expenditures that were deemed necessary by management were purchased.

The Community Health Trust Fund has a total fund balance of \$15,259,633, all of which is financing resources to be used for health related operating and capital expenditures as directed and approved by the Board of County Commissioners. The net decrease in fund balance during the current year in the community health trust fund was \$2,536,179. For the second consecutive fiscal year and the only two years since inception of the fund which was in fiscal year 1999, the Community Health Trust Fund has had a decrease in fund balance. The decrease in fiscal year 2009 was due primarily to a continued decrease in investment earnings while increasing the operating transfers to assist in funding health related costs in the general fund. The loss reported in earnings continues to be because of the economic crisis and the effect it has had on the market as these funds are managed by investment managers in the market as approved through special legislation. There was also a slight increase in charges for services.

Fiscal year 2008 was the 10<sup>th</sup> and final year of the amortization of the prepaid lease and the lease discount, and the agreement was amended in fiscal year 2009 as well. See Note F for a detailed explanation of the amendment to the agreement. Therefore, in fiscal year 2009, the primary revenue activity was the recognition of the annual amount from the lease (\$3,575,000). In addition, there was the recognition of the investment earnings at a loss of (\$1,257,737) and other charges for services (\$56,450). An operating financing use, operating transfer out (\$4,909,892) occurred to assist in the funding of health related expenditures in the general fund. The policy on managing the funds of the community health trust is that the Board of County Commissioners allocates a percentage of the earnings from the previous calendar year to health related expenditures and reinvests the balance which allows the fund to grow. However, in fiscal year 2009, because of the needed assistance in funding health related costs, the BOCC voted to waive allocating only a percentage of the earnings from the previous calendar for fiscal year 2009. Management of these funds is performed by investment managers approved through special legislation, S.L. 1999-101, Senate Bill 653.

The Capital Projects Fund has a total fund balance of \$158,010,832, all of which is financing resources to be used for the acquisition, construction or improvement of major capital facilities other than those financed by proprietary funds. The net increase in fund balance during the current year in the capital projects' fund was \$61,145,977 due primarily to the issuance of COPs and general obligation BANs, the premium received on the issuance of the COPs, over an \$840 thousand decrease in intergovernmental revenues, over a \$2 million decrease in investment income, an increase of project expenditure activity for the year of over \$15.6 million for the acquisition, construction or improvement of major capital facilities for the County, School System, Durham Technical Community College, and the Museum of Life and Science using the funding sources and an increase of debt issuance costs of over \$1.4 million. The County's activity was recorded to construction in progress in capital assets of the County while the Schools System's, Durham Technical Community College's and the Museum of Life and Science's activity was recorded in their capital assets as they hold title to those assets.



The primary revenue activity was the recognition of other financing sources, the issuance of COPs and general obligation BANs (\$123,073,283), transfers (\$1,171,493) and the premium on the issuance of the debt (\$1,207,038). The fund also recognized intergovernmental revenues (\$6,239,818) and investments (\$1,490,894). In the expenditures, there was construction activity in the amount of \$62,089,736, debt issuance costs (\$1,546,769) and other general government expenditures for banking services (\$6,880) and there were other financing uses in the transfer of \$8,393,164. The construction activity was primarily for education and general government in the amounts of \$44,407,545 and \$8,456,248, respectively. The other construction activity occurred in environmental protection (\$5,572,249), cultural and recreational (\$3,435,142) and public safety (\$218,552).

**Proprietary funds.** The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the sewer utility fund at the end of the year amounted to \$8,850,009. There was an increase in total net assets of \$3,823,357. Other factors concerning the finances of this fund have already been addressed in the discussion of the County's business-type activities.

### **General Fund Budgetary Highlights**

The County's annual balanced budget is prepared on the modified accrual basis of accounting in accordance with the Budget & Fiscal Control Act of North Carolina General Statutes, and includes all appropriations required for debt service. The General Fund is the most significant fund budgeted.

During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services or initiate new programs where timing is critical. Amendments to the General Fund budget totaled \$14,182,618 and can be summarized briefly as follows:

- \$4,455,521 in increases allocated to general administration was largely because for salary adjustments for various departments coupled with increases primarily for tax and the board of elections. The salary adjustments for various departments were for longevity, salary increases for elected/appointed officials, compensation benchmark study and COLA increases. The increases for tax were primarily for appropriation for increased contracted services for business personal property audit firms while the increase in the board of elections was a grant for one-stop voting. The remaining increases were to honor commitments from fiscal year 2008 and to appropriate unspent restricted funds in fiscal year 2009.
- \$2,379,792 in increases allocated to public safety was primarily for the sheriff's office and county fire protection. Increases for the sheriff's office were for public safety contracted services, salary adjustments for longevity and as a result of the compensation study, and on-going crime prevention programs. Increases for county fire protection were for increased emergency management services, increased firefighter services and salary adjustments for

longevity and as a result of the compensation benchmark study. Other departments in public safety also had increases due to longevity and compensation benchmark study adjustments.

- \$1,465,162 in increases allocated to economic and physical development was primarily for cooperative extension, soil and water conservation and economic development. Increases for cooperative extension were because of increases in services, increases in contracted services, and salary adjustments for longevity and as a result of the compensation benchmark study and to honor commitments from fiscal year 2008 and to appropriate unspent restricted funds in fiscal year 2009. Soil and water conservation received a grant related to development of a farmland use plan, and economic development increased as a result of receiving NC One Fund grants.
- \$206,929 in increases allocated to environmental protection was primarily for increases to honor commitments from fiscal year 2008, for salary adjustments for longevity and as a result of the compensation benchmark study and for appropriation for a new program.
- \$8,374,341 in increases allocated to human services was primarily because of increases in the areas of mental health, social services and public health. The increases were primarily to provide increased services, for salary adjustments for longevity and as a result of the compensation benchmark study, to honor commitments from fiscal year 2008 and to appropriate unspent restricted funds in fiscal year 2009. These services are funded for the most part through the recognition of new grants and additional federal and state awards.
- \$387,172 in increases allocated to cultural and recreational was primarily for salary adjustments for longevity and as a result of the compensation benchmark study, to honor commitments from fiscal year 2008, recognition of grants and donations to the Library and for increases in operating expenditures of other cultural and recreational facilities.
- \$850,000 in increases allocated to education for additional funding for Durham Public Schools, a three year lease for a specialized school.
- \$3,936,299 in decreases allocated to operating transfers out were primarily for decreased funding for debt service netted with a minor increase to capital projects in the capital projects fund.

Of this increase, \$300,000 was to be funded from additional taxes, \$5,826,881 was to be funded from additional intergovernmental revenues, and \$936,367 was to be funded through operating transfers in. The remaining \$7,119,370 was to be budgeted from available fund balance. However, during the year, while revenues and other financing sources did not exceed budgetary estimates by \$8,365,635 and \$1,384,371, respectively, expenditures were also far less than budgetary estimates with a positive variance of \$31,492,606, thus reducing the need to draw upon existing fund balance to the amount of \$2,925,236.

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## Capital Asset and Debt Administration

**Capital assets.** The County's investment in capital assets for its governmental and business-type activities as of June 30, 2009 amounts to \$327,976,737 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, office furniture and equipment, machinery and equipment, computer hardware, computer software, vehicles and construction in progress. The total increase in the County's investment in capital assets for the current fiscal year was 11.81 percent (a 14.20 percent increase for governmental activities and a 1.13 percent increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Construction continued on the additional wastewater treatment facilities and the collection systems rehabilitation which had construction costs for the year of \$259,469 and \$106,468, respectively.
- Construction for the Durham Public School Projects continued in fiscal year 2009 in the amount of \$44,221,189. Of this amount \$12,083,296 was capitalized to the County's assets as the County holds title, and \$32,137,893 was not capitalized because the Durham County Board of Education holds title to these properties.
- Construction for the Durham Technical Community College Projects in fiscal year 2009 in the amount of \$186,356.
- Construction for NCML & Bioquest Project for the Museum of Life and Science in fiscal year 2009 in the amount of \$281,643.
- Other construction activity for cultural and recreational other than for the Museum occurred in the amount of \$3,153,499 for the North Durham Library, Stanford Warren Library, Southwest Branch Library, South Regional Library as well as the renovations to the main library.
- Construction activity for environmental protection occurred in the amount of \$5,572,249 in environmental engineering primarily for the human services complex (\$2,296,261), the mental health crisis center renovations (\$1,247,960), open space and farmland preservation (\$784,458), the animal shelter building office (\$582,759), administrative building renovations (\$326,236), the criminal justice resource center (\$200,759) and the judicial building renovations (\$113,399). Other activity occurred on the Lincoln Community Health Center renovations and the senior center.

- Construction activity for general government occurred in the amount of \$8,456,248. The major activity in general government was the new justice center (\$4,298,700), the convention center (\$1,282,427), the computer replacement projects (\$1,101,654), the BOCC chamber upgrade (\$754,727), the county stadium renovations (\$713,205) and the telecommunication system upgrades (\$305,535).
- Construction activity for public safety occurred in the amount of \$218,552 for the detention center project (\$212,487) and the EMS relocation Lincoln (\$6,065).
- There were capital contributions (five properties) from the Durham County Board of Education in fiscal year 2009 in the amount of \$13,062,491.
- There was a disposal of governmental activities' capital assets in the amount of \$2,703,039 with a loss on the disposal of the capital assets in the amount of \$53,028.

**DURHAM COUNTY'S CAPITAL ASSETS**  
(Net of Depreciation)

	Governmental Activities		Business - type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 6,837,204	\$ 6,837,204	\$ 185,226	\$ 185,226	\$ 7,022,430	\$ 7,022,430
Improvements- water and sewer lines	-	-	14,590,410	14,927,896	14,590,410	14,927,896
Buildings	137,363,314	129,246,718	1,771,822	1,836,347	139,135,136	131,083,065
Office furniture and equipment	52,742	20,117	12,896	-	65,638	20,117
Machinery and equipment	713,535	815,637	57,815	70,419	771,350	886,056
Computer hardware	182,345	190,877	22,974	-	205,319	190,877
Computer software	4,447,272	7,704,132	-	-	4,447,272	7,704,132
Vehicles	3,793,712	3,292,390	99,331	6,931	3,893,043	3,299,321
Construction in progress	120,330,910	91,574,436	37,515,229	36,620,265	157,846,139	128,194,701
<b>Total</b>	<b>\$ 273,721,034</b>	<b>\$ 239,681,511</b>	<b>\$ 54,255,703</b>	<b>\$ 53,647,084</b>	<b>\$ 327,976,737</b>	<b>\$ 293,328,595</b>

Additional information on the County's capital assets can be found in Note D on pages 68-70 of this report.

**Long-term debt.** At the end of the current fiscal year, Durham County had total debt outstanding of \$429,576,107. Of this amount, \$255,335,002 comprises bonded debt backed by the full faith and credit of the government. Also included is \$17,660,000 of bonded debt secured by a pledge of and lien upon, and payable solely from, the net receipts of the enterprise system, and in certain circumstances, by proceeds of the revenue bonds, investment earnings and certain net insurance and other proceeds. The revenue bonds are additionally secured by and payable from money and securities of certain funds, accounts and sub-accounts held by the trustee under the trust agreement and the first supplemental trust agreement. The balance consists of certificates of participation in the amount of \$132,775,000, installment notes in the amount of \$15,474,601, general obligation bond

anticipation notes of \$5,238,283 and other financing agreements in the amount of \$3,093,221. The general obligation bond anticipation notes are also backed by the full faith and credit of the government.

**DURHAM COUNTY’S OUTSTANDING DEBT**  
Long-Term Debt

	Governmental		Business - type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 251,040,046	\$ 270,784,681	\$ 4,294,956	\$ 4,785,321	\$ 255,335,002	\$ 275,570,002
Revenue bonds	-	-	17,660,000	19,155,000	17,660,000	19,155,000
Certificates of participation	132,775,000	17,525,000	-	-	132,775,000	17,525,000
Installment notes payable	20,712,884	19,845,222	-	-	20,712,884	19,845,222
Other financing agreements	3,093,221	3,661,649	-	-	3,093,221	3,661,649
<b>Total</b>	<b>\$ 407,621,151</b>	<b>\$ 311,816,552</b>	<b>\$ 21,954,956</b>	<b>\$ 23,940,321</b>	<b>\$ 429,576,107</b>	<b>\$ 335,756,873</b>

The County’s total debt excluding accrued compensated absences and unamortized bond premiums increased by \$93,819,234 (27.94 percent) during the current fiscal year. The key factors in this increase was the reduction of debt as a result of the annual debt payments, the issuance of \$117,835,000 in certificates of participation and the issuance of \$5,238,283 in general obligation bond anticipation notes.

The County maintains bond ratings from Moody’s Investors Service, Inc., Standard & Poor’s Rating Services and the Carolina Municipal Advisory Council of Aaa, AAA and 90 (in the range equivalent to AAA), respectively.

State statutes limit the amount of general obligation debt a governmental entity may issue to 8 percent of its total assessed valuation. The current debt limitation for the County is \$2,283,268,476, leaving a legal debt margin of \$2,027,933,474. The net bonded debt per capita is \$961.

Additional information on the County’s long-term debt can be found in Note E on pages 71-76 of this report.

**Economic Factors and Next Year’s Budgets and Rates**

- The unemployment rate for the County is 8.4 percent as of June 2009, which is an increase from a rate of 5.5 percent as of June 2008. The increase is due to the recession and economic downturn. However, the County’s unemployment rate compares favorably to the State’s and nation’s average unemployment rate as of June 2009 of 11 percent and 9.5 percent, respectively.

- The construction activity for non-residential and residential construction was over \$946 million for calendar year 2008 compared to over \$866 million for the calendar year 2007. The value of construction activity increased despite the economy being in a recession.
- The manufacturing sector employment decreased 0.29 percent (96 positions) for calendar year 2008 (33,113) compared to calendar year 2007 (33,209). As of the 1<sup>st</sup> quarter of calendar year 2009, the number has decreased again to 32,008 positions (1,105 decrease, 3.34 percent). The decrease is due to the recession and economic downturn.
- The North Carolina Department of Revenue made an administrative rule change in reporting retail sales. Beginning in fiscal year 2006, reported retail sales are now reported on total taxable sales based on sales and use tax returns rather than gross retail sales as has been reported in the past years. The total taxable sales for Durham County for 2009 reported were \$3,283,972 compared to \$3,703,207 reported for fiscal year 2008, a decrease of \$419,235 (11.32 percent). Total taxable sales are reported in thousands of dollars. The decrease is the result of the recession and economic downturn.
- Economic development announcements for 2008 were over \$740 million, and economic announcements occurring through the second quarter of 2009 amounted to over \$36 million.
- The per capita income for Durham MSA for 2008 is \$39,383, an increase of 1.18 percent over 2007. The Raleigh/Cary MSA has a per capita income of \$39,239. The per capita for the State increased from 2007 to 2008 to \$35,344, an increase of 5.08 percent, while the per capita for the nation decreased from 2007 to 2008 to \$35,486, a decrease of 7.98 percent.
- Inflationary trends in the region compare favorably to the national indices.

All of these factors were considered in preparing the County's budget for the 2009 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased to \$61,852,737. The County has appropriated \$7,592,000 of this amount for spending in the 2010 fiscal year budget. It is intended that this use of available fund balance will avoid the need to raise taxes during the 2010 fiscal year. In addition, only solid waste management fees for City residents were increased for general fund services for the 2010 fiscal year. Transfers from the special revenue funds are budgeted for the 2010 fiscal year as funding sources for public safety. Also, a transfer from the community health trust fund is budgeted for the 2010 fiscal year as a funding source for health related spending, and a transfer from the sewer utility fund is budgeted for 2010 to reimburse the general fund for sewer utility indirect costs paid by the general fund.

The sewer rates were increased for the 2010 budget year in the sewer utility fund. The sewer rates were increased by 7 percent for all customers, both residential and industrial, effective July 1, 2009. These rate increases were necessary to maintain operations and sufficient funds to service debt. However, there was no increase in the capital recovery charges. The capital recovery charge is a part of connection fees for new customers and is used as a source of funding for capital acquisitions, construction and improvements. Other sewer utility charges that increased were surcharge rates for industrial customers. In addition, the interlocal agreement with the Town of Cary was amended adding a pretreatment program administration charge, increasing surcharges for all Cary customers and increasing the flow allocation.

In addition, in fiscal year 2010, because of the economic downturn, there were other financial and operating actions taken. They include no raises for employees, the longevity program has been

suspended, and a hiring freeze with only critical positions in public safety and human services being filled with the human services position being funded with external resources. The County's plan is to move forward in fiscal year 2010 closely monitoring revenues and expenditures and to reassess the County's financial position mid-year.

### **Requests for Information**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 200 East Main Street, Floor 4M, Durham, NC 27701.





# **BASIC FINANCIAL STATEMENTS**



**DURHAM COUNTY, NORTH CAROLINA**

**Statement of Net Assets**

**June 30, 2009**

	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total Primary Government</b>	<b>Durham County ABC Board</b>
<b>Assets</b>				
Cash and cash equivalents / investments	\$ 101,811,996	\$ 8,410,051	\$ 110,222,047	\$ 1,912,495
Cash and cash equivalents / investments - restricted	162,060,835	6,263,697	168,324,532	-
Receivables:				
Accounts receivable	2,344,129	20,889	2,365,018	282
Accrued interest receivable	890,958	135,992	1,026,950	-
Net taxes receivable	4,911,078	-	4,911,078	-
Solid waste receivable	20,733	-	20,733	-
Animal taxes receivable	510,738	-	510,738	-
Net emergency medical services receivable	1,178,159	-	1,178,159	-
Inventory	697,446	-	697,446	1,865,224
Due from other governments - federal and state agencies	17,478,325	20,366	17,498,691	-
Due from other governments - local	2,233,715	557,823	2,791,538	-
Prepays	126,792	-	126,792	142,997
Bond issuance costs	2,547,189	512,094	3,059,283	-
Accumulated amortization bond issue costs	(391,881)	(129,665)	(521,546)	-
Investment in joint venture	8,092,356	-	8,092,356	-
Pension assets	28,818	-	28,818	-
Capital assets:				
Nondepreciable:				
Land	6,837,204	185,226	7,022,430	1,539,453
Construction in progress	120,330,910	37,515,229	157,846,139	-
Depreciable:				
Land improvements - sewer and water lines	-	24,406,259	24,406,259	849,492
Buildings	199,231,369	4,103,344	203,334,713	2,692,482
Office furniture and equipment	389,852	13,374	403,226	-
Machinery and equipment	4,290,258	285,049	4,575,307	1,082,872
Computer hardware	2,432,893	26,133	2,459,026	-
Computer software	13,816,848	-	13,816,848	-
Vehicles	12,912,434	155,693	13,068,127	87,119
Law enforcement	-	-	-	188,341
Accumulated depreciation	(86,520,734)	(12,434,604)	(98,955,338)	(1,833,304)
<b>Total assets</b>	<u>578,262,420</u>	<u>70,046,950</u>	<u>648,309,370</u>	<u>8,527,453</u>
<b>Liabilities</b>				
Accounts payable	11,818,979	241,137	12,060,116	699,056
Arbitrage rebate payable	-	13,000	13,000	-
Accrued interest payable	2,539,601	106,125	2,645,726	-
Escheats payable	45,779	-	45,779	-
Accrued payroll and related amounts withheld	4,283,043	56,168	4,339,211	69,803
Collections in advance	2,292,094	-	2,292,094	-
Due to other governments - federal and state agencies	53,065	-	53,065	453,169
Due to other governments - local	286,044	-	286,044	613,610
Pension liabilities	18,742,669	-	18,742,669	-
Other liabilities	-	-	-	62,586
Long-term liabilities:				
Accrued compensated absences due within one year	4,026,633	21,733	4,048,366	-
Bonds and other notes payable due within one year	25,351,128	1,919,192	27,270,320	42,774
Unamortized bond premium due within one year	152,855	33,834	186,689	-
Accrued compensated absences	2,388,726	27,585	2,416,311	116,885
Bonds and other notes payable	382,270,023	20,035,764	402,305,787	457,746
Unamortized bond premium	2,490,689	594,389	3,085,078	-
<b>Total liabilities</b>	<u>456,741,328</u>	<u>23,048,927</u>	<u>479,790,255</u>	<u>2,515,629</u>
<b>Net assets</b>				
Capital assets, net of related debt	50,531,593	31,884,317	82,415,910	4,105,935
Restricted for:				
Capital projects	159,212,513	6,263,697	165,476,210	-
Grants and technology	2,848,322	-	2,848,322	-
Working capital	-	-	-	695,525
Unrestricted net assets	(91,071,336)	8,850,009	(82,221,327)	1,210,364
<b>Total net assets</b>	<u>\$ 121,521,092</u>	<u>\$ 46,998,023</u>	<u>\$ 168,519,115</u>	<u>\$ 6,011,824</u>

The notes to the financial statements are an integral part of this statement.

**DURHAM COUNTY, NORTH CAROLINA**

**Statement of Activities  
Year Ended June 30, 2009**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Durham County ABC Board
	Expenses	Charges for Services	Operating	Capital	Primary Government			
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 47,393,464	\$ 8,052,809	\$ 1,795,706	\$ 5,319,847	\$ (32,225,102)	\$ -	\$ (32,225,102)	\$ -
Public safety	52,889,080	(272,050)	4,970,328	-	(48,190,802)	-	(48,190,802)	-
Transportation	12,500	-	-	-	(12,500)	-	(12,500)	-
Economic and physical development	6,746,267	25,867	1,685,798	-	(5,034,602)	-	(5,034,602)	-
Environmental protection	3,800,698	2,279,440	45,221	501,087	(974,950)	-	(974,950)	-
Human services	437,677,600	4,895,166	390,413,674	-	(42,368,760)	-	(42,368,760)	-
Education	143,520,618	-	-	13,481,375	(130,039,243)	-	(130,039,243)	-
Cultural and recreational	11,998,176	236,530	362,201	-	(11,399,445)	-	(11,399,445)	-
Interest and fiscal charges	14,785,542	-	-	-	(14,785,542)	-	(14,785,542)	-
Total governmental activities	<u>718,823,945</u>	<u>15,217,762</u>	<u>399,272,928</u>	<u>19,302,309</u>	<u>(285,030,946)</u>	<u>-</u>	<u>(285,030,946)</u>	<u>-</u>
Business-type activities:								
Sewer utility	5,277,448	8,595,153	-	164,857	-	3,482,562	3,482,562	-
Total business-type activities	<u>5,277,448</u>	<u>8,595,153</u>	<u>-</u>	<u>164,857</u>	<u>-</u>	<u>3,482,562</u>	<u>3,482,562</u>	<u>-</u>
<b>Total primary government</b>	<b>\$ 724,101,393</b>	<b>\$ 23,812,915</b>	<b>\$ 399,272,928</b>	<b>\$ 19,467,166</b>	<b>(285,030,946)</b>	<b>3,482,562</b>	<b>(281,548,384)</b>	<b>-</b>
<b>Component units:</b>								
Durham County ABC Board	\$ 22,708,795	\$ 22,905,798	\$ -	\$ -	-	-	-	197,003
<b>Total component units</b>	<b>\$ 22,708,795</b>	<b>\$ 22,905,798</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>197,003</b>
General revenues:								
Taxes:								
Property taxes, levied for general purposes					204,580,914	-	204,580,914	-
Property taxes, levied for fire districts					5,461,784	-	5,461,784	-
Property taxes, levied for other districts purposes					656,807	-	656,807	-
Local option sales tax					47,108,208	-	47,108,208	-
Occupancy tax					2,211,214	-	2,211,214	-
Animal tax					938,241	-	938,241	-
Gross receipts tax					230,687	-	230,687	-
Investment and interest income					3,123,327	306,961	3,430,288	12,758
Other revenues					1,096,491	-	1,096,491	19,394
Amortization of bond premium					280,133	33,834	313,967	-
Total general revenues					<u>265,687,806</u>	<u>340,795</u>	<u>266,028,601</u>	<u>32,152</u>
Change in net assets					(19,343,140)	3,823,357	(15,519,783)	229,155
Net assets - beginning					140,864,232	43,174,666	184,038,898	5,782,669
Net assets - ending					<u>\$ 121,521,092</u>	<u>\$ 46,998,023</u>	<u>\$ 168,519,115</u>	<u>\$ 6,011,824</u>

**DURHAM COUNTY, NORTH CAROLINA**

**Balance Sheet  
Governmental Funds  
June 30, 2009**

	General	Community Health Trust Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents / investments	\$ 77,682,316	\$ 15,259,633	\$ 6,016,484	\$ 2,853,563	\$ 101,811,996
Cash and cash equivalents / investments - restricted	2,848,322	-	159,212,513	-	162,060,835
Receivables:					
Accounts receivable	1,416,346	-	927,783	-	2,344,129
Net taxes receivable	4,820,612	-	-	90,466	4,911,078
Solid waste receivable	20,733	-	-	-	20,733
Animal taxes receivable	510,738	-	-	-	510,738
Net emergency medical services receivable	1,178,159	-	-	-	1,178,159
Inventory	697,446	-	-	-	697,446
Due from other governments - federal and state agencies	16,537,751	-	940,574	-	17,478,325
Due from other governments - local	2,233,715	-	-	-	2,233,715
Due from capital project fund	2,996,376	-	-	-	2,996,376
Prepaid expenditures	92,870	-	13,148	20,774	126,792
Total assets	<u>\$ 111,035,384</u>	<u>\$ 15,259,633</u>	<u>\$ 167,110,502</u>	<u>\$ 2,964,803</u>	<u>\$ 296,370,322</u>
<b>Liabilities and fund balances</b>					
Liabilities:					
Accounts payable	\$ 5,597,547	\$ -	\$ 6,103,294	\$ 118,138	\$ 11,818,979
Escheats payable	45,779	-	-	-	45,779
Accrued payroll and related amounts withheld	4,283,043	-	-	-	4,283,043
Due to other governments - federal and state agencies	53,065	-	-	-	53,065
Due to other governments - local	146,426	-	-	139,618	286,044
Due to general fund	-	-	2,996,376	-	2,996,376
Deferred revenues:					
Collections in advance	2,191,538	-	-	100,556	2,292,094
Taxes	4,820,612	-	-	90,466	4,911,078
Solid waste	20,733	-	-	-	20,733
Animal taxes	510,738	-	-	-	510,738
Emergency medical services	1,178,159	-	-	-	1,178,159
Total liabilities	<u>18,847,640</u>	<u>-</u>	<u>9,099,670</u>	<u>448,778</u>	<u>28,396,088</u>
Fund balances:					
Reserved:					
State statute	21,970,076	-	1,868,357	-	23,838,433
State statute - mental health	1,214,112	-	-	-	1,214,112
Encumbrances	1,320,643	-	80,170,466	-	81,491,109
Other purposes	5,830,176	-	13,599	93,758	5,937,533
Unreserved, reported in:					
General fund	61,852,737	-	-	-	61,852,737
Community health trust fund	-	15,259,633	-	-	15,259,633
Capital projects fund	-	-	75,958,410	-	75,958,410
Unreserved, reported in nonmajor:					
Special revenue	-	-	-	1,408,802	1,408,802
Debt service	-	-	-	1,013,465	1,013,465
Total fund balances	<u>92,187,744</u>	<u>15,259,633</u>	<u>158,010,832</u>	<u>2,516,025</u>	<u>267,974,234</u>
<b>Total liabilities and fund balances</b>	<u>\$ 111,035,384</u>	<u>\$ 15,259,633</u>	<u>\$ 167,110,502</u>	<u>\$ 2,964,803</u>	<u>\$ 296,370,322</u>

**DURHAM COUNTY, NORTH CAROLINA**

**Reconciliation of the Balance Sheet of Governmental Funds to the  
Statement of Net Assets  
June 30, 2009**

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Amounts reported for governmental activities in the statement of net assets are different because:

Ending fund balance - governmental funds	\$ 267,974,234
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	281,842,208
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	6,620,708
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(434,916,058)
Net assets of governmental activities	<u>\$ 121,521,092</u>

The notes to the financial statements are an integral part of this statement.

DURHAM COUNTY, NORTH CAROLINA

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2009

	General	Community Health Trust Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 253,454,313	\$ -	\$ -	\$ 6,088,593	\$ 259,542,906
Licenses and permits	744,881	-	-	-	744,881
Intergovernmental revenues	123,113,255	-	6,239,818	-	129,353,073
Investments	2,713,131	(1,257,737)	1,490,894	92,870	3,039,158
Rent	581,101	-	-	26,717	607,818
Charges for services	17,015,975	3,631,450	-	244,207	20,891,632
Other revenues	943,020	-	-	-	943,020
Total revenues	398,565,676	2,373,713	7,730,712	6,452,387	415,122,488
<b>Expenditures</b>					
Current:					
General government	35,179,769	-	8,463,128	-	43,642,897
Public safety	46,393,058	-	218,552	4,649,134	51,260,744
Transportation	12,500	-	-	-	12,500
Economic and physical development	6,099,095	-	-	626,973	6,726,068
Environmental protection	3,281,411	-	5,572,249	-	8,853,660
Human services	162,360,553	-	-	-	162,360,553
Education	110,299,829	-	44,407,545	-	154,707,374
Cultural and recreational	11,183,313	-	3,435,142	-	14,618,455
Debt service:					
Principal retirement	-	-	-	27,266,955	27,266,955
Interest and fiscal charges	-	-	-	14,376,279	14,376,279
Debt issuance costs	-	-	1,546,769	-	1,546,769
Amortization of lease discount	-	-	-	-	-
Total expenditures	374,809,528	-	63,643,385	46,919,341	485,372,254
<b>Excess (deficiency) of revenues over (under) expenditures</b>	23,756,148	2,373,713	(55,912,673)	(40,466,954)	(70,249,766)
<b>Other financing sources (uses)</b>					
Transfers in	7,992,420	-	1,171,493	41,345,475	50,509,388
Transfers out	(34,673,804)	(4,909,892)	(8,393,164)	(2,372,528)	(50,349,388)
Premium on issuance of debt	-	-	1,207,038	-	1,207,038
Issuance of installment purchases	-	-	123,073,283	-	123,073,283
Total other financing sources (uses)	(26,681,384)	(4,909,892)	117,058,650	38,972,947	124,440,321
<b>Net change in fund balances</b>	(2,925,236)	(2,536,179)	61,145,977	(1,494,007)	54,190,555
<b>Fund balance - beginning</b>	95,112,980	17,795,812	96,864,855	4,010,032	213,783,679
<b>Fund balance - ending</b>	\$ 92,187,744	\$ 15,259,633	\$ 158,010,832	\$ 2,516,025	\$ 267,974,234

The notes to the financial statements are an integral part of this statement.

**DURHAM COUNTY, NORTH CAROLINA**

**Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
Year Ended June 30, 2009**

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds \$ 54,190,555

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current year. 33,776,301

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (5,388,149)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related accounts. (101,921,847)

Change in net assets of governmental activities \$ (19,343,140)

The notes to the financial statements are an integral part of this statement.



DURHAM COUNTY, NORTH CAROLINA

Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 General Fund  
 Year Ended June 30, 2009

	Budgeted Amounts			Positive (Negative) Variance
	Original	Final	Actual	
<b>Revenues</b>				
Taxes				
Current levy	\$ 198,485,693	\$ 198,485,693	\$ 201,702,158	\$ 3,216,465
Prior year's levy	2,500,000	2,800,000	974,832	(1,825,168)
Tax penalties and interest	565,000	565,000	684,965	119,965
Advertising and selling	25,000	25,000	41,949	16,949
Payments in lieu of taxes	25,000	25,000	62,316	37,316
Local option sales tax	50,540,284	50,540,284	47,108,208	(3,432,076)
Animal tax	457,400	457,400	427,503	(29,897)
Occupancy tax	2,518,917	2,518,917	2,211,214	(307,703)
Gross receipts tax	200,000	200,000	230,687	30,687
Solid waste tax	-	-	10,481	10,481
Total taxes	<u>255,317,294</u>	<u>255,617,294</u>	<u>253,454,313</u>	<u>(2,162,981)</u>
Intergovernmental revenues				
Beer and wine tax	144,200	144,200	131,833	(12,367)
Social services	361,543,239	365,529,980	361,449,117	(4,080,863)
Mental health	24,713,918	24,173,671	22,190,375	(1,983,296)
Public health	4,631,698	4,927,938	5,984,855	1,056,917
Library	355,976	435,226	362,200	(73,026)
ABC Board	650,000	650,000	1,010,000	360,000
Other	5,917,536	7,922,433	8,144,548	222,115
Total intergovernmental revenues	<u>397,956,567</u>	<u>403,783,448</u>	<u>399,272,928</u>	<u>(4,510,520)</u>
Charges for services				
Elections registration lists	2,000	2,000	961	(1,039)
Register of deeds	4,000,000	4,000,000	2,566,054	(1,433,946)
General government charges	2,655,929	2,655,929	2,560,047	(95,882)
Collection fees	1,084,500	1,084,500	1,269,974	185,474
Public protection	1,353,733	1,353,733	1,711,895	358,162
Environmental protection	654,700	654,700	695,963	41,263
Solid waste fees	1,229,510	1,229,510	1,282,190	52,680
Facilities fees	520,000	520,000	547,632	27,632
Library fees and charges	202,000	202,000	236,530	34,530
Mental health	45,000	45,000	77,261	32,261
Public health	2,105,948	2,105,948	709,246	(1,396,702)
Social services	217,522	217,522	304,921	87,399
Emergency medical services charges	4,379,500	4,379,500	5,027,434	647,934
Other charges	20,000	20,000	25,867	5,867
Total charges for services	<u>18,470,342</u>	<u>18,470,342</u>	<u>17,015,975</u>	<u>(1,454,367)</u>
Investment and rental income				
Investment earnings	3,500,256	3,500,256	2,713,131	(787,125)
Rent	428,831	428,831	581,101	152,270
Total investment and rental income	<u>3,929,087</u>	<u>3,929,087</u>	<u>3,294,232</u>	<u>(634,855)</u>
Licenses and permits				
Construction permits	494,900	494,900	288,147	(206,753)
Cablevision and franchise fees	400,000	400,000	429,425	29,425
Wine and beer licenses	18,000	18,000	18,964	964
Other licenses and permits	3,000	3,000	8,345	5,345
Total licenses and permits	<u>915,900</u>	<u>915,900</u>	<u>744,881</u>	<u>(171,019)</u>

The notes to the financial statements are an integral part of this statement.

DURHAM COUNTY, NORTH CAROLINA

Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 General Fund  
 Year Ended June 30, 2009

	Budgeted Amounts			Positive (Negative) Variance
	Original	Final	Actual	
<b>Revenues (continued)</b>				
Other revenues				
Miscellaneous	\$ 374,613	\$ 374,613	\$ 620,852	\$ 246,239
Confiscated property				
federal investigation	-	-	22,699	22,699
Sale of property and materials	-	-	40,136	40,136
Other	300	300	259,333	259,033
Total other revenues	374,913	374,913	943,020	568,107
<b>Total revenues</b>	<b>676,964,103</b>	<b>683,090,984</b>	<b>674,725,349</b>	<b>(8,365,635)</b>
<b>Expenditures</b>				
General administration				
Board of county commissioners	635,122	650,248	590,193	60,055
County manager	1,812,952	1,878,703	1,504,270	374,433
Finance	2,867,351	2,986,546	2,756,291	230,255
Tax	5,934,928	6,585,044	5,864,959	720,085
Legal	1,586,115	1,625,251	1,530,797	94,454
Court facilities	383,004	480,782	338,054	142,728
Human resources	3,423,853	3,460,919	3,004,936	455,983
Elections	1,243,486	1,381,575	1,174,514	207,061
Risk management and insurance	2,433,724	2,489,997	1,607,393	882,604
General services	8,232,938	8,387,098	7,568,335	818,763
Geographic information systems	368,570	368,570	375,058	(6,488)
Information systems	6,066,001	6,313,999	5,191,318	1,122,681
Register of deeds	1,807,802	2,185,178	1,916,865	268,313
Other	4,203,876	6,661,333	1,756,786	4,904,547
Total general administration	40,999,722	45,455,243	35,179,769	10,275,474
Economic and physical development				
Planning	1,069,093	1,069,093	1,105,879	(36,786)
Cooperative extension	1,205,536	1,403,379	1,090,745	312,634
Soil and water conservation	374,652	378,625	324,528	54,097
Open space management	85,750	199,096	51,126	147,970
Industrial extension	3,055,333	2,855,333	2,128,333	727,000
Other	362,165	1,712,165	1,398,484	313,681
Total economic and physical development	6,152,529	7,617,691	6,099,095	1,518,596
Human services				
Public health	23,001,174	23,791,532	20,811,834	2,979,698
Mental health	30,418,470	32,577,654	28,989,946	3,587,708
Social services	387,410,663	392,758,469	386,230,171	6,528,298
Other	1,959,085	2,036,078	1,782,924	253,154
Total human services	442,789,392	451,163,733	437,814,875	13,348,858
Education				
Durham public schools	105,098,739	105,948,739	105,538,144	410,595
Durham technical community college	4,804,546	4,804,546	4,660,410	144,136
Other education	110,766	110,766	101,275	9,491
Total education	110,014,051	110,864,051	110,299,829	564,222

The notes to the financial statements are an integral part of this statement.

DURHAM COUNTY, NORTH CAROLINA

Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 General Fund  
 Year Ended June 30, 2009

	Budgeted Amounts			Positive (Negative) Variance
	Original	Final	Actual	
<b>Expenditures (continued)</b>				
Public safety				
Criminal justice partnership	\$ 2,568,914	\$ 2,617,615	\$ 2,145,360	\$ 472,255
County sheriff	16,420,289	17,734,784	15,802,273	1,932,511
County jail	13,757,941	13,980,664	13,591,598	389,066
Youth home	1,214,874	1,233,418	1,126,512	106,906
Animal control	1,761,556	1,769,011	1,656,650	112,361
Emergency communications center	890,673	890,673	919,483	(28,810)
Emergency medical services	7,585,100	8,035,649	7,568,645	467,004
County fire protection	2,666,558	2,974,747	2,529,605	445,142
Medical examiner	100,000	108,000	108,000	-
Other public safety	1,625,375	1,626,511	1,492,239	134,272
Total public safety	48,591,280	50,971,072	46,940,365	4,030,707
Transportation				
Airport authority	12,500	12,500	12,500	-
Total transportation	12,500	12,500	12,500	-
Environmental protection				
Solid waste	2,050,215	2,072,013	1,943,165	128,848
Environmental engineering	1,678,633	1,845,458	1,454,897	390,561
Other	64,852	83,158	41,393	41,765
Total environmental protection	3,793,700	4,000,629	3,439,455	561,174
Cultural and recreational				
Library	10,019,416	10,296,588	9,127,209	1,169,379
Other	1,970,300	2,080,300	2,056,104	24,196
Total cultural and recreational	11,989,716	12,376,888	11,183,313	1,193,575
<b>Total expenditures</b>	<b>664,342,890</b>	<b>682,461,807</b>	<b>650,969,201</b>	<b>31,492,606</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>12,621,213</b>	<b>629,177</b>	<b>23,756,148</b>	<b>23,126,971</b>
<b>Other financing sources (uses)</b>				
Transfers in	7,066,114	8,002,481	7,992,420	(10,061)
Appropriated fund balance	17,548,466	24,667,836	-	(24,667,836)
Transfers out	(38,610,103)	(34,673,804)	(34,673,804)	-
Issuance of installment purchases	1,374,310	1,374,310	-	(1,374,310)
<b>Total other financing uses</b>	<b>(12,621,213)</b>	<b>(629,177)</b>	<b>(26,681,384)</b>	<b>(26,052,207)</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(2,925,236)</b>	<b>\$ (2,925,236)</b>
<b>FUND BALANCE -BEGINNING OF YEAR</b>			<b>95,112,980</b>	
<b>FUND BALANCE - END OF YEAR</b>			<b>\$ 92,187,744</b>	

The notes to the financial statements are an integral part of this statement.

**DURHAM COUNTY, NORTH CAROLINA**

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Community Health Trust Fund  
Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Positive (Negative) Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment earnings	\$ 1,334,892	\$ 1,334,892	\$ (1,257,737)	\$ (2,592,629)
Charges for services	3,200,000	3,575,000	3,631,450	56,450
<b>Total revenues</b>	<u>4,534,892</u>	<u>4,909,892</u>	<u>2,373,713</u>	<u>(2,536,179)</u>
<b>Other financing sources (uses)</b>				
Transfers out	(4,534,892)	(4,909,892)	(4,909,892)	-
<b>Total other financing uses</b>	<u>(4,534,892)</u>	<u>(4,909,892)</u>	<u>(4,909,892)</u>	<u>-</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>\$ -</u>	<u>\$ -</u>	(2,536,179)	<u>\$ (2,536,179)</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>			<u>17,795,812</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 15,259,633</u>	

The notes to the financial statements are an integral part of this statement.

**DURHAM COUNTY, NORTH CAROLINA**

**Statement of Net Assets**

**Proprietary Fund**

**June 30, 2009**

	<u>Enterprise Fund</u>
	<u>Sewer</u>
	<u>Utility</u>
	<u>Fund</u>
<b>Assets</b>	
Current assets	
Cash and cash equivalents / investments	\$ 8,410,051
Cash and cash equivalents / investments - restricted	6,263,697
Receivables:	
Accounts receivable	20,889
Accrued interest receivable	135,992
Total receivables	<u>156,881</u>
Due from other governments - federal and state agencies	20,366
Due from other governments - local	557,823
Total current assets	<u>15,408,818</u>
Noncurrent assets	
Bond issuance costs	512,094
Accumulated amortization - bond issuance costs	(129,665)
Capital assets:	
Land	185,226
Land improvements - sewer and water lines	24,406,259
Building treatment plant	4,103,344
Office furniture and equipment	13,374
Machinery and equipment	285,049
Vehicles	155,693
Computer hardware	26,133
Construction in progress	37,515,229
Total capital assets	<u>66,690,307</u>
Less accumulated depreciation and amortization	<u>(12,434,604)</u>
Net capital assets	<u>54,255,703</u>
Total noncurrent assets	<u>54,638,132</u>
<b>Total assets</b>	<u>70,046,950</u>
<b>Liabilities</b>	
Current liabilities	
Current portion of accrued compensated absences	21,733
Current portion of long-term debt	1,919,192
Current portion of unamortized bond premium	33,834
Accounts payable	241,137
Arbitrage rebate payable	13,000
Accrued interest payable	106,125
Accrued payroll and related amounts withheld	56,168
Total current liabilities	<u>2,391,189</u>
Noncurrent liabilities	
Accrued compensated absences	27,585
Long-term debt	20,035,764
Noncurrent unamortized bond premium	594,389
Total noncurrent liabilities	<u>20,657,738</u>
<b>Total liabilities</b>	<u>23,048,927</u>
<b>Net assets</b>	
Net assets - capital net of debt	31,884,317
Net assets - restricted for capital projects	6,263,697
Net assets - unrestricted	8,850,009
<b>Total net assets</b>	<u>\$ 46,998,023</u>

**DURHAM COUNTY, NORTH CAROLINA**

**Statement of Revenues, Expenses, and Changes in Fund Net Assets**

**Proprietary Fund**

**Year Ended June 30, 2009**

	<u>Enterprise Fund</u>
	<u>Sewer Utility Fund</u>
<b>Operating revenues</b>	
Charges for services	\$ 8,157,762
Total operating revenues	<u>8,157,762</u>
<b>Operating expenses</b>	
Personnel services	856,264
Contracted services - wastewater treatment plant	1,608,359
Utilities	321,991
Maintenance and other	1,086,808
Depreciation and amortization	581,995
Total operating expenses	<u>4,455,417</u>
<b>Operating income (loss)</b>	<u>3,702,345</u>
<b>Nonoperating revenue (expense)</b>	
Investment and interest income	306,961
Sewer connection fees	506,648
Intergovernmental revenues	19,557
Assessments	(69,257)
Interest and fiscal charges	(642,335)
Amortization of bond issue costs	(19,696)
Amortization of bond premium	33,834
Total nonoperating revenue (expense)	<u>135,712</u>
<b>Income (loss) before transfers and contributions</b>	3,838,057
Transfers out	(160,000)
Capital contributions	<u>145,300</u>
<b>Change in net assets</b>	3,823,357
<b>Total net assets - beginning</b>	<u>43,174,666</u>
<b>Total net assets - ending</b>	<u>\$ 46,998,023</u>

The notes to the financial statements are an integral part of this statement.

**DURHAM COUNTY, NORTH CAROLINA**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**Year Ended June 30, 2009**

	<u>Enterprise Fund</u> <u>Sewer</u> <u>Utility</u> <u>Fund</u>
<b>Operating activities</b>	
Cash received from sales	\$ 8,046,858
Cash paid to employees	(802,775)
Cash paid for operating plant	(3,855,918)
<b>Net cash provided (used) by operating activities</b>	<u>3,388,165</u>
<b>Noncapital financing activities</b>	
Sewer connection fees received	506,648
Transfers out	(160,000)
Intergovernmental revenues	19,557
<b>Net cash provided (used) by noncapital financing activities</b>	<u>366,205</u>
<b>Capital and related financing activities</b>	
Principal payments on long-term debt	(1,985,365)
Interest paid	(1,184,011)
Acquisition and construction costs of capital assets	(515,206)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(3,684,582)</u>
<b>Investing activities</b>	
Investment income and dividends	278,813
<b>Net cash provided (used) by investing activities</b>	<u>278,813</u>
<b>Net increase (decrease) in cash and cash equivalents/investments</b>	<u>348,601</u>
<b>Cash and cash equivalents/investments</b>	
<b>Beginning of year</b>	<u>14,325,147</u>
<b>End of year</b>	<u>\$ 14,673,748</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>	
Operating income (loss)	\$ 3,702,345
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	581,995
Change in assets and liabilities	
Accounts receivable	(10,355)
Due from other governments - federal and state agencies	(18,834)
Due from other governments - local	(81,715)
Accounts payable and accrued expenses	(838,760)
Other liabilities	53,489
Total adjustments	<u>(314,180)</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 3,388,165</u>

**DURHAM COUNTY, NORTH CAROLINA**

**Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2009**

	<b>Law Enforcement Officers' Special Separation Allowance Pension Trust Fund</b>	<b>Private-purpose Trust Funds</b>	<b>Agency Funds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 20,953	\$ 3,514,525
U.S. government securities	1,211,584	-	-
Net taxes receivable	-	-	3,731,450
Total assets	<u>1,211,584</u>	<u>20,953</u>	<u>\$ 7,245,975</u>
<b>Liabilities</b>			
Accounts payable	-	1,000	-
Accrued payroll and amounts withheld	7,939	-	-
Funds held for others	-	-	627,550
Due to governmental agencies	-	-	6,618,425
Total liabilities	<u>7,939</u>	<u>1,000</u>	<u>\$ 7,245,975</u>
<b>Net assets</b>			
Held in trust for:			
Employee pension benefits	1,203,645	-	
Individuals, organizations, and other governments	-	19,953	
Total net assets	<u>\$ 1,203,645</u>	<u>\$ 19,953</u>	

The notes to the financial statements are an integral part of this statement.



# DURHAM COUNTY, NORTH CAROLINA

## Statement of Changes in Fiduciary Net Assets Fiduciary Funds Year Ended June 30, 2009

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	<b>Law Enforcement Officers' Special Separation Allowance Pension Trust Fund</b>	<b>Private-purpose Trust Funds</b>
<b>Additions</b>		
Employer contributions	\$ 207,847	\$ -
Employee contributions	-	3,938
Investment income	20,874	117
Total additions	<u>228,721</u>	<u>4,055</u>
<b>Deductions</b>		
Benefits	<u>117,669</u>	<u>1,800</u>
Total deductions	<u>117,669</u>	<u>1,800</u>
<b>Change in net assets</b>	111,052	2,255
<b>Total net assets - beginning</b>	<u>1,092,593</u>	<u>17,698</u>
<b>Total net assets - ending</b>	<u><u>\$ 1,203,645</u></u>	<u><u>\$ 19,953</u></u>

The notes to the financial statements are an integral part of this statement.

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DURHAM COUNTY, NORTH CAROLINA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2009

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Reporting Entity

Durham County, North Carolina (the “County”) is one of the 100 counties established in North Carolina under North Carolina General Statute 154-10. The County was incorporated in 1881 and covers an area of 299 square miles and has operated under the Commissioner-Manager form of government since 1930. As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component unit, a legally separate entity for which the County is financially accountable. The discretely presented component unit noted below is reported in a separate column in the County’s financial statements to emphasize that it is legally separate from the County.

Discretely Presented Component Unit

Durham County ABC Board

The Durham County Board of Alcoholic Beverage Control (the “ABC Board”) operates retail liquor stores within the County and investigates violations of laws pertaining to retail liquor sales. The five members of the ABC Board’s governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund.

Complete financial statements for the ABC Board may be obtained at its administrative office.

Durham County ABC Board  
3620 Chapel Hill Boulevard  
Durham, North Carolina 27707

Durham County Industrial Facility and Pollution Control Financing Authority

Durham County Industrial Facility and Pollution Control Financing Authority (the “Authority”) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority is governed by a seven-member board, all of whom are appointed by the County Commissioners. The County can remove any board member of the Authority with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the financial statements. The Authority does not issue separate financial statements.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2009

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

2. Basis of Presentation

*Government-wide Statements:* The statement of net assets and the statement of activities display information about the primary government (the County) and its component unit (the ABC Board). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, interfund services provided and used are not eliminated in the process of consolidation.

*Fund Financial Statements:* The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary funds distinguish operating from nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues, primarily charges for services, result from exchange transactions associated with the principal activities of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Operating expenses include professional and other services costs; personnel, utilities and maintenance; and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2009

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The County reports the following major governmental funds:

*General Fund.* This is the County's general operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

*Community Health Trust Fund.* This fund accounts for the financial resources acquired through the leasing of Durham Regional Hospital to Duke University and accounts for the earnings of these financial resources and ensures the financial resources are used for health related operating and capital expenditures.

*Capital Projects Fund.* This fund accounts for financial resources to be used for the acquisition, construction or improvement of major capital facilities other than those financed by proprietary funds. The capital projects fund is also used to accumulate funds to finance a capital improvement plan. Amounts totaling 10% of dedicated property tax revenue and other dedicated revenue are to fund various capital projects and capital acquisitions over an extended period of time. The capital projects fund budget is adopted on a project basis which is multi-year.

The County reports the following major enterprise fund:

*Sewer Utility Fund.* This fund accounts for the revenues and expenses related to the provision of sewer service.

The County also reports *Other Governmental Funds*, which are individually nonmajor, in total. The Bethesda Fire District, Lebanon Fire District, Parkwood Fire District, Redwood Fire District, New Hope Fire District, Eno Fire District, Bahama Fire District, Butner Safety District, Special Park District, and Emergency Services are all special revenue fund types. They are used to account for the proceeds of specific revenue sources, other than major capital projects, that are legally restricted for specific purposes. The Debt Service Fund is also included in *Other Governmental Funds* and is used to account for the payment of principal, interest and related costs for all general long-term debt other than debt issued for and serviced by proprietary funds.

The County reports the following fiduciary fund types:

*Law Enforcement Officer's Special Separation Allowance Pension Trust Fund.* The pension trust fund accounts for the activities of the Public Safety Employees Retirement System, which accumulates resources for pension benefit payments to qualified public safety employees.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2009

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*George R. Linder Memorial Private-purpose Trust Fund.* The private-purpose trust fund is used to account for resources legally held in trust for use of acquiring public speakers/lecturers for the Library and functions sponsored by the Library. The fund also receives gift donations to purchase books in the honor of individuals.

*Vic Pearson Memorial Emergency Medical Services (EMS) Private-purpose Trust Fund.* The private-purpose trust fund is used to account for resources legally held in trust for use of assisting EMS employees and/or their families after serious injuries, sickness and/or deaths to them or immediate family members.

*Agency Funds.* Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds:

*Child Support Trust Fund.* The Child Support Trust Fund accounts for certain escrow monies held in trust by the Department of Social Services for the accounts of designated parties.

*Sheriff's Evidence Trust Fund.* The Sheriff's Evidence Trust Fund accounts for funds held by the Sheriff's Office as a result of gathering evidence.

*Jail Inmate Trust Fund.* The Jail Inmate Trust Fund accounts for funds held in trust for jail inmates.

*Sheriff's Trust Fund.* The Sheriff's Trust Fund accounts for funds held by the Sheriff's Office.

*State Treasurer Department of Motor Vehicles Fund.* The State Treasurer Department of Motor Vehicles Fund is used to account for the interest collected on delinquent motor vehicle taxes and the disposition of the interest pursuant to the implementation of House Bill 1779 for the purpose of developing and implementing an integrated computer system within the Division of Motor Vehicles that will allow for the combined assessment, billing and collection of property taxes on motor vehicles and the issuance of registration plates.

*Durham Public School Fund.* The Durham Public School Fund is used to account for the late list penalty assessed on the late listing of property taxes on behalf of Durham Public Schools.

*Town of Chapel Hill Tax Fund.* The Town of Chapel Hill Tax Fund accounts for taxes collected by the County on behalf of the Town of Chapel Hill.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2009

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*City of Durham Tax Fund.* The City of Durham Tax Fund accounts for taxes collected by the County on behalf of the City of Durham.

*City of Raleigh Tax Fund.* The City of Raleigh Tax Fund accounts for taxes collected by the County on behalf of the City of Raleigh.

3. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

*Government-wide, Proprietary, and Fiduciary Fund Financial Statements.* The government-wide, proprietary, and fiduciary fund financial statements, except for agency funds, are reported using the economic resources measurement focus and the accrual basis of accounting. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2009

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes and sales tax distributions. Property taxes, franchise taxes and interest are not accrued as revenue because the amount is not susceptible to accrual at June 30, since taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Sales tax distributions collected and held by the State at year-end on behalf of the County are recognized as revenue within 90 days of year-end. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as reserved fund balance.

All governmental and business-type activities and proprietary funds of the County follow Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

4. Budgetary Control

As required by the North Carolina Budget and Fiscal Control Act, the County adopts an annual budget ordinance for all funds except those authorized by project ordinance. County governmental funds budgeted under project ordinances include the community development and grant projects and the capital projects funds.

The appropriations in the various funds are formally budgeted on a functional basis. Any revisions that alter the total expenditures of any functional category which exceed \$20,000 whether by transfer or additional appropriated fund balance within a fund, all transfers between funds, and all transfers from the contingency account must be approved by the BOCC. The annual budget, which is prepared on the modified accrual basis of accounting as required by North Carolina law, is amended from time to time by the Commissioners. The original budget and the amended final budget are displayed in the basic financial statements for the major funds with the exception of the capital projects fund. The schedule of expenditures compared with project authorizations for the capital projects fund, the original budget and the amended final budget for nonmajor funds and the amended final budget, Non-GAAP Basis, for the major proprietary fund are reported in the Combining and Individual Fund Statements and Schedules elsewhere in this report. During the year, several supplementary appropriations were necessary.



DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2009

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The following summarizes the supplementary appropriations made for the major governmental funds other than the capital projects fund during 2009:

	Original Budget	Total Amendments	Revised Budget
General	\$ 702,952,993	\$ 14,182,618	\$ 717,135,611
Less Federal Awards (See Note N.)			<u>(276,159,673)</u>
Reconciliation from budget basis to GAAP			<u>\$ 440,975,938</u>
 Community Health Trust	 \$ 4,534,892	 \$ 375,000	 <u>\$ 4,909,892</u>

All annual appropriations lapse at each fiscal year-end and must be reappropriated in the following fiscal year's budget.

The intergovernmental revenues received from federal and the related functional expenditures are not included in the General Fund GAAP statement but are included in the General Fund budgetary statement. The intergovernmental revenues from federal funding sources are disclosed in Note N.

5. Equity in Pooled Cash and Cash Equivalent/Investments

Pooled cash and investments are maintained and used by all funds except the Pension Trust Fund, Child Support, Sheriff, Jail Inmate, Vic Pearson Private-purpose Trust Fund, George R. Linder Private-purpose Trust Fund, and funds of the Durham County Facility and Pollution Control Financing Authority. The Child Support, Sheriff, and Jail Inmate trust accounts are maintained in demand deposit accounts. Funds of the Durham County Facility and Pollution Control Financing Authority are maintained by a trustee in accordance with legal agreements.

Cash and Cash Equivalents

All cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Durham County ABC Board considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

Deposits and Investments

All deposits of the County and the ABC Board are made in board-designated official depositories and are secured as required by North Carolina General Statute 159-31. The County and the ABC Board may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the County and the ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts and certificates of deposit.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2009

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

All of the County's and the ABC Board's deposits are either covered by federal depository insurance or are collateralized by using one of two options. Under the Dedicated Method, all deposits over the federal depository insurance coverage are collateralized with securities held by the County's or the ABC Board's agent in the entity's name. Under the Pooling Method, all uninsured deposits are collateralized with a pool of securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and the ABC Board, these deposits are considered to be held by their agent in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the ABC Board or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the ABC Board under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depositor using the Pooling Method.

At June 30, 2009, the County's deposits had a carrying amount of \$121,408,273 and a bank balance of \$125,851,005. Of the bank balance, \$1,088,518 was covered by federal depository insurance, and \$124,762,487 was covered by collateral held under the Pooling Method.

At June 30, 2009, the ABC Board's deposits had a carrying amount of \$1,902,915 and a bank balance of \$2,257,703. Of the bank balance, \$559,867 was covered by federal depository insurance and \$1,697,836 was covered by collateral held under the Pooling Method.

North Carolina General Statute 159-30 authorizes the County and the ABC Board to invest in obligations of the U.S. Treasury; obligations of any agency of the United States of America, provided the payment of interest and principal of such obligations is fully guaranteed by the United States of America; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust, a SEC-registered mutual fund. It is the County's policy to hold investments to maturity in order to realize full book value and interest earnings.

The County's and the ABC Board's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. Investments with a maturity of one year or less at acquisition are reported at amortized cost.

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2009

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

As of June 30, 2009 the County had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 6</u>			
		<u>Months</u>	<u>6-12 Months</u>	<u>1 - 5 Years</u>	<u>5 - 10 Years</u>
Repurchase Agreements	\$ -	\$ -	\$ -	\$ -	\$ -
US Government Treasuries	-	-	-	-	-
US Government Agencies	40,640,892	25,078,597	6,315,260	9,247,035	-
Commercial Paper	9,940,142	9,940,142	-	-	-
NC Capital Management Trust-Cash Portfolio	90,749,876	90,749,876	-	-	-
Community Health Trust	15,218,431	5,019,932	415,305	4,506,554	5,276,640
Certificate of Deposit	1,000,000	-	1,000,000	-	-
Total:	\$ 157,549,341	\$ 130,788,547	\$ 7,730,565	\$ 13,753,589	\$ 5,276,640

**Interest Rate Risk:**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits at least half of the County's investment portfolio to maturities of 12 months or less. Also, the County's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of not more than three years.

**Credit Risk:**

The County has no formal policy regarding credit risk, but maintains internal management procedures that limit the County's investments to the provisions of North Carolina General Statute 159-30 that restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The County invests in commercial paper bearing the highest credit rating, as determined by nationally recognized statistical rating organizations (NRSROs) and banker's acceptances where the accepting bank or its holding company are incorporated in North Carolina. As of June 30, 2009, the County's investments in commercial paper were rated A1 by Standard & Poor's, F1 by Fitch Ratings, and P1 by Moody's Investors Service. In addition, all of the County's commercial paper carries a long-term debt rating of A or better. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2009. The County's investments in US agencies (Federal Home Loan Bank, Federal Farm Credit Bank, Fannie Mae and Freddie Mac) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

**Custodial Credit Risk:**

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2009

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Concentration of Credit Risk:**

The County places no limit on the amount that the County may invest in any one issuer. More than 67 percent of the County's investments are in the Federal Home Loan Bank and Federal National Mortgage Association. These investments are 42.32% and 24.89% respectively, of the County's total investments. All securities owned by the County at June 30, 2009 were in a segregated safekeeping account in the County's name in the Trust Department of First Citizens Bank.

The ABC Board did not have any investments as of June 30, 2009.

6. Receivables

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written-off in prior years.

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DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The receivables as of June 30, 2009 for the County's individual major funds and non-major, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Accounts</u>	<u>Accrued Interest</u>	<u>Taxes</u>	<u>Solid Waste</u>	<u>Emergency Medical Services</u>	<u>Community Development Mortgage Loans</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental activities:								
General	\$ 1,416,346	\$ 824,578	\$ 5,355,653	\$ 20,733	\$ 21,712,975	\$ 490,915	\$ 18,771,466	\$ 48,592,666
Capital projects	927,783	66,380	-	-	-	-	940,574	1,934,737
Other governmental	-	-	90,466	-	-	-	-	90,466
Total receivables	2,344,129	890,958	5,446,119	20,733	21,712,975	490,915	19,712,040	50,617,869
Allowance for doubtful accounts	-	-	(24,305)	-	(20,534,816)	(490,915)	-	(21,050,036)
Total governmental activities	<u>\$ 2,344,129</u>	<u>\$ 890,958</u>	<u>\$ 5,421,814</u>	<u>\$ 20,733</u>	<u>\$ 1,178,159</u>	<u>\$ -</u>	<u>\$ 19,712,040</u>	<u>\$ 29,567,833</u>
Business-type activities:								
Sewer utility	\$ 20,889	\$ 135,992	\$ -	\$ -	\$ -	\$ -	\$ 578,189	\$ 735,070
Total receivables	20,889	135,992	-	-	-	-	578,189	735,070
Allowance for doubtful accounts	-	-	-	-	-	-	-	-
Total business-type activities	<u>\$ 20,889</u>	<u>\$ 135,992</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 578,189</u>	<u>\$ 735,070</u>

The Community Development Mortgage Loans Receivable consists of certain proceeds from bonds that have been used to make non-interest-bearing loans to qualifying individuals in accordance with the County's Community Development Program. These loans contain various provisions, including deferral periods and forgiveness of indebtedness if certain conditions are met. Due to the uncertainty of collectibility, the full amount of the outstanding loans receivable balance as of June 30, 2009 of \$490,915 has been included in the allowance for doubtful accounts.

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2009

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Deferred	Unearned
Net property taxes receivable (general fund)	\$ 4,820,612	\$ -
Net property taxes receivable (special revenue)	90,466	-
Collections in advance (general fund)	-	2,191,538
Collections in advance (special revenue)	-	100,556
Emergency medical services receivable (general fund)	1,178,159	-
Solid waste fees receivable (general fund)	20,733	-
Animal taxes receivable (general fund)	510,738	-
Total deferred/unearned revenue for governmental funds	\$ 6,620,708	\$ 2,292,094

7. Inventories

Inventories of the County are valued at cost using the first-in, first-out (FIFO) method. Inventories of the ABC Board are valued at the lower of cost (FIFO) or market. The County's General Fund inventory consists of expendable supplies held for consumption that are recorded as expenditures when consumed rather than when purchased. The General Fund inventories reported on the Balance Sheet are offset by a fund balance reserve, which indicates that it does not constitute a resource available for appropriation even though it is a component of net current assets. The inventory of the ABC Board consists of liquor and wine held for sale. The cost of the ABC Board inventory is recorded as an expense as it is sold.

8. Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an individual cost of \$5,000 or more and an estimated life in excess of one year. Purchased or constructed capital assets are recorded at original cost at the time of acquisition or completion. Donated capital assets are recorded at their estimated fair value at the date of donation.

The County maintains school construction activity funded through sources provided by the County in the Capital Projects Fund until completion of the projects. In fiscal year 2007, the County and Durham County Board of Education entered into an agreement regarding the donation of school properties whereby the County would hold title to these properties and fund major improvements to

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2009

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

these properties. As of fiscal year end, twenty-two of these title transfers had been executed and are thusly included in the County's capital assets with the construction activity on these assets being included in construction in progress in the County's capital assets as well. However, the County does not hold title to all other Durham County Board of Education properties, and therefore, the construction for those properties has not been included in capital assets. Those properties are reflected as capital assets in the financial statements of the Durham County Board of Education.

The County maintains museum construction activity funded through sources provided by the County in the Capital Projects Fund until completion of the project. However, the County does not hold title to this Museum of Life and Science property, and the construction has not been included in the capital assets. The property is reflected as a capital asset in the financial statements of the Museum of Life and Science.

The County maintains community college construction activity funded through sources provided by the County in the Capital Projects Fund until completion of the project. However, the County does not hold title to this Durham Technical Community College property, and the construction has not been included in the capital assets. The property is reflected as a capital asset in the financial statements of Durham Technical Community College.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Any interest incurred during the construction phase of business type activities is included as part of the capitalized value of the assets constructed. Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Estimated Useful Lives</u>
Buildings	40 years
Office furniture and equipment	7 years
Machinery and equipment	5 years
Vehicles	5 years
Computer hardware	3 years
Computer software	3 years
Leasehold improvement	Life of the lease
Sewer system	50 years
Construction in progress (CIP)	N/A
Capital leases	Life of the lease

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2009

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The ABC Board's capital assets are stated at cost and are being depreciated over their estimated useful lives on a straight-line basis as follows:

<u>Description</u>	<u>Estimated Useful Lives</u>
Buildings	25 – 40 years
Vehicles	3 – 5 years
Furniture and equipment	5 – 12 years
Leasehold improvements	5 – 20 years

The ABC Board defines capital assets as assets with an individual cost in excess of \$500 and an estimated life in excess of one year.

Leasehold improvements are depreciated over the terms of the lease agreement.

Upon disposition of an asset of the County and the ABC Board, the cost of the asset and the related accumulated depreciation are removed from the books. Any gain or loss on disposition is reflected in the earnings for the period.

**9. Long-term Obligations**

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.



DURHAM COUNTY, NORTH CAROLINA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2009

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

10. Compensated Absences

Permanent employees of the County can earn vacation leave at the rate of 11 days per year for the first two years up to a maximum of 25 days per year after twenty-five years. There is no requirement that vacation leave be taken, but the maximum permissible accumulation is 30 days. At the end of each calendar year, the accumulated vacation leave in excess of 225 hours for employees who work a 37.5 hour workweek, 240 hours for employees who work a 40 hour work week and 252 hours for employees who work a 42 hour workweek as of the first full pay period in January is converted to sick leave. The maximum amount of vacation leave that can be carried forward to January 1 is 225, 240 and 252 hours, respectively. At termination, employees are paid for any accumulated vacation leave up to the maximum amount. Accumulated vacation leave and salary related payments at June 30, 2009 amounted to \$6,464,677. Of this amount, \$6,415,359 is recorded as a liability in the government-wide financial statements for governmental activities, and \$49,318 is recorded as a liability in the proprietary fund financial statements and the government-wide financial statements for business-type activities. ABC Board employees may accumulate up to 30 days earned vacation and such leave is fully vested when earned. The ABC Board's accumulated earned vacation and related expenses at June 30, 2009 amounted to \$116,885. The current portion of the ABC Board's accumulated vacation pay is not considered to be material.

Permanent employees of the County earn sick leave at the rate of 12 days per year. There is no limit on the accumulation of sick leave for either the County or the ABC Board. Accumulated sick leave for the County at June 30, 2009 amounted to \$18,865,085 in total. Upon separation from the County or the ABC Board, there is no compensation for earned sick leave. Therefore, sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Accumulated sick leave with the County used as retirement credit is limited to one month for each two years of service. Since the County and the ABC Board have no obligation for accumulated sick leave until it is actually taken, no accruals for sick leave have been made.

11. Encumbrances

As required by North Carolina General Statutes, encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2009

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

12. Net Assets/Fund Balances

**Net Assets**

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State Statute.

**Fund Balances**

In the governmental fund financial statements, reservations or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. State law [G.S. 159-13(b) (16)] restricts the appropriation of fund balance to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved:

- Reserved for encumbrances – represents commitments for the expenditure of funds under purchase orders and contracts other than for mental health human services.
- Reserved by State Statute – represents the amount of revenue that has been recognized other than for mental health services on an accrual basis for financial statement purposes, but which is not available for appropriation in accordance with State Statute.
- Reserved by State Statute – mental health - represents the amount of revenue that has been recognized for mental health human services on an accrual basis for financial statement purposes, but which is not available for appropriation in accordance with State Statute.
- Reserved for other purposes – represents the total amount of inventories and the total amount of funds reserved for prepaid items and restricted cash and cash equivalents/investments in the General Fund.

Unreserved:

- Designated for subsequent year's expenditures – represents the amount of fund balance appropriated to the budget for the year ending June 30, 2009.

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2009

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- Designated for risk management – represents the amount of fund balance set aside for catastrophic occurrences. This amount is not available for appropriation to the budget for the year ended June 30, 2009.
- Designated for debt service – represents the amount of fund balance designated for debt service. This amount is not available for appropriation to the budget for the year ended June 30, 2009.
- Designated for OPEB – represents the amount of fund balance set aside for funding of Other Post-Employment Benefits (OPEB).
- Designated for mental health – represents the amount of fund balance set aside for funding of mental health.
- Designated for social services – represents the amount of fund balance set aside for funding of social services.
- Undesignated – represents the amount of fund balance which is available for future appropriations.

	General Fund	Community Health Trust Fund	Capital Projects Fund	Nonmajor Funds	
				Special Revenue Funds	Debt Service Fund
Fund Balance:					
Reserve for encumbrances	\$ 1,320,643	\$ -	\$ 80,170,466	\$ -	\$ -
Reserve by State Statute	21,970,076	-	1,868,357	-	-
Reserve by State Statute - mental health	1,214,112	-	-	-	-
Reserve for other purposes	5,830,176	-	13,599	93,758	-
Designations:					
Subsequent year's expenditures	7,592,000	4,564,180	-	200,016	950,000
Risk management	4,285,668	-	-	-	-
Debt service	2,718,074	-	-	-	-
OPEB	10,409,715	-	-	-	-
Mental health	129,335	-	-	-	-
Social services	609,104	-	-	-	-
Undesignated	36,108,841	10,695,453	75,958,410	1,208,786	63,465
	<u>\$ 92,187,744</u>	<u>\$ 15,259,633</u>	<u>\$ 158,010,832</u>	<u>\$ 1,502,560</u>	<u>\$ 1,013,465</u>

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2009

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

13. Comparative Total Data/Reclassifications

Certain reclassifications have been made in the prior year's financial data in order to be consistent and conform to the presentation of the financial statements for the year ended June 30, 2009.

14. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

15. Interest rate swap

The County enters into interest rate swap agreements to modify interest rates on outstanding debt. Other than the net interest expenditures and/or revenues resulting from these agreements, no amounts are recorded in the financial statements.

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DURHAM COUNTY, NORTH CAROLINA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2009

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**B. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between the total *fund balances – total governmental funds* and *net assets of governmental activities* as reported in the government-wide statement of net assets. The details of selected elements of that reconciliation are further explained as follows:

1. “Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.”

Capital assets (net of depreciation)	\$273,721,034
Investment in joint venture	8,092,356
Pension assets	<u>28,818</u>
Net adjustment to increase total fund balances – total governmental funds to arrive at net assets of governmental activities	<u>\$281,842,208</u>
  
2. “Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.”

Property taxes and assessments receivable (net)	\$ 4,911,078
Solid waste receivable	20,733
Animal taxes receivable	510,738
Emergency medical services receivable (net)	<u>1,178,159</u>
Net adjustment to increase total fund balances – total governmental funds to arrive at net assets of governmental activities	<u>\$ 6,620,708</u>

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2009

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**B. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS  
(continued)**

3. "Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds."

Bonds and other notes payable due within one year	\$ 25,351,128
Bonds and other notes payable	382,270,023
Unamortized bond premium due within one year	152,855
Unamortized bond premium	2,490,689
Pension liabilities	18,742,669
Accrued compensated absences	6,415,359
Accrued interest payable	<u>2,539,601</u>
 Subtotal	 437,962,324
 Less: accrued interest receivable	 (890,958)
Less: bond issuance costs net of accumulated amortization	 <u>(2,155,308)</u>
 Net adjustment to increase total fund balances – total governmental funds to arrive at net assets of governmental activities	  <u>\$434,916,058</u>

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DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2009

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**B. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**  
**(continued)**

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *change in net assets of governmental activities* as reported in the government-wide statement of activities. The details of selected elements of that reconciliation are further explained as follows:

1. “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.”

Capital outlay	\$44,521,056
Less: depreciation expense	(10,754,260)
Plus: increase in pension asset	<u>9,505</u>
 Net adjustment to increase net changes in fund balances – total governmental funds to arrive at change in net assets of governmental activities	   <u>\$33,776,301</u>

2. “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.”

Increase in deferred revenue of taxes and assessments receivable (net)	\$ 1,138,163
Decrease in deferred revenue of emergency medical services receivable (net)	(7,039,709)
Increase in deferred revenue of animal tax receivable (net)	510,738
Increase in deferred revenue of solid waste receivable (net)	<u>2,659</u>
 Net adjustment to increase net changes in fund balances – total governmental funds to arrive at change in net assets of governmental activities	   <u>\$ (5,388,149)</u>

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2009

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**B. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**  
**(continued)**

3. “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related accounts.”

Principal repayments	\$ (27,266,955)
Amortization of issuance costs	51,861
Increase in issuance cost	(1,546,769)
Increase in debt (net)	123,071,554
Increase in pension liability	6,054,066
Increase in accrued interest payable	357,402
Increase in accrued compensated absences	357,952
Increase in accrued interest receivable	(84,169)
Increase in bond premium	1,207,038
Amortization of bond premium	<u>(280,133)</u>
 Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at change in net assets of governmental activities	          <u>\$ 101,921,847</u>

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DURHAM COUNTY, NORTH CAROLINA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2009

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**C. PROPERTY TAXES**

**Property Taxes Receivable**

The County's property tax (excluding registered motor vehicles) is levied each July 1 on the assessed value listed as of the prior January 1 for all real and tangible personal property located in the County. The taxes are due September 1; however, penalties do not accrue until the following January 6. The lien date is January 6 of each year. Assessed values are established at market value. A revaluation of all real property is required to be performed no less than every eight years. The last revaluation affecting these financial statements was completed for the list of January 1, 2008.

Property taxes, other than taxes for special districts and agency funds, are levied under the "single tax levy" concept whereby all tax revenues are recorded as revenues of the General Fund.

As of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the County's vehicle taxes for vehicles registered in Durham County from March 2008 through February 2009 apply to the fiscal year ended June 30, 2009. Uncollected taxes which were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues. Those taxes for vehicles registered from March 1 through the fiscal year-end apply to the 2009 - 2010 fiscal year and are not shown as receivables at June 30, 2009.

**Interest On Unpaid Motor Vehicle Property Taxes**

During fiscal year 2007, the North Carolina General Assembly enacted House Bill 1779 which provides for the creation of a combined motor vehicle registration renewal and property tax collection system. The Bill called for an increase in the first month's interest on uncollected property taxes on registered motor vehicles. This applied to all property tax levied on registered motor vehicles. The additional interest collected on behalf of the County was required to be remitted to the Department of State Treasurer and be used by the Division of Motor Vehicles to create a combined registration and collection system. The amount collected by the County and disbursed to the Department of State Treasurer during the year ended June 30, 2009 was \$206,115. In addition to the delinquent interest collections, interest in the amount of \$605 was earned during fiscal year 2009.

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2009

**D. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2009 was as follows:

**Governmental Activities:**

	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Nondepreciable capital assets:				
Land	\$ 6,837,204	\$ -	\$ -	\$ 6,837,204
Construction in progress	91,574,436	28,756,474	-	120,330,910
Total nondepreciable capital assets	<u>98,411,640</u>	<u>28,756,474</u>	<u>-</u>	<u>127,168,114</u>
Depreciable capital assets:				
Buildings	186,168,878	13,062,491	-	199,231,369
Office furniture and Equipment	350,982	38,870	-	389,852
Machinery and Equipment	4,776,819	179,046	(665,607)	4,290,258
Computer Hardware	2,832,600	95,346	(495,053)	2,432,893
Computer Software	12,964,912	1,014,468	(162,532)	13,816,848
Vehicles	12,592,165	1,700,116	(1,379,847)	12,912,434
Total depreciable capital assets	<u>219,686,356</u>	<u>16,090,337</u>	<u>(2,703,039)</u>	<u>233,073,654</u>
Less accumulated depreciation for:				
Buildings	56,922,160	4,945,895	-	61,868,055
Office furniture and Equipment	330,865	6,245	-	337,110
Machinery and Equipment	3,961,182	262,771	(647,230)	3,576,723
Computer Hardware	2,641,723	103,879	(495,054)	2,250,548
Computer Software	5,260,780	4,271,327	(162,531)	9,369,576
Vehicles	9,299,775	1,164,143	(1,345,196)	9,118,722
Total accumulated depreciation	<u>78,416,485</u>	<u>10,754,260</u>	<u>(2,650,011)</u>	<u>86,520,734</u>
Total depreciable capital assets, net	<u>141,269,871</u>	<u>5,336,077</u>	<u>(53,028)</u>	<u>146,552,920</u>
Governmental activities capital assets, net	<u>\$ 239,681,511</u>	<u>\$ 34,092,551</u>	<u>\$ (53,028)</u>	<u>\$ 273,721,034</u>

During 2009, the County incurred \$ 44,221,189 of expenditures for public school construction. The County only includes public school construction in its construction in progress in the capital assets of governmental activities for properties for which the County holds title. Therefore, for fiscal year 2009, for properties where the County holds title \$12,083,296 was capitalized. For properties where Durham County Board of Education holds title, \$32,137,893 was not capitalized.

During the fiscal year, it was discovered that the County has held title to the Lincoln Community Health Center since 1973 and should have been included in its list of assets. The building value (\$1,872,859) and the related accumulated depreciation are included in the beginning balances of this schedule. As of July 1, 2008, the building was fully depreciated.

Durham County does not own infrastructure and, therefore, does not report infrastructure.

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

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**D. CAPITAL ASSETS (continued)**

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 6,019,712
Public safety	2,762,961
Environmental protection	26,086
Economic and physical development	5,946
Human Services	798,152
Educational	896,539
Cultural and recreational	244,864
Total depreciation expense	<u>\$ 10,754,260</u>

**Business-type Activities/Sewer Utility Fund:**

	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Nondepreciable capital assets:				
Land	\$ 185,226	\$ -	\$ -	\$ 185,226
Construction In Progress	36,620,265	894,964	-	37,515,229
Total non-depreciable capital assets:	<u>36,805,491</u>	<u>894,964</u>	<u>-</u>	<u>37,700,455</u>
Depreciable capital assets:				
Land Improvements: Water and Sewer Lines	24,260,959	145,300	-	24,406,259
Buildings	4,103,344	-	-	4,103,344
Office furniture and Equipment	-	13,374	-	13,374
Machinery and Equipment	277,674	7,375	-	285,049
Computer Hardware	-	26,133	-	26,133
Vehicles	52,226	103,467	-	155,693
Total depreciable capital assets	<u>28,694,203</u>	<u>295,649</u>	<u>-</u>	<u>28,989,852</u>
Less accumulated depreciation for:				
Land Improvements: Water and Sewer Lines	9,333,063	482,786	-	9,815,849
Buildings	2,266,997	64,525	-	2,331,522
Office furniture and Equipment	-	478	-	478
Machinery and Equipment	207,255	19,979	-	227,234
Computer Hardware	-	3,159	-	3,159
Vehicles	45,295	11,067	-	56,362
Total accumulated depreciation:	<u>11,852,610</u>	<u>581,994</u>	<u>-</u>	<u>12,434,604</u>
Total depreciable capital assets, net:	<u>16,841,593</u>	<u>(286,345)</u>	<u>-</u>	<u>16,555,248</u>
Business-type activities capital assets, net	<u>\$53,647,084</u>	<u>\$ 608,619</u>	<u>\$ -</u>	<u>\$ 54,255,703</u>

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

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**D. CAPITAL ASSETS (continued)**

Capital assets activity for the ABC Board for the year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Nondepreciable capital assets:				
Land	\$ 1,539,453	\$ -	\$ -	\$ 1,539,453
Total non-depreciable capital assets	<u>1,539,453</u>	<u>-</u>	<u>-</u>	<u>1,539,453</u>
Depreciable capital assets:				
Buildings and improvements	2,692,482	-	-	2,692,482
Leasehold improvements	747,179	102,313	-	849,492
Vehicles	55,040	32,079	-	87,119
Machinery and equipment	807,639	275,233	-	1,082,872
Law enforcement	170,396	17,945	-	188,341
Total depreciable capital assets	<u>4,472,736</u>	<u>427,570</u>	<u>-</u>	<u>4,900,306</u>
Less accumulated depreciation for:				
Buildings and improvements	675,463	66,007	-	741,470
Leasehold improvements	288,475	43,699	-	332,174
Vehicles	40,852	6,432	(17,501)	29,783
Machinery and equipment	583,452	50,865	(1,161)	633,156
Law enforcement	86,204	20,517	(10,000)	96,721
Total accumulated depreciation:	<u>1,674,446</u>	<u>187,520</u>	<u>(28,662)</u>	<u>1,833,304</u>
Total depreciable capital assets, net	<u>2,798,290</u>	<u>240,050</u>	<u>28,662</u>	<u>3,067,002</u>
Business-type activities capital assets, net	<u>\$ 4,337,743</u>	<u>\$ 240,050</u>	<u>\$ 28,662</u>	<u>\$ 4,606,455</u>

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**DURHAM COUNTY, NORTH CAROLINA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**E. LONG-TERM OBLIGATIONS**

The following is a summary of transactions affecting the County's long-term obligations for the year ended June 30, 2009:

	Beginning Balance June 30, 2008	Increases	Decreases	Ending Balance June 30, 2009	Amounts Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 270,784,681	\$ -	\$ 19,744,635	\$ 251,040,046	\$ 19,460,811
Certificates of participation	17,525,000	117,835,000	2,585,000	132,775,000	2,705,000
Unamortized bond premium	1,716,639	1,207,038	280,133	2,643,544	152,855
Installment notes payable	19,845,222	5,236,554	4,368,892	20,712,884	2,633,685
Accrued compensated absences	6,057,407	4,177,545	3,819,593	6,415,359	4,026,633
Other financing agreements	3,661,649	-	568,428	3,093,221	551,632
<b>Total governmental activities</b>	<b>\$ 319,590,598</b>	<b>\$ 128,456,137</b>	<b>\$ 31,366,681</b>	<b>\$ 416,680,054</b>	<b>\$ 29,530,616</b>
<b>Business-type activities:</b>					
General obligation bonds	\$ 4,785,321	\$ -	\$ 490,365	\$ 4,294,956	\$ 349,192
Revenue bonds	19,155,000	-	1,495,000	17,660,000	1,570,000
Unamortized bond premium	662,057	-	33,834	628,223	33,834
Accrued compensated absences	31,668	29,218	11,568	49,318	21,733
<b>Total business-type activities</b>	<b>\$ 24,634,046</b>	<b>\$ 29,218</b>	<b>\$ 2,030,767</b>	<b>\$ 22,632,497</b>	<b>\$ 1,974,759</b>

For governmental activities and business-type activities, the compensated absences are liquidated by the General Fund and Sewer Utility Fund, respectively.

The County is subject to the Local Government Bond Act of North Carolina which limits the amount of net bonded debt the County may have outstanding to eight percent (8%) of the appraised value of property subject to taxation less property valued for abatement. At June 30, 2009, such statutory limit for the County was \$2,283,268,476 providing a legal debt margin of \$2,027,933,474.

**General obligation bonds**

Durham County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. There were no general obligation bonds issued in fiscal year 2009.

Interest requirements for the general obligation bonds are payable semi-annually at annual rates varying from 3.00% to 5.60%. These debt obligations are backed by the full faith, credit and taxing power of the County. General Fund revenues are used to repay general long-term debt obligations.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2009

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**E. LONG-TERM OBLIGATIONS (continued)**

**Two-thirds (2/3s) bonds**

Durham County issues 2/3s bonds to provide funds for the acquisition and construction of major capital facilities. 2/3s bonds are similar to general obligation bonds in that they also are direct obligations and pledge the full faith and credit of the government. There were no 2/3s bonds issued in fiscal year 2009.

**Certificates of participation**

Durham County issues certificates of participation (COPs) for the acquisition and construction of major capital facilities. COPs have been issued for governmental activities, \$117,835,000 in governmental COPs were issued in fiscal year 2009. Of the \$117,835,000, \$61,850,000 has interest requirements payable semi-annually at annual rates varying from 4.00% to 5.00%, and \$55,985,000 has interest requirements payable monthly at a variable rate.

**Bond anticipation notes**

Durham County issues general obligation bond anticipation notes (BANs) for the acquisition and construction of major capital facilities. The BANs have been issued for governmental activities. The County has authorized the issuance of the BANs up to \$80,000,000 outstanding at any time. The BANs are general obligations of the County, and the County has pledged its faith and credit to the payment of principal and interest on the BANs. In addition, the County has entered into a Standby Note Purchase Agreement which expires when the BANs will mature on August 1, 2011 and is subject to prior redemption at the option of the County. The BANs will be replaced by general obligation bonds. The County had general obligation BANs of \$5,238,283 outstanding at June 30, 2009. Interest requirements are payable monthly on the amount outstanding with the interest rates based upon market conditions.

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**DURHAM COUNTY, NORTH CAROLINA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**E. LONG-TERM OBLIGATIONS (continued)**

General obligation bonds, installment purchases, certificate of participation bonds and revenue bonds outstanding at June 30, 2009 are as follows:

Purpose:	Interest Rates	Date Issued	Date Series Matures	Amount of Original Issue	Outstanding June 30, 2009
<u>Governmental activities:</u>					
Public improvement, Series 2000 (2/3 Bonds) Refunding, Series 2001	5.40% to 5.60%	6/1/2000	5/11/2017	\$ 1,700,000	\$ 1,010,813
Public improvement, Series 2002A Refunding, Series 2002B	4.25% to 5.50%	2/15/2001	4/1/2013	87,490,000	33,825,000
Public improvement, Series 2002B	3.25% to 4.75%	1/1/2002	3/1/2022	11,050,000	7,200,000
Public improvement, Series 2002B	4.25% to 5.50%	1/1/2002	3/1/2022	33,567,112	674,233
Public improvement, Series 2004A (2/3 Bonds)	4.00% to 5.00%	5/1/2004	5/1/2023	10,600,000	9,600,000
Public improvement, Series 2004B	4.00% to 5.00%	5/1/2004	5/1/2023	46,600,000	39,100,000
Public improvement, Series 2006A (2/3 Bonds)	4.00% to 5.00%	5/1/2006	6/1/2023	11,380,000	10,480,000
Public improvement, Series 2006B	4.00% to 5.00%	5/1/2006	6/1/2023	49,225,000	45,625,000
Public improvement, Series 2008A (2/3 Bonds)	3.50% to 5.00%	5/8/2008	4/1/2027	12,100,000	11,700,000
Public improvement, Series 2008B	3.50% to 5.00%	5/9/2008	4/1/2027	34,090,000	33,040,000
Certificate of participation, Series 1997 - jail facility	4.00% to 5.00%	12/1/1997	5/1/2014	38,865,000	14,940,000
Certificate of participation, Series 2009A	4.00% to 5.00%	4/15/2009	6/1/2031	61,850,000	61,850,000
Certificate of participation, Series 2009B	Variable Rate	4/15/2009	6/1/2035	55,985,000	55,985,000
Bond Anticipation Notes	Variable Rate	8/28/2008	8/1/2011	80,000,000	5,238,283
Installment purchase public facility	4.64%	5/14/1996	11/14/2014	7,300,000	2,949,353
Installment purchase garage facility	4.415%	8/20/2003	8/20/2018	14,502,000	10,246,805
Installment purchase vehicles and computer hardware	2.20%	10/12/2005	10/12/2009	5,830,000	277,468
Installment purchase vehicles	3.84%	9/15/2006	9/15/2010	2,160,000	710,794
Installment purchase vehicles	2.68%	5/27/2008	5/5/2012	1,700,000	1,290,182
Other financing agreements					
Housing finance agency	0.00%	10/1/2002	5/30/2023	196,859	137,109
800 Mhz radio system upgrade	4.64%	9/27/2005	6/30/2015	5,012,454	2,956,111
Total governmental activities					<u>\$ 407,621,151</u>
<u>Business-type activities:</u>					
Public improvement, Series 2000 (2/3 Bonds) Refunding, Series 2002B	5.40% to 5.60%	6/1/2000	5/11/2017	\$ 7,180,000	\$ 4,269,186
Revenue bonds, Series 2003 - sewer plant expansion/improvements	3.00% to 5.00%	1/1/2002	3/1/2010	1,282,887	25,770
	3.00% to 4.75%	12/1/2002	6/11/2028	24,515,000	17,660,000
Total business-type activities					<u>\$ 21,954,956</u>
Total bonded indebtedness					<u>\$ 429,576,107</u>

**DURHAM COUNTY, NORTH CAROLINA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2009

**E. LONG-TERM OBLIGATIONS (continued)**

The annual requirements as of June 30, 2009 to amortize outstanding debt and funds available for draw under installment purchase contracts including interest payments, exclusive of accrued compensated absences are as follows:

**Governmental activities:**

Year Ending June 30,	General Obligation Bonds		Certificates of Participation		Installment Note Payable		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 19,460,809	\$ 11,578,655	\$ 2,705,000	\$ 6,173,094	\$ 3,185,317	\$ 627,677	\$ -	\$ -	\$ 25,351,125	\$ 18,379,426
2011	18,641,576	10,615,313	2,840,000	5,680,066	2,544,035	532,650	-	-	24,025,611	16,828,029
2012	18,152,297	9,684,651	6,075,000	5,540,906	8,224,587	1,548,244	-	-	32,451,884	16,773,801
2013	18,337,297	8,836,040	6,225,000	5,281,856	3,613,817	209,695	-	-	28,176,114	14,327,591
2014	16,392,297	8,035,291	6,380,000	5,003,806	952,581	-	-	-	23,724,878	13,039,097
2015-2019	82,390,770	29,236,277	29,470,000	21,177,881	47,485	-	-	-	111,908,255	50,414,158
2020-2024	62,975,000	10,875,600	29,460,000	14,812,531	-	-	-	-	92,435,000	25,688,131
2025-2029	14,690,000	1,282,700	29,455,000	8,313,819	-	-	-	-	44,145,000	9,596,519
2030-2034	-	-	20,165,000	2,141,100	-	-	-	-	20,165,000	2,141,100
	<u>\$ 251,040,046</u>	<u>\$ 90,144,527</u>	<u>\$ 132,775,000</u>	<u>\$ 74,125,059</u>	<u>\$ 18,567,822</u>	<u>\$ 2,918,266</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 402,382,868</u>	<u>\$ 167,187,852</u>

Bond anticipation notes (BANs) are not included in the above schedule as there are no principal payments due and interest payments are based on variable rates which are recalculated monthly.

**Business-type activities:**

Year Ending June 30,	General Obligation Bonds		Certificates of Participation		Installment Note Payable		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 349,194	\$ 239,716	\$ -	\$ -	\$ -	\$ -	\$ 1,570,000	\$ 843,408	\$ 1,919,194	\$ 1,083,124
2011	323,424	220,640	-	-	-	-	1,650,000	764,908	1,973,424	985,548
2012	727,703	202,851	-	-	-	-	580,000	682,408	1,307,703	885,259
2013	727,703	162,100	-	-	-	-	605,000	660,658	1,332,703	822,758
2014	727,703	121,349	-	-	-	-	625,000	637,063	1,352,703	758,412
2015-2019	1,439,229	124,971	-	-	-	-	3,570,000	2,742,813	5,009,229	2,867,784
2020-2024	-	-	-	-	-	-	4,560,000	1,762,000	4,560,000	1,762,000
2025-2029	-	-	-	-	-	-	4,500,000	546,725	4,500,000	546,725
2030-2034	-	-	-	-	-	-	-	-	-	-
	<u>\$ 4,294,956</u>	<u>\$ 1,071,627</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,660,000</u>	<u>\$ 8,639,983</u>	<u>\$ 21,954,956</u>	<u>\$ 9,711,610</u>

**Revenue bonds**

The County also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service.



DURHAM COUNTY, NORTH CAROLINA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2009

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**E. LONG-TERM OBLIGATIONS (continued)**

In fiscal year 2003, \$24,515,000 of revenue bonds was issued to finance the construction project to expand the existing wastewater treatment facilities. The bonds are payable through 2028. The total principal and interest remaining to be paid on the bonds is \$26,299,983. Principal and interest paid for the year and total customer revenues were \$2,413,158 and \$8,157,762, respectively. Interest requirements for the revenue bonds are also payable semi-annually at annual rates varying from 3.00% to 4.75%. These debt obligations are secured by a pledge of and lien upon, and payable solely from, the net receipts of the enterprise system and, in certain circumstances, by proceeds of the revenue bonds, investment earnings and certain net insurance and other proceeds. The revenue bonds are additionally secured by and payable from money and securities of certain funds, accounts and sub-accounts held by the trustee under the trust agreement and the first supplemental trust agreement. Sewer Utility Fund revenues are used to repay sewer utility long-term obligations. There were no revenue bonds issued in fiscal year 2009.

**Interest rate swap**

Effective July 30, 2004, the County entered into a floating-to-floating or basis swap on \$125,810,000 of its outstanding fixed-rate Series 2000, 2001, 2002 A&B and 2004 A&B General Obligation Bonds. The notional amount of the Swap Agreement is equal to the par value of selected associated bonds. The objective of the swap was to create economics (generate present value savings) similar to a 65% of LIBOR synthetic fixed-rate financing without the County having to issue actual refunding bonds. The Swap Agreement provides for 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 plus a net amount of 0.952%. The agreement matures March 1, 2023. The derivatives contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy.

**Fair value**

As of June 30, 2009, the swap had a negative fair value totaling (\$2.36) million, estimated using the zero-coupon method. This method calculated the future net settlement payments required by the swaps, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments were then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swaps. Effective September 1, 2009, the swap was modified to increase the notional amount to \$186,365,000, reflecting a negative fair value totaling (\$3.8) million as of that date.

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2009

**E. LONG-TERM OBLIGATIONS (continued)**

<u>Associated Bond Issues</u>	(In Thousands)						
	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Termination Date</u>	<u>Variable Rate Paid</u>	<u>Variable Rate Received</u>	<u>Fair Value</u>	<u>Counterparty Credit Rating</u>
Series 2000, 2001, 2002 A&B and 2004 A&B				3.733% + BMA/ *	4.685% + 6-month	(\$2,357)	Aaa/AA
General Obligation Bonds	\$125,810	7/30/08	3/1/23	Divisor	LIBOR		

\* Divisor equals .065 from Effective Date - 3/1/09 and 0.604 thereafter

**Risks**

The County is exposed to the following risks in connection with the swap:

**Credit risk.** As of June 30, 2009, the County was not exposed to credit risk, or the risk of economic loss due to a counterparty default on its outstanding swap because the swap had a negative fair value. However, should the relationship between the tax-exempt and taxable interest rates change and the fair values of the swap become positive, the County would be exposed to credit risk in the amount of the derivative's fair value. Both County and the counterparty's payment obligations under the swap are guaranteed by Aaa/AAA rated Ambac Assurance Corporation.

**Basis and tax risk.** The County will be exposed to additional interest expense payments if there is a shortfall between the variable payment received by the County on the swap and the variable payment owed by the County. Basis risk refers to a temporary shortfall usually caused by a disruption in the supply/demand for tax-exempt securities. Tax risk refers to a persistent or more permanent shortfall caused by a structural change in the U.S. tax code.

**Termination risk.** The County or the counterparty may terminate the swap if the other party and its Credit Support Provider, Ambac Assurance Corporation, fail to perform under the terms of the contract. If at the time of termination the swap has a negative fair value, the County would be liable to the counterparty for a payment equal to the swap's fair value.

The ABC Board's long-term debt was \$500,520 as of June 30, 2009.

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

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**F. COMMITMENTS**

1. Leases

The County leases office space and equipment rentals under operating leases. Total costs for such leases were \$748,823 for the year ended June 30, 2009. The future minimum rental payments due under the leases at June 30, 2009 are as follows:

YEAR ENDING JUNE 30,	<u>COUNTY</u>	<u>ABC BOARD</u>
2010	\$ 647,950	\$ 110,565
2011	376,887	92,974
2012	99,077	22,054
2013	99,077	-
2014	99,077	-
2015-2019	<u>255,944</u>	<u>-</u>
<b>TOTAL</b>	<u><u>\$ 1,578,012</u></u>	<u><u>\$ 225,593</u></u>

Leased Facilities

Pursuant to agreements executed between the County, Durham Regional Hospital and Duke, effective July 1, 1998, the County began leasing its Hospital facilities to Duke under the terms of an operating lease expiring on June 30, 2018. The cost of leased facilities to the County was \$63,605,860, and the accumulated depreciation and carrying value as of June 30, 2009 were \$17,483,786 and \$46,122,074, respectively. Under the terms of the original agreement, annual minimum lease payments to be remitted to the County for use of the facility were \$3, 500,000. These funds are accounted for in the Community Health Trust Fund.

In addition, under the terms of the original agreement, the County is to receive \$1,500,000 annually for the support of emergency medical services previously provided by the Hospital and assumed by the County under the agreements. These funds are accounted for in the General Fund. In addition, Duke agreed to remit \$2,100,000 to the Lincoln Community Health Center, formerly a component unit of the Hospital, for the provision of health services to the citizens of the County. The County has treated this agreement as an operating lease.

A revision to the agreement was entered into on June 29, 2007. Under the terms of the revised agreement, Duke agreed to release its interest in the portion of Durham Regional Hospital commonly known as the Oakleigh Building and the adjacent lot to the Oakleigh Building to be used as a mental health and substance abuse treatment facility by the mental health services of the County. Additionally, a one time payment of \$500,000 was paid to the County upon the full execution of the amendment, and the annual minimum lease payments to be remitted to the County for use of the facility were reduced to \$3,200,000 effective for fiscal year 2009. Also effective fiscal year 2009, Duke will pay to the County \$100,000 annually over a ten year period for the support of mental health services. There were no changes regarding emergency medical services or medical services provided at LCHC.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2009

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**F. COMMITMENTS (continued)**

On November 24, 2008, a second amendment to the lease agreement and a first amendment to the operating agreement were approved by the Board of County Commissioners, Durham County Hospital Corporation and Duke University Health System. Under the terms of the revised agreement, beginning January 1, 2009, the term of the lease agreement was extended for an additional 40-year term until June 30, 2049, with the term automatically extending each year for one additional year. Under this agreement, the County was paid an additional \$375,000 for fiscal year 2009. For a period of nine (9) years, from July 1, 2009 until June 30, 2018 the County will receive payments of \$3,950,000 per year. For fiscal year 2019 the County will receive payment in the amount of \$2,600,000. From July 1, 2019 through fiscal year 2031, the County will receive \$1,250,000 annually. From July 1, 2031 through the remainder of the lease term, the County will not receive any further payments for the sublease of the Premises.

Also under the terms of the revised agreement, in support of emergency medical services, an additional \$350,000 payment was paid to the County during fiscal year 2009. In fiscal year 2010 the County will receive \$2,200,000 for these services. Beginning July 1, 2010, through the remainder of the lease terms, payment made to the County will be adjusted for inflation using the CPI Index Adjustment. Under the revised agreement, Duke paid an additional \$375,000 to Lincoln Community Health Center for fiscal year 2009. LCHC will receive payment of \$2,850,000 for fiscal year 2010. Beginning July 1, 2010, through the remainder of the lease terms, payment made to the LCHC would be adjusted for inflation using the CPI Index Adjustment. If LCHC ceases to exist without a successor entity that operates in the same manner, payment will be made to the County to support public health initiative for the citizens of Durham County.

2. Industrial Extension Policy

The Industrial Extensions Policy (IEP) provides for the expenditure of public funds for the promotion of local economic development when the BOCC considers such development serves a public purpose. The BOCC considers the promotion of local economic development when it assists in the creation of a more stable economy by providing displaced workers with continuing employment opportunities, attracting better paying and more highly skilled jobs, diversifying the local economy and creating a broader tax base from which Durham County can draw funding for other programs that benefit the general health, safety and welfare of the citizens. Any industrial enterprise seeking to qualify for economic development investment funds must provide the County with a written statement which includes specific information as outlined in the policy. They then must receive approval from the BOCC prior to the undertaking of construction. The Board evaluates each enterprise on a case by case basis prior to making a decision whether to provide economic development investment funds. Any enterprise desiring to use economic development investment funds must enter into a performance agreement with Durham County. The determination of whether satisfactory progress has been made shall be the sole discretion of Durham County based upon the performance guidelines set out in the performance agreement. The BOCC views the promotion of the local economic development as an investment in the future of Durham County.

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2009

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**F. COMMITMENTS (continued)**

The annual requirements to amortize reimbursements payable under this policy at June 30, 2009 are as follows:

YEAR ENDING JUNE 30,	Governmental activities	
	PRINCIPAL	INTEREST
2009	\$ 1,739,216	\$ -
2010	1,453,295	-
2011	942,961	-
2012	842,961	-
2013	612,961	-
2014-2018	1,838,883	-
	\$ 7,430,277	\$ -

Interest requirements related to the Industrial Extensions Policy are nominal.

3. School Facilities

In March 2009, the Board of County Commissioners (BOCC) revised the approved Capital Improvement Plan (CIP) for fiscal years 2010 – 2019 that included school projects totaling \$535,247,784 funded through voter approved general obligation bond referendums in November 2001, November 2003, and November 2007 totaling \$350,539,289, 2/3's general obligation bonds in the amount of \$10,650,000, certificates of participation (COPS) in the amount of \$9,550,000, miscellaneous revenue in the amount of \$8,075,131 and County contributions of \$6,125,000 in fiscal year 2009, and requests for general obligation bond referendums in fiscal year 2012 for \$132,308,364, coupled with additional County contributions of \$18,000,000. Total construction in progress for fiscal year 2009 for these projects was \$41,870,182 while total combined construction in progress since inception was \$139,887,212.

4. Construction

The total ten-year estimated and funded project costs of the CIP until June of 2019 is \$1,159,035,330. The plan continues to serve as a blueprint to meet the growing facility needs of the County. The funding sources for the CIP include: general obligation bonds, 2/3's general obligation bonds, certificates of participation (COPs), bond anticipation notes (BANs), revenue bonds, county contributions, sewer utility contributions and other miscellaneous revenues.

DURHAM COUNTY, NORTH CAROLINA  
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**F. COMMITMENTS (continued)**

The CIP allocated funding for fiscal year 2009 in the amount of \$90,660,093. Funds provided approximately \$11,060,093 for capital projects of general governmental activities, \$705,000 for public safety activities, \$500,000 for business-type activities, \$42,295,000 for education facilities, \$550,000 for environmental protection activities, and \$35,550,000 for human service activities.

In December 2002, revenue bonds were issued in the amount of \$24,515,000 as a funding source for the continuation of the wastewater treatment plant improvements (Phase II) which have not been completed.

As part of the ten year CIP for fiscal years 2010-2019, a general obligation bond referendum totaling \$207,100,000 was approved by Durham County citizens as a funding source. The referendum funded \$194,240,000 for school facilities, \$8,680,000 for community colleges, and \$4,180,000 for museum facilities. Of the 2003 voter approved general obligation bonds, the County has issued \$123,665,000. As of fiscal year end, no amount of the November 2007 voter approved general obligations bond was issued.

5. Capital commitments

The County had commitments at June 30, 2009 of approximately \$752,791 for the expansion of the wastewater treatment plant and construction of sewer distribution systems.

Funding for the active projects for governmental activities and business-type activities include general obligation bonds, 2/3's bonds, certificates of participation (COPS), revenue bonds, general contributions, sewer utility contributions and other miscellaneous revenues.

6. Other commitments

Reimbursement for expenditures incurred from improvements to property of the Durham Public School System, Durham Technical Community College and various not-for-profit organizations are made upon request by the school systems, Community College and organizations. Because Durham County is not a party to the contracts, the unexecuted balances of such contracts are considered obligations of the Durham Public School System, Durham Technical Community College and various not-for-profit organizations. Additional payments, if any, to be made by Durham County, will be from future appropriations.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**F. COMMITMENTS (continued)**

The County participates in a number of Federal and State of North Carolina grant awards program. The disbursements of funds under these programs are subject to audit in accordance with the Office of Management and Budget Circular A-133, “*Audits of State and Local Governments, and Non-Profit Organizations*”. The amounts, if any, of expenditures which may be disallowed by the granting agencies resulting from such audit cannot be determined at this time, although the County expects they would be immaterial.

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DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**G. INTERFUND BALANCES AND ACTIVITIES**

The following is a schedule of interfund receivable and payable balances as of June 30, 2009:

Due to:		
General Fund from Capital Projects Fund		
Amount due per BOCC approved interfund loans		<u>\$2,996,376</u>
Due from:		
Capital Projects Fund to General Fund		
Amount due per BOCC approved interfund loans		<u>\$2,996,376</u>

This due to/due from is because of an interfund loan approved by the BOCC for advance funding to begin construction activity on capital projects until the proceeds from the issuance of debt are received at which time reimbursement will take place.

Transfers:

The following is a summary of transfers for the year ended June 30, 2009:

	Transfers in:			Total
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	
<b>Transfers out:</b>				
General fund	\$ -	\$ 1,171,493	\$ 33,502,311	\$ 34,673,804
Capital projects fund	550,000	-	7,843,164	8,393,164
Community health trust fund	4,909,892	-	-	4,909,892
Sewer utility fund	160,000	-	-	160,000
Nonmajor governmental funds	<u>2,372,528</u>	<u>-</u>	<u>-</u>	<u>2,372,528</u>
<b>Total transfers</b>	<u>\$ 7,992,420</u>	<u>\$ 1,171,493</u>	<u>\$ 41,345,475</u>	<u>\$ 50,509,388</u>



DURHAM COUNTY, NORTH CAROLINA  
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**G. INTERFUND BALANCES AND ACTIVITIES (continued)**

Transfers from the General Fund to the Capital Projects Fund and the Debt Service Fund are for funding general government construction projects per Durham County's Capital Improvement Plan and general government debt payments, respectively.

Transfers from the Capital Projects Fund to the General Fund and the Debt Service Fund are to return funding for general government construction projects and for funding general government debt payments, respectively.

Transfers from the Community Health Trust Fund to the General Fund are for funding health-related expenditures.

Transfers from the Sewer Utility Fund to the General Fund are for reimbursement of indirect costs paid by the General Fund.

Transfers from the Special Revenue Funds to the General Fund are for funding public safety expenditures.

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DURHAM COUNTY, NORTH CAROLINA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2009

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**H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

1. North Carolina Local Governmental Employees' Retirement System

*Plan Description.* The County and the ABC Board contribute to the statewide Local Governmental Employees' Retirement System ("LGERS"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of North Carolina General Statute (NCGS) Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report ("CAFR") for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Plan members are required to contribute six percent (6%) of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.88% and 4.86%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees is 4.93% and 4.78% of annual covered payroll. The contribution requirements of members and of Durham County and the ABC Board are established, and may be amended, by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2009, 2008 and 2007 were \$4,022,947, \$3,718,372, and \$3,455,523, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2009, 2008, and 2007 were \$109,680, \$97,157, and \$91,756, respectively. The contributions made by the County and the ABC Board equaled the required contributions for each year.

2. Law Enforcement Officers' Special Separation Allowance

*Plan Description.* The County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of NCGS Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Separation Allowance is reported in the County's financial statements as a Pension Trust Fund. There is not a stand alone report available for this defined benefit pension plan.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2009

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**H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)**

The Separation Allowance covers all full-time law enforcement officers of the County. At December 31, 2008, the Separation Allowance's membership consisted of:

Retirees receiving benefits	6
Active plan members	<u>170</u>
Total	<u><u>176</u></u>

*Summary of Significant Accounting Policies:*

*Basis of Accounting.* The County presents the Separation Allowance in the financial statements using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

*Method used to Value Investments.* Investments are reported at fair value. Short-term debt, deposits, repurchase agreements and the North Carolina Capital Management Trust investments are reported at cost or amortized cost, which approximates fair value.

*Contributions.* The County is required by Article 12D of NCGS Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the County contributed \$207,847 or 2.6% of annual covered payroll. There were no contributions made by employees.

The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

The annual required contribution for the fiscal year ended June 30, 2009 was determined as part of the December 31, 2007 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increase ranging from 4.5% to 12.3% per year. Item (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period as of December 31, 2007 was twenty-three years.

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2009

**H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)**

*Annual Pension Cost and Net Pension Asset.* The County’s annual pension cost and net pension asset to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 198,118
Interest on net pension asset	(1,371)
Adjustment to annual required contribution	<u>1,195</u>
Annual pension cost	197,942
Contributions made	<u>207,847</u>
Increase in net pension asset	(9,905)
Net pension asset, beginning of year	<u>(18,913)</u>
Net pension asset, end of year	<u><u>\$ (28,818)</u></u>

Three-Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (“APC”)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
June 30, 2009	\$ 197,942	105.00%	\$ (28,818)
June 30, 2008	162,098	102.26%	(18,913)
June 30, 2007	141,812	0%	(15,250)

**3. Supplemental Retirement Income Plan for Law Enforcement Officers**

*Plan Description.* The County and the ABC Board contribute to the Supplemental Retirement Income Plan (the “Plan”), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of NCGS Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

*Funding Policy.* Article 12 E of NCGS Chapter 143 requires the County to contribute each month an amount equal to five percent (5%) of each officer’s salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2009 were \$618,627, which consisted of \$401,880 from the County and \$216,747 from the law enforcement officers. The ABC Board also contributes to the Supplemental Retirement Income Plan. The ABC Board’s contributions to the Plan for the year ended June 30, 2009 totaled \$12,080, which consisted of \$6,924 from the ABC Board and \$5,157 from the law enforcement officers employed by the ABC Board. The County’s and the ABC Board’s required contributions and the officers’ voluntary contributions represented 5% and 2.68%, and 5% and 5%, respectively, of the covered payroll.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2009

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**H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)**

4. Registers of Deeds' Supplemental Pension Fund

*Plan Description.* Durham County also contributes to the Registers of Deeds' Supplemental Pension Fund (the "Fund"), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds who is retired under the Local Government Employees' Retirement System ("LGERs") or an equivalent locally sponsored plan. Article 3 of NCGS Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

*Funding Policy.* On a monthly basis, the County remits to the Department of State Treasurer an amount equal to 1.5% of the monthly receipts collected pursuant to Article 1 of NCGS 161. Immediately following January 1 of each year, the Department of State Treasurer divides 93% of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining 7% of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2009, the County's required and actual contributions were \$22,195.

5. Supplemental Retirement Income Plan for Non-Law Enforcement Personnel

*Plan Description.* The County provides pension benefits for all its non-law enforcement employees, working more than twenty hours per week, through a defined contribution plan administered by Prudential. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. The Board of County Commissioners (BOCC) has established the plan which requires the County to contribute each month an amount equal to 5% of each employee's salary, and all amounts contributed are vested immediately. Employees are not required to contribute to the plan. The BOCC has the authority to establish and amend the plan's provisions and the authority to establish and amend the contribution requirements to the plan.

*Funding Policy.* The County's contributions were calculated using a covered payroll amount of \$74,161,523. The County's total payroll was \$83,906,350. Total contributions for the year ended June 30, 2009 were \$5,796,684, which consisted of \$3,702,053 from the County and \$2,094,631 from the non-law enforcement personnel. The County's required contribution and the non-law enforcement personnel's voluntary contribution represented 7.82% of the covered payroll amount.

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)**

6. Other Post-Employment Benefits

*Plan Description.* Under the terms of a County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). As of July 1, 2006, this plan provides postemployment healthcare benefits to retirees of the County who participate in the North Carolina Local Governmental Employee' Retirement System (System) and have at least twenty-five years of creditable service with the County. Prior to July 1, 2006, employees qualified for the same level of benefits after at least twenty years of creditable service with the County. The County pays full cost of coverage for these benefits until they reach age 65 or until they are eligible to receive Medicare benefits, which ever comes first. At that time such coverage is terminated, and the County pays full cost of a Medicare supplement policy. Also, retirees with ten to twenty-four years of service can purchase coverage at the County's group rates for themselves and for their dependents at the County's group rates for healthcare and dental. In addition, all employees with ten or more years of service will receive a death benefit in the amount of \$5,000 at no cost to the retiree. The BOCC may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at December 31, 2008, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	356	6
Active plan members	<u>1,586</u>	<u>166</u>
Total	<u>1,942</u>	<u>172</u>

*Funding Policy.* The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the BOCC. The County's members pay monthly for themselves with ten to twenty-four years of service and for dependent coverage at the County's group rates depending on if the low option or high option of coverage is chosen. For retirees that qualify for full cost coverage, the monthly rates for healthcare are: for family dependent coverage, the monthly rates are \$648 for the low option and \$775 for the high option; for the spouse only coverage, the monthly rates are \$366 for the low option and \$438 for the high option; and for the child only coverage, the monthly rates are \$190 for the low option and \$227 for the high option. For retirees with ten to twenty-four years of service, the monthly rates for healthcare are: for retiree only coverage, the monthly rates are \$337 for the low option and \$402 for the high option; for retiree/family dependent coverage, the monthly rates are \$985 for the low option and \$1,177 for the high option; for the retiree/spouse only coverage, the monthly rates are \$703 for the low option and \$840 for the high option; and for the retiree/child only coverage, the monthly rates are \$527 for the low option and \$629 for the high option. Retirees with ten or more years of service can participate in the County's dental plan at the County's group rates for themselves and

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)**

dependents at the low option or high option of coverage. For retiree only, the monthly rates are \$26 for the low option and \$32 for the high option; for retiree/family dependent coverage, the monthly rates are \$101 for the low option and \$121 for the high option; for retiree/spouse only coverage, the monthly rates are \$54 for the low option and \$65 for the high option; and for the retiree/child coverage, the monthly rates are \$63 for the low option and \$75 for the high option. In addition, all employees with ten or more years of service will receive a death benefit in the amount of \$5,000 at no cost to the retiree. The County at this time has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 9.08% of annual covered payroll. For the current year, the County contributed \$1,114,073 or 1.35% of annual covered payroll. The County obtains healthcare coverage through private insurers. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 1.30% and .05% of covered payroll, respectively. For the current year, the County did not contribute to an irrevocable trust but rather set aside funding for the HCB Plan in the fund balance and net assets of the General Fund and Sewer Utility Fund in the amount of \$5,631,308 and \$132,750, respectively, which represents 80.41% of ARC. The total designated for OPEB as of fiscal year end for the General Fund and Sewer Utility Fund was \$10,409,715 and \$243,671, respectively. Currently, 383 retirees are eligible for health benefits. The County's obligation to contribute to the HCB Plan is established and may be amended by the BOCC.

*Summary of Significant Accounting Policies.* Post-employment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. Those expenditures are paid as they come due.

*Annual OPEB Cost and Net OPEB Obligation.* The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 7,168,139
Interest on net OPEB obligation	<u>-</u>
Annual OPEB cost (expense)	7,168,139
Contributions made	<u>1,114,073</u>
Increase (decrease) in net OPEB obligation	6,054,066
Net OPEB obligation, beginning of year	<u>12,688,603</u>
Net OPEB obligation, end of year	<u>\$18,742,669</u>

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)**

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Fiscal Year Ended</u> June 30	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of Annual</u> <u>OPEB Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2009	\$ 7,168,139	5.54%	\$ 6,054,066
2008	13,552,376	6.37%	12,668,603

*Funding Status and Funding Progress.* As of December 31, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$80,802,284. The covered payroll (annual payroll of active employees covered by the plan) was \$78,956,072 and the ratio of the UAAL to the covered payroll was 102.30%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return, representative values of the annual rates of separation, deaths after retirement according to the 1994 Group Annuity Mortality table with Projection Scale AA, asset valuation method of market value, annual medical cost trend increase of 10.50 to 5.00 percent annually, per capita costs adjusted to reflect expected cost changes related to age, anticipated plan participation of 100% and annual expected claim estimates for pre-65 and post-65. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008 was 30 years.



DURHAM COUNTY, NORTH CAROLINA  
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**H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)**

7. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer State-administered cost-sharing plan funded on a one-year term cost basis. Employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to his/her death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000.

All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2009, the County made contributions to the State for death benefits of \$70,660. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.08% and 0.14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The net assets of the Death Benefit Plan are not available for future benefit payments but will be used to reduce future contribution requirements.

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DURHAM COUNTY, NORTH CAROLINA  
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**I. RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damaged to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County accounts for and finances the risks of loss in the General Fund.

*Health and Dental Benefits* – The County has a fully-insured health benefit plan. However, the County is self-insured for dental benefits. The County reports claims expenditures and liabilities in the General Fund. During fiscal year 2009, a total of \$1,074,939 was incurred for dental benefits and administrative costs.

*Workers' Compensation* – The County maintains a limited risk, self-insurance program to provide workers' compensation benefits to County employees. Premiums for Workers' Compensation are paid by other funds of the County and are available to pay claims of the program. A total of \$1,030,396 was incurred for benefits during the fiscal year 2009.

The County is self-insured for workers' compensation. The County also has a program to limit or otherwise handle liability exposures which includes auto liability, general liability, employment practices and professional liability. Payments for claims have not exceeded appropriated funds in any of the past three fiscal years. The County maintains a property insurance policy to cover its buildings. Durham County maintains a designated fund balance for risk management.

Durham County ABC Board is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Board has commercial property, general liability, auto liability, workers' compensation and employee health coverage. The Board also has liquor legal liability coverage. There have been no significant reductions in insurance coverage from the previous year and settlement claims have not exceeded coverage in any of the past three fiscal years.

**J. LITIGATION**

The County follows the practice of recording liabilities resulting from claims and legal actions only when they become fixed or estimable in amount. At June 30, 2009, the County had no pending litigation for which possible liability was fixed or estimable.

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DURHAM COUNTY, NORTH CAROLINA  
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**K. JOINTLY GOVERNED ORGANIZATIONS**

Special Airport District of Durham and Wake Counties

Durham County, in conjunction with the other local governments, is a member of the Special Airport District of Durham and Wake Counties. The Special Airport District of Durham and Wake Counties is a special taxing district governed by a four-member board comprised of two members each from the Durham and Wake Boards of County Commissioners. The District is a public body limited to aiding the Raleigh-Durham Airport Authority in financing the construction of aeronautical facilities.

The District may issue bonds or other obligations pursuant to the provisions of the Local Government Bond Act of the North Carolina General Statutes and is empowered to cause taxes to be levied upon all taxable property within its district in Durham and Wake Counties sufficient to meet the financial obligations. The County does not approve the budget of the District, nor does the County control the collection or disbursement of District funds. There is no on-going financial interest or responsibility by the County.

Triangle J Council of Governments

Durham County, in conjunction with five other counties and thirty municipalities, established the Triangle J Council of Governments (“Council”). The participating governments established the Council to coordinate various funding received from Federal and State agencies. Each participating government appoints one member to the Council’s governing board. The County paid membership fees of \$67,550 to the Council during the fiscal year ended June 30, 2009. There is no on-going financial interest or responsibility by the County.

Triangle Transit Authority

Durham County, in conjunction with other area local governments, is a member of the Research Triangle Regional Public Transportation Authority. Durham County appoints one member to the governing board and jointly appoints a second member with the City of Durham (the “City”). The Authority possesses final decision making ability and is solely responsible for the management, budget and fiscal operations of the Authority.

**L. JOINT VENTURES WITHOUT EQUITY INTEREST**

Durham and Wake Counties Research and Production Service District and Advisory Committee

The Durham and Wake Counties Research and Production Service District Advisory Committee is a special taxing district governed by a ten-member board of which the individuals must be recommended by the Research Triangle Park and Tenants Association. The function of the Board is to make recommendations to the County Commissioners concerning the budget and tax rate to be set for the Special District/Research Triangle Park area.

DURHAM COUNTY, NORTH CAROLINA  
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**L. JOINT VENTURES WITHOUT EQUITY INTEREST (continued)**

The District is a joint venture of the two Boards of County Commissioners; however, the County does not have an equity interest in the District. The District may issue bonds or other obligations pursuant to the provisions of the Local Government Bond Act of the North Carolina General Statutes and is empowered to cause taxes to be levied upon all taxable property within its district in Durham and Wake Counties sufficient to meet financial obligations. The County does not approve the budget of the District, nor does the County control the collection or disbursement of District funds.

The following is a summary of certain unaudited financial information of the District for the year ended June 30, 2009:

Total assets	\$ 1,658,318
Total liabilities	<u>(42,007)</u>
Total equity	<u>\$ 1,616,311</u>
Total revenues	\$ 1,165,096
Total expenditures	<u>(567,776)</u>
Increase in fund balance	<u>\$ 597,320</u>

Complete financial statements may be obtained at the Durham and Wake Counties Research and Production Service District Advisory Committee, Post Office Box 12255, Research Triangle Park, North Carolina 27709.

Raleigh-Durham Airport Authority

The Raleigh-Durham Airport Authority is governed by a board appointed to plan and conduct the operations of the Raleigh-Durham International Airport (the "Airport Authority"). The eight-member governing body is jointly appointed by the City of Durham, City of Raleigh, County of Durham and County of Wake, with each member government appointing two members to the Airport Authority Board. The Airport Authority Board selects the management and determines the budget and financing requirements for airport operations. The County and other participating governments each appropriate \$12,500 annually to cover administration expenses incurred by the Airport Authority.

The participating governments have no equity interest in the joint venture, so no equity interest is reflected in the County's financial statements. Complete financial statements for the Airport Authority may be obtained from the airport's administrative offices at 1051 Cargo Drive, Raleigh, North Carolina 27623.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2009

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**L. JOINT VENTURES WITHOUT EQUITY INTEREST (continued)**

Durham Technical Community College

Durham County provides funds to Durham Technical Community College, primarily for capital improvement and maintenance of facilities. In accordance with State law, the County appoints four of the thirteen Board of Trustee members. The County does not designate management or significantly influence operations, and the College is not accountable to the County for its fiscal matters beyond the County's appropriation to the College. The County's fiscal year 2009 appropriation of approximately \$4.190 million to the College represents approximately 14.60% of its total non-operating revenues, with the majority of funding being provided by the State of North Carolina Department of Community Colleges. In addition, the County contributed \$470,466 to capital outlay bringing the County's contribution to Durham Technical Community College capital outlay to 18.9%. The County does not have an equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2009. Complete financial statements for the College may be obtained at their administrative offices at 1637 Lawson Street, Durham, North Carolina 27703.

**M. JOINT VENTURES WITH EQUITY INTEREST**

Durham Convention and Visitors Bureau

The Durham Convention and Visitors Bureau (the "Bureau") was established in fiscal year 1989 in conjunction with a County occupancy tax levy to promote and solicit business, conventions, meetings and tourism in Durham County. The governing body of the Bureau is an eleven-member Board of Directors with five members appointed by the City of Durham, five members appointed by the County of Durham and one member jointly appointed.

Funding is derived from the occupancy tax levied upon the rental of rooms, lodging or similar accommodations. Monthly, the County is required to distribute to the Bureau a percentage of the tax collected. The Bureau is a joint venture between the County of Durham and the City of Durham with the County having a 57.5% equity interest and the City having a 42.5% equity interest.

The Durham County Board of Commissioners and the Durham City Council must approve the budget and all amendments.

At June 30, 2009, the County recorded an equity interest in the Bureau of \$863,700 which is included in the investment in joint venture in the statement of net assets. Complete financial statements may be obtained at the administrative offices at 101 East Morgan Street, Durham, North Carolina 27701.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2009

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**M. JOINT VENTURES WITH EQUITY INTEREST (continued)**

Durham Civic Center Authority

The Durham Civic Center Authority (the "Authority") is a joint venture established by the County and the City and is assigned such powers as necessary, reasonable and practicable for the operation and maintenance of the Civic Center Facility. The Authority consists of seven members who are appointed to three-year terms. Three members are appointed by the County and three members by the City with the seventh member being selected by the six members appointed by the County and City. The members elect from its membership a Chairman and Vice Chairman of the Authority.

Policies, procedures and fees related to the Civic Center operation are recommended by the Authority and approved by the County and City. Employees of the Authority are jointly appointed by the County and City Managers, and any employees so appointed are employees of the City. All budgeting and accounting of the Authority, including collection and disbursement of Authority funds, are a part of the budgeting and accounting system of the City.

On October 9, 1987, the County and City of Durham entered into agreements with a private developer to purchase an eighty-two thousand (82,000) square foot Civic Center. The County and City initially deposited \$17,300,000 (\$3,000,000 by the County and \$14,300,000 by the City) in escrow which together with interest earned was used to purchase the facility. At June 30, 2009, the County owned 50% equity in the Civic Center by the initial deposit of \$3,000,000 and additional equity purchases of \$8,089,177 during prior fiscal years. Therefore, the County has fulfilled its agreement regarding the Civic Center and no additional equity purchases are due.

In January 2004, the City of Durham refunded debt that included the Civic Center Authority's long-term debt. Therefore, the Civic Center Authority's long-term debt consists of \$1,110,123 in general obligation bonds issued by the City of Durham, maturing in varying installments from 1997 to 2008 with interest at 2.00% to 4.00%. The debt is being serviced from property tax revenues of the City and amounts for additional equity purchases made by the County. The County's net investment in the Authority is reported in the investment in joint venture in the statement of net assets. At June 30, 2009, the County's equity interest in the Authority was \$7,228,656.

The County also shares with the City in funding all costs arising out of the management, operation, maintenance and repair of the Civic Center. In 2009, the amount funded by the County was approximately \$178,761. Complete financial statements for the Authority may be obtained from the City of Durham's administrative offices at 101 City Hall Plaza, Durham, North Carolina 27701.

The total investment in joint venture for Durham County recorded in the statement of net assets for governmental activities for the above two ventures at June 30, 2009 is \$8,092,356.

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2009

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**N. BENEFIT PAYMENTS ISSUED BY FEDERAL AND STATE**

The amounts listed below were paid directly to individual recipients by the state from federal and state monies. County personnel are involved with certain functions, primarily eligibility determinations, that cause benefit payments to be issued by the state. These amounts disclose this additional aid to County recipients which do not appear in the basic financial statements because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
Medicaid Title XIX	\$ 199,364,747	\$ 76,975,241
Food Stamp	37,098,181	-
Temporary Assistance for Needy Families	1,858,669	-
Special Assistance to Adult	-	2,307,517
Title IV-E Adoption Assistance	732,770	476,140
IV-B Adoption Assistance	-	602,763
Energy and Refugee Assistance Payments	859,518	-
Total Direct Federal and State Awards	<u>\$ 239,913,885</u>	<u>\$ 80,361,661</u>

The amounts listed below were paid to the County and transmitted to their intended final individual recipients by the County from federal and state monies. County personnel are involved with certain functions, primarily providing pass-through resources, and should recognize revenue when all eligibility requirements have been met and the resources become available. This condition exists when the resources are, in fact, transmitted to their intended final recipient. These amounts disclose this additional aid to County recipients which also do not appear in the basic financial statements because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
U.S. Department of Agriculture	\$ 2,541,386	\$ -
U.S. Department of Justice	493,607	-
U.S. Department of Homeland Security	52,782	52,782
N.C. Department of Health and Human Services	33,158,013	24,214,223
Other State Programs	-	3,765,038
Total Indirect Federal and State Awards	<u>\$ 36,245,788</u>	<u>\$ 28,032,043</u>
Total Federal and State Awards	<u>\$ 276,159,673</u>	<u>\$ 108,393,704</u>

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

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**O. SUBSEQUENT EVENTS**

The County has evaluated subsequent events through October 27, 2009, in connection with the preparation of these financial statements which is the date the financial statements were issued.



**REQUIRED SUPPLEMENTARY INFORMATION**



# DURHAM COUNTY, NORTH CAROLINA

## Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability ("AAL") Project Unit Credit (B)	Unfunded AAL ("UAAL") (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a percentage of Covered payroll [(B-A)/C]
December 31, 2002	\$ 613,960	\$1,290,640	\$ 676,680	47.57%	\$ 5,518,875	12.26%
December 31, 2003	678,858	1,388,785	709,927	48.88%	5,901,669	12.03%
December 31, 2004	771,369	1,619,670	848,301	47.63%	6,644,935	12.77%
December 31, 2005	917,145	1,584,272	667,127	57.89%	7,001,821	9.53%
December 31, 2006	990,493	1,780,366	789,873	55.63%	7,264,791	10.87%
December 31, 2007	947,134	2,184,572	1,237,438	43.36%	7,612,751	16.25%
December 31, 2008	1,050,679	2,504,144	1,453,465	41.96%	7,893,250	18.41%

**DURHAM COUNTY, NORTH CAROLINA**

**Law Enforcement Officers' Special Separation Allowance  
Schedule of Employer Contributions**

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<b>Year Ended June 30,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2003	\$ 119,569	104.78%
2004	128,752	109.52%
2005	138,885	114.89%
2006	162,469	106.14%
2007	143,800	-
2008	162,267	102.15%
2009	197,942	105.00%

## DURHAM COUNTY, NORTH CAROLINA

### Law Enforcement Officers' Special Separation Allowance Notes to Required Schedules

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The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2008
Actuarial cost method	Project unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	22 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases	4.5% to 12.3%
*Includes inflation at:	3.75%
Cost of living adjustments	None

**DURHAM COUNTY, NORTH CAROLINA**

**Other Postemployment Benefits  
Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (A)</b>	<b>Actuarial Accrued Liability ("AAL") Project Unit Credit (B)</b>	<b>Unfunded AAL ("UAAL") (B-A)</b>	<b>Funded Ratio (A/B)</b>	<b>Covered Payroll (C)</b>	<b>UAAL as a percentage of Covered payroll [(B-A)/C]</b>
December 31, 2005	\$0	\$150,676,744	\$150,676,744	0.00%	\$62,503,289	241.10%
December 31, 2008	0	80,802,284	80,802,284	0.00%	78,956,072	102.30%

**DURHAM COUNTY, NORTH CAROLINA**

**Other Postemployment Benefits  
Schedule of Employer Contributions**

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<b>Year Ended June 30,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2008	\$13,552,376	6.37%
2009	7,168,139	15.54%

**DURHAM COUNTY, NORTH CAROLINA**

**Other Postemployment Benefits  
Notes to Required Schedules**

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The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets

Actuarial assumptions:

Investment rate of return*	4.00%
Medical cost trend rate	10.50% to 5.00%
Year of ultimate trend rate	2016

\*Includes inflation at: 3.75%



## **OTHER SUPPLEMENTARY INFORMATION**



**COMBINING and INDIVIDUAL  
FUND STATEMENTS and  
SCHEDULES**



## **MAJOR GOVERNMENTAL FUND**

**Capital Projects Fund** – accounts for financial resources to be used for the acquisition, construction or improvement of major capital facilities other than those financed by proprietary funds.

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**DURHAM COUNTY, NORTH CAROLINA**

**Schedule of Expenditures Compared with Project Authorizations  
Capital Projects Fund  
From Project Inception and for the Fiscal Years Ended June 30, 2009**

PROJECT	EXPENDITURES		SPENT TO DATE	REMAINING COMMITMENT
	CURRENT YEAR	PRIOR YEARS		
Durham Public School Projects	\$ 44,221,189	\$ 98,017,030	\$ 142,238,219	\$ 222,283,655
Justice Center	4,298,700	9,766,473	14,065,173	1,531,282
Judicial Building Renovation	113,399	872,579	985,978	165,756
Cooperative Extension Renovation	-	823,676	823,676	56
NCML & Bioquest	281,643	10,595,307	10,876,950	4,263,862
EMS Relocation Lincoln	6,065	1,724,360	1,730,425	4,705
Human Services Complex	2,296,261	7,350,957	9,647,218	80,299,425
Senior Center	9,914	5,634,630	5,644,544	16,017
North Durham Library	2,294	6,278,990	6,281,284	41,888
Stanford Warren Library	300	1,952,958	1,953,258	10,472
Southwest Branch Library	946,651	761,953	1,708,604	4,955,900
South Regional Library	1,941,886	1,702,536	3,644,422	6,742,840
East Regional Library	-	6,409,337	6,409,337	20,260
American Tobacco Garage Parking	-	14,368,099	14,368,099	133,901
Scattered Site Housing Program	-	525,234	525,234	51,707
County Computer Repl Project	896,571	5,651,248	6,547,819	417,891
Head Start YMCA Building	-	1,105,602	1,105,602	-
DTCC Student Services Building	-	2,995,179	2,995,179	4,821
Crim Justice Resource Center	200,759	484,169	684,928	3,599,246
Open Space/Farmland Preservation	784,458	3,087,428	3,871,886	5,178,869
DTCC Campus Improvements	186,356	1,058,621	1,244,977	6,955,023
DTCC Newton Building	-	-	-	4,000,000
DTCC Northern Durham	-	-	-	1,000,000
DTCC Main Campus Extension	-	-	-	2,000,000
Telecommunications System Upgrade	109,485	1,383,065	1,492,550	8,405
New Hope/Duke Land Acquisition	-	1,513,280	1,513,280	50,720
Detention Center Project	212,487	225,233	437,720	268,370
Animal Shelter Building Office Project	582,759	745,677	1,328,436	181,557
BOCC Chamber Upgrade	754,727	149,553	904,280	60,268
Open Space Acquisition and Development	-	6,500	6,500	13,148
EMS Station #5 Land Acquisition	-	-	-	20,000
Mental Health Crisis Center Renovations	1,247,960	1,886,783	3,134,743	92,202
Main Liabrary Renovations	262,368	126	262,494	537,506
County Stadium Renovations	713,205	110,250	823,455	7,383,378
Civic Center	1,282,427	245,000	1,527,427	3,817,573
Lincoln Community Health Center Renovations	10,503	13,986	24,489	215,188
ROD Preservation Project	-	-	-	945,000
Computer Replacement	205,083	-	205,083	4,133,557
Telecommunications System Upgrade	196,050	-	196,050	278,950
Administrative Building Renovations	326,236	-	326,236	1,498,764
EMS Station #1 Renovations	-	-	-	890,000
	<u>\$ 62,089,736</u>	<u>\$ 187,445,819</u>	<u>\$ 249,535,555</u>	<u>\$ 364,072,162</u>

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## **FIDUCIARY FUNDS**

### **Private-purpose Trust Funds**

**George R. Linder Memorial Private-purpose Trust Fund** – to account for resources legally held in trust for the use of acquiring public speakers/lecturers for the Library and functions sponsored by the Library. The fund also receives gift donations to purchase books in the honor of individuals.

**Vic Pearson Emergency Medical Services (EMS) Memorial Private-purpose Trust Fund** – to account for resources legally held in trust for use of assisting EMS employees and/or their families after serious injuries, sickness and/or deaths to them or immediate family members.

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**DURHAM COUNTY, NORTH CAROLINA**

**Combining Statement of Net Assets  
Private-purpose Trust Funds  
June 30, 2009**

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	<b>George R. Linder Memorial Private-purpose Trust Fund</b>	<b>Vic Pearson EMS Memorial Private-purpose Trust Fund</b>	<b>Total Private-purpose Trust Funds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 5,714	\$ 15,239	\$ 20,953
Total assets	<u>5,714</u>	<u>15,239</u>	<u>20,953</u>
<b>Liabilities</b>			
Accounts payable	-	1,000	1,000
Total liabilities	<u>-</u>	<u>1,000</u>	<u>1,000</u>
<b>Net assets</b>			
Held in trust for:			
Individuals, organizations, and other governments	5,714	14,239	19,953
Total net assets	<u>\$ 5,714</u>	<u>\$ 14,239</u>	<u>\$ 19,953</u>

**DURHAM COUNTY, NORTH CAROLINA**

**Combining Statement of Changes in Net Assets  
Private-purpose Trust Funds  
Year Ended June 30, 2009**

	<b>George R. Linder Memorial Private-purpose Trust Fund</b>	<b>Vic Pearson EMS Memorial Private-purpose Trust Fund</b>	<b>Total Private-purpose Trust Funds</b>
<b>Additions</b>			
Employee contributions	\$ -	\$ 3,938	\$ 3,938
Investment income	102	15	117
Total additions	<u>102</u>	<u>3,953</u>	<u>4,055</u>
<b>Deductions</b>			
Benefits	-	1,800	1,800
Total deductions	<u>-</u>	<u>1,800</u>	<u>1,800</u>
<b>Change in net assets</b>	102	2,153	2,255
<b>Total net assets - beginning</b>	<u>5,612</u>	<u>12,086</u>	<u>17,698</u>
<b>Total net assets - ending</b>	<u>\$ 5,714</u>	<u>\$ 14,239</u>	<u>\$ 19,953</u>

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Fire Tax District Funds** – to account for the proceeds of special district taxes for the Bethesda, Lebanon, Parkwood, Redwood, New Hope, Eno, and Bahama Volunteer Fire Departments. Payments of the amounts appropriated for the seven fire districts are made on a monthly basis during the fiscal year.

**Butner Safety District Fund** – to account for the proceeds of the special district established through State Legislation for the police and fire protection for Camp Butner State Preservation. Payments of the amounts appropriated are made to the State of North Carolina.

**Special Park District Fund** – to account for the proceeds of special district taxes for maintenance and beautification of the Research Triangle Park. Payments of the amounts appropriated are made on a monthly basis during the fiscal year.

**Emergency Services** – to account for the proceeds of the 911 surcharge and the related investment income. Payments of the amounts appropriated are restricted to the purchase of equipment and for operational expenses of the Central Emergency Communications Center.

### Debt Service Fund

The debt service fund is used to account for the payment of principal, interest, and related costs for all general long-term debt other than debt issued for and serviced by proprietary funds.

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**DURHAM COUNTY, NORTH CAROLINA**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2009**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>			
Cash and cash equivalents / investments	\$ 1,585,596	\$ 1,267,967	\$ 2,853,563
Net taxes receivable	90,466	-	90,466
Prepaid expenditures	20,774	-	20,774
<b>Total assets</b>	<b>\$ 1,696,836</b>	<b>\$ 1,267,967</b>	<b>\$ 2,964,803</b>
<b>Liabilities and fund balances</b>			
Liabilities:			
Accounts payable	\$ 3,254	\$ 114,884	\$ 118,138
Due to other governments - local	-	139,618	139,618
Collections in advance	100,556	-	100,556
Deferred revenues:			
Taxes	90,466	-	90,466
<b>Total liabilities</b>	<b>194,276</b>	<b>254,502</b>	<b>448,778</b>
Fund balances:			
Reserved:			
Other purposes	93,758	-	93,758
Unreserved	1,408,802	1,013,465	2,422,267
<b>Total fund balances</b>	<b>1,502,560</b>	<b>1,013,465</b>	<b>2,516,025</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,696,836</b>	<b>\$ 1,267,967</b>	<b>\$ 2,964,803</b>

**DURHAM COUNTY, NORTH CAROLINA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2009**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>			
Taxes	\$ 6,088,593	\$ -	\$ 6,088,593
Investments	57,136	35,734	92,870
Rent	-	26,717	26,717
Charges for services	15,469	228,738	244,207
Total revenues	<u>6,161,198</u>	<u>291,189</u>	<u>6,452,387</u>
<b>Expenditures</b>			
Current:			
Public safety	4,649,134	-	4,649,134
Economic and physical development	626,973	-	626,973
Debt service:			
Principal retirement	-	27,266,955	27,266,955
Interest and fiscal charges	-	14,376,279	14,376,279
Total expenditures	<u>5,276,107</u>	<u>41,643,234</u>	<u>46,919,341</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>885,091</u>	<u>(41,352,045)</u>	<u>(40,466,954)</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	41,345,475	41,345,475
Transfers out	<u>(2,372,528)</u>	-	<u>(2,372,528)</u>
Total other financing sources (uses)	<u>(2,372,528)</u>	<u>41,345,475</u>	<u>38,972,947</u>
<b>Net change in fund balances</b>	(1,487,437)	(6,570)	(1,494,007)
<b>Fund balance - beginning</b>	<u>2,989,997</u>	<u>1,020,035</u>	<u>4,010,032</u>
<b>Fund balance - ending</b>	<u>\$ 1,502,560</u>	<u>\$ 1,013,465</u>	<u>\$ 2,516,025</u>



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DURHAM COUNTY, NORTH CAROLINA

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2009

	FIRE TAX DISTRICTS			
	Bethesda	Lebanon	Parkwood	Redwood
<b>Assets</b>				
Cash and cash equivalents / investments	\$ 253,948	\$ 305,780	\$ 164,226	\$ 23,705
Net taxes receivable	27,972	19,490	7,795	23,611
Prepaid expenditures	-	-	-	-
<b>Total assets</b>	<b>\$ 281,920</b>	<b>\$ 325,270</b>	<b>\$ 172,021</b>	<b>\$ 47,316</b>
<b>Liabilities and fund balances</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Collections in advance	52,129	5,866	16,428	3,181
Taxes and assessments	27,972	19,490	7,795	23,611
<b>Total liabilities</b>	<b>80,101</b>	<b>25,356</b>	<b>24,223</b>	<b>26,792</b>
Fund balances:				
Reserved:				
Other purposes	52,129	5,866	16,428	3,181
Unreserved	149,690	294,048	131,370	17,343
<b>Total fund balances</b>	<b>201,819</b>	<b>299,914</b>	<b>147,798</b>	<b>20,524</b>
<b>Total liabilities and fund balances</b>	<b>\$ 281,920</b>	<b>\$ 325,270</b>	<b>\$ 172,021</b>	<b>\$ 47,316</b>

<u>New Hope</u>	<u>Eno</u>	<u>Bahama</u>	<u>Butner Safety District Fund</u>	<u>Special Park District Fund</u>	<u>Emergency Services Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 17,460	\$ 25,055	\$ 362,352	\$ 10,284	\$ 13,976	\$ 408,810	\$ 1,585,596
1,056	332	7,851	1,714	645	-	90,466
-	-	-	-	20,774	-	20,774
<u>\$ 18,516</u>	<u>\$ 25,387</u>	<u>\$ 370,203</u>	<u>\$ 11,998</u>	<u>\$ 35,395</u>	<u>\$ 408,810</u>	<u>\$ 1,696,836</u>
\$ -	\$ -	\$ -	\$ 3,254	\$ -	\$ -	\$ 3,254
86	166	1,926	-	20,774	-	100,556
1,056	332	7,851	1,714	645	-	90,466
<u>1,142</u>	<u>498</u>	<u>9,777</u>	<u>4,968</u>	<u>21,419</u>	<u>-</u>	<u>194,276</u>
86	166	1,926	-	13,976	-	93,758
17,288	24,723	358,500	7,030	-	408,810	1,408,802
<u>17,374</u>	<u>24,889</u>	<u>360,426</u>	<u>7,030</u>	<u>13,976</u>	<u>408,810</u>	<u>1,502,560</u>
<u>\$ 18,516</u>	<u>\$ 25,387</u>	<u>\$ 370,203</u>	<u>\$ 11,998</u>	<u>\$ 35,395</u>	<u>\$ 408,810</u>	<u>\$ 1,696,836</u>

**DURHAM COUNTY, NORTH CAROLINA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
Year Ended June 30, 2009**

	<b>FIRE TAX DISTRICTS</b>			
	<b>Bethesda</b>	<b>Lebanon</b>	<b>Parkwood</b>	<b>Redwood</b>
<b>Revenues</b>				
Taxes	\$ 1,488,031	\$ 1,076,596	\$ 1,391,763	\$ 741,028
Investments	4,687	8,467	2,445	1,134
Charges for services	-	-	-	-
<b>Total revenues</b>	<u>1,492,718</u>	<u>1,085,063</u>	<u>1,394,208</u>	<u>742,162</u>
<b>Expenditures</b>				
Current:				
Public safety	550,000	510,000	1,353,889	739,754
Economic and physical development	-	-	-	-
<b>Total expenditures</b>	<u>550,000</u>	<u>510,000</u>	<u>1,353,889</u>	<u>739,754</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>942,718</u>	<u>575,063</u>	<u>40,319</u>	<u>2,408</u>
<b>Other financing sources (uses)</b>				
Transfers out	(979,828)	(502,027)	-	-
<b>Total other financing sources (uses)</b>	<u>(979,828)</u>	<u>(502,027)</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	(37,110)	73,036	40,319	2,408
<b>Fund balance - beginning</b>	<u>238,929</u>	<u>226,878</u>	<u>107,479</u>	<u>18,116</u>
<b>Fund balance - ending</b>	<u>\$ 201,819</u>	<u>\$ 299,914</u>	<u>\$ 147,798</u>	<u>\$ 20,524</u>

<u>New Hope</u>	<u>Eno</u>	<u>Bahama</u>	<u>Butner Safety District Fund</u>	<u>Special Park District Fund</u>	<u>Emergency Services Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 52,039	\$ 22,639	\$ 661,576	\$ 17,927	\$ 636,994	\$ -	\$ 6,088,593
738	641	10,815	285	774	27,150	57,136
-	-	-	-	-	15,469	15,469
<u>52,777</u>	<u>23,280</u>	<u>672,391</u>	<u>18,212</u>	<u>637,768</u>	<u>42,619</u>	<u>6,161,198</u>
50,995	22,553	660,832	17,593	-	743,518	4,649,134
-	-	-	-	626,973	-	626,973
<u>50,995</u>	<u>22,553</u>	<u>660,832</u>	<u>17,593</u>	<u>626,973</u>	<u>743,518</u>	<u>5,276,107</u>
1,782	727	11,559	619	10,795	(700,899)	885,091
-	-	-	-	-	(890,673)	(2,372,528)
-	-	-	-	-	(890,673)	(2,372,528)
1,782	727	11,559	619	10,795	(1,591,572)	(1,487,437)
15,592	24,162	348,867	6,411	3,181	2,000,382	2,989,997
<u>\$ 17,374</u>	<u>\$ 24,889</u>	<u>\$ 360,426</u>	<u>\$ 7,030</u>	<u>\$ 13,976</u>	<u>\$ 408,810</u>	<u>\$ 1,502,560</u>

**DURHAM COUNTY, NORTH CAROLINA**

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual- Bethesda Fire Tax District Special Revenue Fund  
Year Ended June 30, 2009**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>Revenues</b>				
Taxes	\$ 1,525,531	\$ 1,525,531	\$ 1,488,031	\$ (37,500)
Investments	5,000	5,000	4,687	(313)
Total revenues	<u>1,530,531</u>	<u>1,530,531</u>	<u>1,492,718</u>	<u>(37,813)</u>
<b>Expenditures</b>				
Public safety	562,069	562,069	550,000	12,069
Total expenditures	<u>562,069</u>	<u>562,069</u>	<u>550,000</u>	<u>12,069</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>968,462</u>	<u>968,462</u>	<u>942,718</u>	<u>(25,744)</u>
<b>Other financing sources (uses)</b>				
Transfers out	(968,462)	(979,829)	(979,828)	1
Appropriated fund balance	-	11,367	-	(11,367)
Total other financing sources (uses)	<u>(968,462)</u>	<u>(968,462)</u>	<u>(979,828)</u>	<u>(11,366)</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	(37,110)	<u>\$ (37,110)</u>
<b>Fund balance - beginning</b>			<u>238,929</u>	
<b>Fund balance - ending</b>			<u>\$ 201,819</u>	

**DURHAM COUNTY, NORTH CAROLINA**

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual- Lebanon Fire Tax District Special Revenue Fund  
Year Ended June 30, 2009**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>Revenues</b>				
Taxes	\$ 1,073,933	\$ 1,073,933	\$ 1,076,596	\$ 2,663
Investments	7,500	7,500	8,467	967
Total revenues	<u>1,081,433</u>	<u>1,081,433</u>	<u>1,085,063</u>	<u>3,630</u>
<b>Expenditures</b>				
Public safety	648,308	648,308	510,000	138,308
Total expenditures	<u>648,308</u>	<u>648,308</u>	<u>510,000</u>	<u>138,308</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>433,125</u>	<u>433,125</u>	<u>575,063</u>	<u>141,938</u>
<b>Other financing sources (uses)</b>				
Transfers out	(512,087)	(512,087)	(502,027)	10,060
Appropriated fund balance	78,962	78,962	-	(78,962)
Total other financing sources (uses)	<u>(433,125)</u>	<u>(433,125)</u>	<u>(502,027)</u>	<u>(68,902)</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	73,036	<u>\$ 73,036</u>
<b>Fund balance - beginning</b>			<u>226,878</u>	
<b>Fund balance - ending</b>			<u>\$ 299,914</u>	

**DURHAM COUNTY, NORTH CAROLINA**

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual- Parkwood Fire Tax District Special Revenue Fund  
Year Ended June 30, 2009**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>Revenues</b>				
Taxes	\$ 1,353,889	\$ 1,353,889	\$ 1,391,763	\$ 37,874
Investments	-	-	2,445	2,445
Total revenues	<u>1,353,889</u>	<u>1,353,889</u>	<u>1,394,208</u>	<u>40,319</u>
<b>Expenditures</b>				
Public safety	<u>1,353,889</u>	<u>1,353,889</u>	<u>1,353,889</u>	-
Total expenditures	<u>1,353,889</u>	<u>1,353,889</u>	<u>1,353,889</u>	-
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>-</u>	<u>40,319</u>	<u>40,319</u>
 <b>Net change in fund balances</b>	 <u>\$ -</u>	 <u>\$ -</u>	 40,319	 <u>\$ 40,319</u>
 <b>Fund balance - beginning</b>			 <u>107,479</u>	
 <b>Fund balance - ending</b>			 <u>\$ 147,798</u>	



**DURHAM COUNTY, NORTH CAROLINA**

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual- Redwood Fire Tax District Special Revenue Fund  
Year Ended June 30, 2009**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>Revenues</b>				
Taxes	\$ 739,754	\$ 739,754	\$ 741,028	\$ 1,274
Investments	-	-	1,134	1,134
Total revenues	<u>739,754</u>	<u>739,754</u>	<u>742,162</u>	<u>2,408</u>
<b>Expenditures</b>				
Public safety	<u>739,754</u>	<u>739,754</u>	<u>739,754</u>	-
Total expenditures	<u>739,754</u>	<u>739,754</u>	<u>739,754</u>	-
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>-</u>	<u>2,408</u>	<u>2,408</u>
 <b>Net change in fund balances</b>	 <u>\$ -</u>	 <u>\$ -</u>	 2,408	 <u>\$ 2,408</u>
 <b>Fund balance - beginning</b>			 <u>18,116</u>	
<b>Fund balance - ending</b>			<u>\$ 20,524</u>	

**DURHAM COUNTY, NORTH CAROLINA**

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual- New Hope Fire Tax District Special Revenue Fund  
Year Ended June 30, 2009**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>Revenues</b>				
Taxes	\$ 53,732	\$ 53,732	\$ 52,039	\$ (1,693)
Investments	500	500	738	238
Total revenues	<u>54,232</u>	<u>54,232</u>	<u>52,777</u>	<u>(1,455)</u>
<b>Expenditures</b>				
Public safety	54,232	54,232	50,995	3,237
Total expenditures	<u>54,232</u>	<u>54,232</u>	<u>50,995</u>	<u>3,237</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>-</u>	<u>1,782</u>	<u>1,782</u>
 <b>Net change in fund balances</b>	 <u>\$ -</u>	 <u>\$ -</u>	 1,782	 <u>\$ 1,782</u>
 <b>Fund balance - beginning</b>			 <u>15,592</u>	
 <b>Fund balance - ending</b>			 <u>\$ 17,374</u>	

**DURHAM COUNTY, NORTH CAROLINA**

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual- Eno Fire Tax District Special Revenue Fund  
Year Ended June 30, 2009**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>Revenues</b>				
Taxes	\$ 22,572	\$ 22,572	\$ 22,639	\$ 67
Investments	500	500	641	141
Total revenues	<u>23,072</u>	<u>23,072</u>	<u>23,280</u>	<u>208</u>
<b>Expenditures</b>				
Public safety	23,072	23,072	22,553	519
Total expenditures	<u>23,072</u>	<u>23,072</u>	<u>22,553</u>	<u>519</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>-</u>	<u>727</u>	<u>727</u>
 <b>Net change in fund balances</b>	 <u>\$ -</u>	 <u>\$ -</u>	 727	 <u>\$ 727</u>
 <b>Fund balance - beginning</b>			 <u>24,162</u>	
<b>Fund balance - ending</b>			 <u>\$ 24,889</u>	

**DURHAM COUNTY, NORTH CAROLINA**

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual- Bahama Fire Tax District Special Revenue Fund  
Year Ended June 30, 2009**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>Revenues</b>				
Taxes	\$ 681,428	\$ 681,428	\$ 661,576	\$ (19,852)
Investments	5,000	5,000	10,815	5,815
Total revenues	<u>686,428</u>	<u>686,428</u>	<u>672,391</u>	<u>(14,037)</u>
<b>Expenditures</b>				
Public safety	686,428	686,428	660,832	25,596
Total expenditures	<u>686,428</u>	<u>686,428</u>	<u>660,832</u>	<u>25,596</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>-</u>	<u>11,559</u>	<u>11,559</u>
 <b>Net change in fund balances</b>	 <u>\$ -</u>	 <u>\$ -</u>	 11,559	 <u>\$ 11,559</u>
 <b>Fund balance - beginning</b>			 <u>348,867</u>	
 <b>Fund balance - ending</b>			 <u>\$ 360,426</u>	

**DURHAM COUNTY, NORTH CAROLINA**

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual- Butner Safety District Special Revenue Fund  
Year Ended June 30, 2009**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>Revenues</b>				
Taxes	\$ 17,243	\$ 17,243	\$ 17,927	\$ 684
Investments	350	350	285	(65)
Total revenues	<u>17,593</u>	<u>17,593</u>	<u>18,212</u>	<u>619</u>
<b>Expenditures</b>				
Public safety	17,593	17,593	17,593	-
Total expenditures	<u>17,593</u>	<u>17,593</u>	<u>17,593</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>-</u>	<u>619</u>	<u>619</u>
 <b>Net change in fund balances</b>	 <u>\$ -</u>	 <u>\$ -</u>	 619	 <u>\$ 619</u>
 <b>Fund balance - beginning</b>			 <u>6,411</u>	
<b>Fund balance - ending</b>			 <u>\$ 7,030</u>	

**DURHAM COUNTY, NORTH CAROLINA**

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual- Special Park District Special Revenue Fund  
Year Ended June 30, 2009**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>Revenues</b>				
Taxes	\$ 650,791	\$ 650,791	\$ 636,994	\$ (13,797)
Investments	1,000	1,000	774	(226)
Total revenues	<u>651,791</u>	<u>651,791</u>	<u>637,768</u>	<u>(14,023)</u>
<b>Expenditures</b>				
Economic and physical development	651,791	651,791	626,973	24,818
Total expenditures	<u>651,791</u>	<u>651,791</u>	<u>626,973</u>	<u>24,818</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>-</u>	<u>10,795</u>	<u>10,795</u>
 <b>Net change in fund balances</b>	 <u>\$ -</u>	 <u>\$ -</u>	 10,795	 <u>\$ 10,795</u>
 <b>Fund balance - beginning</b>			 <u>3,181</u>	
 <b>Fund balance - ending</b>			 <u>\$ 13,976</u>	

**DURHAM COUNTY, NORTH CAROLINA**

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual- Emergency Services Special Revenue Fund  
Year Ended June 30, 2009**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>Revenues</b>				
Investments	\$ -	\$ 1,213	\$ 27,150	\$ 25,937
Charges for services	-	-	15,469	15,469
Total revenues	<u>-</u>	<u>1,213</u>	<u>42,619</u>	<u>41,406</u>
<b>Expenditures</b>				
Public safety	253,540	743,518	743,518	-
Total expenditures	<u>253,540</u>	<u>743,518</u>	<u>743,518</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(253,540)</u>	<u>(742,305)</u>	<u>(700,899)</u>	<u>41,406</u>
<b>Other financing sources (uses)</b>				
Transfers out	(890,673)	(890,673)	(890,673)	-
Appropriated fund balance	1,144,213	1,632,978	-	(1,632,978)
Total other financing sources (uses)	<u>253,540</u>	<u>742,305</u>	<u>(890,673)</u>	<u>(1,632,978)</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,591,572)</u>	<u>\$ (1,591,572)</u>
<b>Fund balance - beginning</b>			<u>2,000,382</u>	
<b>Fund balance - ending</b>			<u>\$ 408,810</u>	

DURHAM COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual - Debt Service Fund  
 Year Ended June 30, 2009

	Budget		Actual	Positive (Negative) Variance
	Original	Final		
<b>Revenues</b>				
Investments	\$ 50,000	\$ 50,000	\$ 35,734	\$ (14,266)
Rent	26,716	26,716	26,717	1
Charges for services	228,738	228,738	228,738	-
Total revenues	<u>305,454</u>	<u>305,454</u>	<u>291,189</u>	<u>(14,265)</u>
<b>Expenditures</b>				
Debt service:				
Principal retirement	26,857,499	27,307,499	27,266,955	40,544
Interest and fiscal charges	14,212,317	15,147,782	14,376,279	771,503
Total expenditures	<u>41,069,816</u>	<u>42,455,281</u>	<u>41,643,234</u>	<u>812,047</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(40,764,362)</u>	<u>(42,149,827)</u>	<u>(41,352,045)</u>	<u>797,782</u>
<b>Other financing sources (uses)</b>				
Transfers in	43,303,853	42,851,453	41,345,475	(1,505,978)
Appropriated fund balance	<u>(2,539,491)</u>	<u>(701,626)</u>	-	<u>701,626</u>
Total other financing sources (uses)	<u>40,764,362</u>	<u>42,149,827</u>	<u>41,345,475</u>	<u>(804,352)</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(6,570)</u>	<u>\$ (6,570)</u>
<b>Fund balance - beginning</b>			<u>1,020,035</u>	
<b>Fund balance - ending</b>			<u>\$ 1,013,465</u>	



## **ENTERPRISE FUND**

**Sewer Utility Fund** – to account for the provision of sewer utility services in the County which are financed in a manner similar to private business enterprises – where the intent is that costs of providing services be recovered primarily through user charges.

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**DURHAM COUNTY, NORTH CAROLINA**

**Schedule of Revenues and Expenditures - Budget and Actual -  
(Non-GAAP Basis) Enterprise Fund - Sewer Utility Fund  
Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>Revenues:</b>			
Charges for services	\$ 9,257,679	\$ 8,147,407	\$ (1,110,272)
<b>Expenditures:</b>			
Operating	<u>5,462,594</u>	<u>3,819,933</u>	<u>1,642,661</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	3,795,085	4,327,474	532,389
<b>Other Financing Sources (Uses):</b>			
Capital expenses	(252,000)	(515,206)	(263,206)
Debt service	(3,705,000)	(3,169,375)	535,625
Investment income	75,000	278,813	203,813
Sewer connection fees	498,500	506,648	8,148
Intergovernmental revenues	-	19,557	19,557
Transfers out	<u>(160,000)</u>	<u>(160,000)</u>	<u>-</u>
Total other financing sources (uses)	(3,543,500)	(3,039,563)	503,937
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	251,585	1,287,911	1,036,326
<b>Fund balance appropriated</b>	<u>(251,585)</u>	<u>-</u>	<u>251,585</u>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<u>\$ -</u>	<u>\$ 1,287,911</u>	<u>\$ 1,287,911</u>

**Reconciliation of Modified Accrual Basis to Full Accrual Basis -  
Enterprise Fund - Sewer Utility Fund  
Year Ended June 30, 2009**

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<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES (BUDGETARY BASIS)</b>	<b>\$ 1,287,911</b>
<b>RECONCILING ITEMS:</b>	
Capital outlay	515,206
Capital contributions	145,300
Debt principal payments	1,985,365
Amortization of bond issuance costs	(19,696)
Capitalization of interest	530,107
Decrease in accrued interest payable	11,568
Increase in accrued payroll	(35,839)
Increase in accrued vacation	(17,650)
Decrease in assessments receivable	(69,257)
Increase in accrued interest receivable	28,148
Increase in accounts receivable	10,355
Depreciation	(581,995)
Amortization of bond premium	33,834
	<hr/>
<b>CHANGE IN NET ASSETS (GAAP BASIS)</b>	<b><u><u>\$ 3,823,357</u></u></b>

## **FIDUCIARY FUNDS**

**Agency Funds** – To account for certain escrow monies held in trust by the Department of Social Services for the accounts of designated parties; to account for funds held in trust for jail inmates; to account for funds held in trust for evidence; to account for funds held by the Sheriff’s office; to account for interest on delinquent vehicle taxes collected by the County on behalf of the State Treasurer Department of Motor Vehicles; to account for late list penalties collected on taxes by the County on behalf of the Durham Public Schools; and to account for taxes collected by the County on behalf of the City of Durham, the Town of Chapel Hill and the City of Raleigh.

**DURHAM COUNTY, NORTH CAROLINA**

**Combining Statement of Fiduciary Assets and Liabilities**

**Agency Funds**

**June 30, 2009**

	<b>Child Support Trust Fund</b>	<b>Sheriff's Evidence Trust Fund</b>	<b>Jail Inmate Trust Fund</b>	<b>Sheriff's Trust Fund</b>	<b>State Treasurer Department of Motor Vehicles</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 174,755	\$ 282,133	\$ 122,885	\$ 47,777	\$ 23,436
Net taxes receivable	-	-	-	-	-
Total assets	<u>\$ 174,755</u>	<u>\$ 282,133</u>	<u>\$ 122,885</u>	<u>\$ 47,777</u>	<u>\$ 23,436</u>
<b>Liabilities</b>					
Funds held for others	\$ 174,755	\$ 282,133	\$ 122,885	\$ 47,777	\$ -
Due to governmental agencies	-	-	-	-	23,436
Total liabilities	<u>\$ 174,755</u>	<u>\$ 282,133</u>	<u>\$ 122,885</u>	<u>\$ 47,777</u>	<u>\$ 23,436</u>

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<b>Durham Public School</b>	<b>Town of Chapel Hill Tax Fund</b>	<b>City of Durham Tax Fund</b>	<b>City of Raleigh Tax Fund</b>	<b>Totals</b>
\$ 2,201,769	\$ 65,567	\$ 585,219	\$ 10,984	\$ 3,514,525
310,168	32,118	3,386,175	2,989	3,731,450
<u>\$ 2,511,937</u>	<u>\$ 97,685</u>	<u>\$ 3,971,394</u>	<u>\$ 13,973</u>	<u>\$ 7,245,975</u>
\$ -	\$ -	\$ -	\$ -	\$ 627,550
2,511,937	97,685	3,971,394	13,973	6,618,425
<u>\$ 2,511,937</u>	<u>\$ 97,685</u>	<u>\$ 3,971,394</u>	<u>\$ 13,973</u>	<u>\$ 7,245,975</u>

**DURHAM COUNTY, NORTH CAROLINA**

**Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2009**

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2009</u>
<b><u>Child Support Trust Fund</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 141,008	\$ 1,271,273	\$ 1,237,526	\$ 174,755
<b>Liabilities</b>				
Funds held for others	\$ 141,008	\$ 1,271,273	\$ 1,237,526	\$ 174,755
<b><u>Sheriff's Evidence Trust Fund</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 285,212	\$ 37,010	\$ 40,089	\$ 282,133
<b>Liabilities</b>				
Funds held for others	\$ 285,212	\$ 37,010	\$ 40,089	\$ 282,133
<b><u>Jail Inmate Trust Fund</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 134,657	\$ 635,173	\$ 646,945	\$ 122,885
<b>Liabilities</b>				
Funds held for others	\$ 134,657	\$ 635,173	\$ 646,945	\$ 122,885
<b><u>Sheriff's Trust Fund</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 48,558	\$ 557,920	\$ 558,701	\$ 47,777
<b>Liabilities</b>				
Funds held for others	\$ 48,558	\$ 557,920	\$ 558,701	\$ 47,777
<b><u>State Treasurer DMV</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 25,215	\$ 415,300	\$ 417,079	\$ 23,436
<b>Liabilities</b>				
Due to governmental agencies	\$ 25,215	\$ 415,300	\$ 417,079	\$ 23,436
<b><u>Durham Public School</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 1,639,943	\$ 773,984	\$ 212,158	\$ 2,201,769
Net taxes receivable	13,464	1,984,490	1,687,786	310,168
Total assets	\$ 1,653,407	\$ 2,758,474	\$ 1,899,944	\$ 2,511,937
<b>Liabilities</b>				
Due to governmental agencies	\$ 1,653,407	\$ 2,758,474	\$ 1,899,944	\$ 2,511,937



**DURHAM COUNTY, NORTH CAROLINA**

**Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2009**

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2009</u>
<b><u>Town of Chapel Hill Tax Fund</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 59,110	\$ 3,061,258	\$ 3,054,801	\$ 65,567
Net taxes receivable	28,043	6,177,409	6,173,334	32,118
Total assets	<u>\$ 87,153</u>	<u>\$ 9,238,667</u>	<u>\$ 9,228,135</u>	<u>\$ 97,685</u>
<b>Liabilities</b>				
Due to governmental agencies	<u>\$ 87,153</u>	<u>\$ 9,238,667</u>	<u>\$ 9,228,135</u>	<u>\$ 97,685</u>
<b><u>City of Durham Tax Fund</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 563,939	\$ 121,220,060	\$ 121,198,780	\$ 585,219
Net taxes receivable	2,612,565	251,892,699	251,119,089	3,386,175
Total assets	<u>\$ 3,176,504</u>	<u>\$ 373,112,759</u>	<u>\$ 372,317,869</u>	<u>\$ 3,971,394</u>
<b>Liabilities</b>				
Due to governmental agencies	<u>\$ 3,176,504</u>	<u>\$ 373,112,759</u>	<u>\$ 372,317,869</u>	<u>\$ 3,971,394</u>
<b><u>City of Raleigh Tax Fund</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 11,885	\$ 423,246	\$ 424,147	\$ 10,984
Net taxes receivable	2,662	866,428	866,101	2,989
Total assets	<u>\$ 14,547</u>	<u>\$ 1,289,674</u>	<u>\$ 1,290,248</u>	<u>\$ 13,973</u>
<b>Liabilities</b>				
Due to governmental agencies	<u>\$ 14,547</u>	<u>\$ 1,289,674</u>	<u>\$ 1,290,248</u>	<u>\$ 13,973</u>
<b><u>Total All Agency Funds</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 2,909,527	\$ 128,395,224	\$ 127,790,226	\$ 3,514,525
Net taxes receivable	2,656,734	260,921,026	259,846,310	3,731,450
Total assets	<u>\$ 5,566,261</u>	<u>\$ 389,316,250</u>	<u>\$ 387,636,536</u>	<u>\$ 7,245,975</u>
<b>Liabilities</b>				
Funds held for others	\$ 609,435	\$ 2,501,376	\$ 2,483,261	\$ 627,550
Due to governmental agencies	4,956,826	386,814,874	385,153,275	6,618,425
Total liabilities	<u>\$ 5,566,261</u>	<u>\$ 389,316,250</u>	<u>\$ 387,636,536</u>	<u>\$ 7,245,975</u>

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**CAPITAL ASSETS, LONG-TERM DEBT  
and OTHER INFORMATION**



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**DURHAM COUNTY, NORTH CAROLINA**

**Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity<sup>1</sup> as of June 30, 2009**

	Total Assets	Land	Buildings	Office Furniture and Equipment
<b>General Government:</b>				
County commissioners	\$ 6,400	\$ -	\$ -	\$ -
County manager	5,708	-	-	-
Finance	3,435,726	-	-	-
Tax administrator	4,016,036	-	-	24,345
County Attorney	12,380	-	-	-
Court facilities	14,029,273	-	14,018,073	-
Board of elections	419,207	-	-	-
Register of deeds	1,526,615	-	-	20,000
General services	86,735,604	4,790,491	81,033,170	-
Information technology	4,914,252	-	-	29,298
Human resources	17,237	-	-	11,530
Total general government	115,118,438	4,790,491	95,051,243	85,173
<b>Public Safety:</b>				
Sheriff	51,372,715	1,398,962	39,455,838	219,120
County fire protector	682,953	-	384,060	6,744
Emergency Management	236,183	-	-	-
Community based corrections	-	-	-	-
Animal control	2,610,258	-	1,844,179	15,381
Criminal Justice Partnership	835,176	-	749,021	-
VFD paramedic services	390,978	-	-	-
Youth home	391,983	-	367,000	-
Emergency medical services	4,235,352	-	1,947,348	23,489
Total public safety	60,755,598	1,398,962	44,747,446	264,734
<b>Environmental Protection</b>				
Environmental engineering	261,426	-	77,873	7,315
Open Space and Real Estate	647,751	647,751	-	-
Total Environmental Protection	909,177	647,751	77,873	7,315
<b>Economic and Physical Development</b>				
Cooperative extension	-	-	-	-
Soil and Erosion	29,732	-	-	-
Total Economic and Physical Development	29,732	-	-	-
<b>Human Services:</b>				
Public health	4,462,410	-	3,765,510	14,283
Mental health	1,368,534	-	192,000	-
Social services	11,932,810	-	11,257,473	-
Other human services	481,964	-	-	-
Total human services	18,245,718	-	15,214,983	14,283

<b>Machinery and Equipment</b>	<b>Computer Hardware</b>	<b>Vehicles</b>	<b>Computer Software</b>	<b>Construction in Progress</b>
\$ 6,400	\$ -	\$ -	\$ -	\$ -
5,708	-	-	-	-
43,381	-	-	3,392,345	-
495,142	9,473	261,244	3,225,832	-
-	12,380	-	-	-
11,200	-	-	-	-
410,650	8,557	-	-	-
-	141,017	-	1,365,598	-
435,176	29,242	438,775	8,750	-
878,861	1,666,667	-	2,339,426	-
5,707	-	-	-	-
<u>2,292,225</u>	<u>1,867,336</u>	<u>700,019</u>	<u>10,331,951</u>	<u>-</u>
1,039,315	265,954	7,547,575	1,445,951	-
25,334	7,200	200,726	66,089	-
101,312	-	50,671	77,000	-
-	-	-	-	-
124,917	7,100	607,031	11,650	-
-	-	86,155	-	-
-	-	390,978	-	-
8,500	-	16,483	-	-
393,308	18,230	1,275,033	577,944	-
<u>1,692,686</u>	<u>298,484</u>	<u>10,174,652</u>	<u>2,178,634</u>	<u>-</u>
21,195	-	155,043	-	-
-	-	-	-	-
<u>21,195</u>	<u>-</u>	<u>155,043</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	29,732	-	-
-	-	29,732	-	-
136,392	-	482,600	63,625	-
85,805	69,992	375,054	645,683	-
33,230	57,401	368,795	215,911	-
-	-	481,964	-	-
<u>255,427</u>	<u>127,393</u>	<u>1,708,413</u>	<u>925,219</u>	<u>-</u>

**DURHAM COUNTY, NORTH CAROLINA**

**Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity<sup>1</sup> as of June 30, 2009**

	<b>Total Assets</b>	<b>Land</b>	<b>Buildings</b>	<b>Office Furniture and Equipment</b>
<b>Education:</b>				
Public schools	\$ 39,982,972	\$ -	\$ 39,982,972	\$ -
<b>Cultural and Recreational</b>				
Library	4,869,223	-	4,156,852	18,347
<b>Capital Projects:</b>				
Construction in progress	120,330,910	-	-	-
<b>Total Capital Assets</b>	<u>\$ 360,241,768</u>	<u>\$ 6,837,204</u>	<u>\$ 199,231,369</u>	<u>\$ 389,852</u>

<sup>1</sup> This schedule presents only the capital asset balances related to governmental funds.



<b>Machinery and Equipment</b>	<b>Computer Hardware</b>	<b>Vehicles</b>	<b>Computer Software</b>	<b>Construction in Progress</b>
\$ -	\$ -	\$ -	\$ -	\$ -
28,725	139,680	144,575	381,044	-
-	-	-	-	120,330,910
<u>\$ 4,290,258</u>	<u>\$ 2,432,893</u>	<u>\$ 12,912,434</u>	<u>\$ 13,816,848</u>	<u>\$ 120,330,910</u>

**DURHAM COUNTY, NORTH CAROLINA**

**Capital Assets Used in the Operation of Governmental Funds  
Schedule of Changes by Function and Activity<sup>1</sup>**

**Year Ended June 30, 2009**

	Capital Assets July 1, 2008	Additions	Transfers and Deletions	Capital Assets June 30, 2009
<b>General Government:</b>				
Board of county commissioners	\$ 6,400	\$ -	\$ -	\$ 6,400
County manager	5,708	-	-	5,708
Finance	3,408,345	27,381	-	3,435,726
Tax administration	4,229,501	18,156	(231,621)	4,016,036
County attorney	12,380	-	-	12,380
Court facilities	14,029,273	-	-	14,029,273
Board of elections	419,207	-	-	419,207
Register of deeds	1,752,003	-	(225,388)	1,526,615
General services	87,012,474	178,534	(455,404)	86,735,604
Management information systems	4,861,856	52,396	-	4,914,252
Human resources	17,237	-	-	17,237
Total general government	<u>115,754,384</u>	<u>276,467</u>	<u>(912,413)</u>	<u>115,118,438</u>
<b>Public Safety:</b>				
County sheriff	50,746,416	1,047,304	(421,005)	51,372,715
Fire marshal	678,084	66,089	(13,400)	730,773
Emergency management	180,863	7,500	-	188,363
Criminal justice partnership	835,176	-	-	835,176
Animal control	2,261,302	74,539	274,417	2,610,258
VFD Paramedic Services (Bahama/Redwood)	327,903	57,500	5,575	390,978
Youth home	391,983	-	-	391,983
Emergency medical services	4,716,429	414,243	(895,320)	4,235,352
Total public safety	<u>60,138,156</u>	<u>1,667,175</u>	<u>(1,049,733)</u>	<u>60,755,598</u>
<b>Environmental Protection:</b>				
Environmental engineering	261,426	-	-	261,426
Open Space	647,751	-	-	647,751
Total Environmental Protection	<u>909,177</u>	<u>-</u>	<u>-</u>	<u>909,177</u>

<sup>1</sup> This schedule presents only the capital asset balances related to governmental funds.

**DURHAM COUNTY, NORTH CAROLINA**

**Capital Assets Used in the Operation of Governmental Funds  
Schedule of Changes by Function and Activity<sup>1</sup>  
Year Ended June 30, 2009 (continued)**

	<b>Capital Assets July 1, 2008</b>	<b>Additions</b>	<b>Transfers and Deletions</b>	<b>Capital Assets June 30, 2009</b>
<b>Economic and Physical Development:</b>				
Cooperative extensior	34,495	-	-	34,495
Soil and Erosion	29,732	-	-	29,732
Total Economic and Physical Development	<u>64,227</u>	<u>-</u>	<u>-</u>	<u>64,227</u>
<b>Human Services:</b>				
Public health	4,786,177	43,125	(366,892)	4,462,410
Mental health	680,529	688,007	(2)	1,368,534
Social services	11,797,934	240,986	(106,110)	11,932,810
Other human services	335,383	112,086	-	447,469
Total human services	<u>17,600,023</u>	<u>1,084,204</u>	<u>(473,004)</u>	<u>18,211,223</u>
<b>Education:</b>				
Public schools	26,920,481	13,062,491	-	39,982,972
<b>Cultural and Recreational:</b>				
Library	5,137,112	-	(267,889)	4,869,223
<b>Capital Projects:</b>				
Construction in progress	91,574,436	28,756,474	-	120,330,910
<b>Total Capital Assets</b>	<u>\$ 318,097,996</u>	<u>\$ 44,846,811</u>	<u>\$ (2,703,039)</u>	<u>\$ 360,241,768</u>

<sup>1</sup> This schedule presents only the capital asset balances related to governmental funds.

**DURHAM COUNTY, NORTH CAROLINA**

**Gross Bonded Debt and Other Long-Term Debt  
Year Ended June 30, 2009**

Description	Interest Rate	Issue Date	Amount Outstanding 6-30-08	Issued During Year	Adjusted During Year
<b>General Long-Term Debt</b>					
Bonded Debt:					
Public Improvement-Series 2000 (2/3 Bonds)	5.40%-5.60%	6/1/00	\$ 1,087,389	\$ -	\$ -
Refunding, Series 2001	4.25%-5.50%	2/15/01	42,550,000	-	-
Public Improvement, Series 2002A	3.25%-4.75%	1/1/02	7,750,000	-	-
Refunding, Series 2002B	4.25%-5.50%	1/1/02	4,271,344	-	-
Public Improvement, Series 2002B	4.00%-5.00%	5/1/02	60,160,000	-	-
Public Improvement, Series 2004A (2/3 Bonds)	4.00%-5.00%	5/1/04	9,800,000	-	-
Public Improvement, Series 2004B	4.00%-5.00%	5/1/04	40,600,000	-	-
Public Improvement, Series 2006A	4.00%-5.00%	5/1/06	10,780,000	-	-
Public Improvement, Series 2006B	4.00%-5.00%	5/1/06	46,825,000	-	-
Public Improvement, Series 2008A	3.50%-5.00%	5/1/08	12,100,000	-	-
Public Improvement, Series 2008B	3.50%-5.00%	5/1/08	34,090,000	-	-
Water And Sewer Lines Donated To City:					
Refunding, Series 2002B	4.25%-5.50%	1/1/02	770,948	-	-
Unamortized Bond Premium			1,716,639	1,207,038	-
Total Bonded Debt			<u>272,501,320</u>	<u>1,207,038</u>	<u>-</u>
<b>Other Long-Term Debt</b>					
Installment Purchase Agreements:					
Certificates of Participation					
Refunding COPs, Series 1997	4.00%-5.00%	12/1/97	17,525,000	-	-
COPs 2009 FIXED			-	61,850,000	-
COPs 2009 VARIABLE			-	55,985,000	-
Total Certificates Of Participation			<u>17,525,000</u>	<u>117,835,000</u>	<u>-</u>
Other Financing Agreements					
			<u>23,506,871</u>	<u>5,238,283</u>	<u>(1,729)</u>
Total Installment Purchase Agreements			41,031,871	123,073,283	(1,729)
Earned Vacation Pay					
			<u>6,057,407</u>	<u>-</u>	<u>4,177,545</u>
Total Other Long-Term Debt			<u>47,089,278</u>	<u>123,073,283</u>	<u>4,175,816</u>
<b>Total General Long-Term Debt</b>			<u>\$ 319,590,598</u>	<u>\$ 124,280,321</u>	<u>\$ 4,175,816</u>

Due Fiscal Year 2008-2009		Amount Outstanding 6-30-09	Due Fiscal Year 2009 - 2010		Long-Term Principal Due Thereafter
Principal	Interest		Principal	Interest	
\$ 76,576	\$ 60,664	\$ 1,010,813	\$ 76,578	\$ 56,452	\$ 934,235
8,725,000	2,340,250	33,825,000	12,135,000	1,860,375	21,690,000
550,000	362,625	7,200,000	550,000	337,875	6,650,000
3,700,199	213,567	571,145	571,145	28,557	-
1,375,000	2,882,660	58,785,000	1,375,000	2,827,660	57,410,000
200,000	416,500	9,600,000	200,000	406,500	9,400,000
1,500,000	1,708,750	39,100,000	1,500,000	1,652,500	37,600,000
300,000	456,900	10,480,000	300,000	444,900	10,180,000
1,200,000	2,050,250	45,625,000	1,200,000	2,002,250	44,425,000
400,000	508,173	11,700,000	400,000	504,250	11,300,000
1,050,000	1,460,983	33,040,000	1,050,000	1,452,188	31,990,000
667,860	38,547	103,088	103,088	5,154	-
280,133	-	2,643,544	152,855	-	2,490,689
<u>20,024,768</u>	<u>12,499,869</u>	<u>253,683,590</u>	<u>19,613,666</u>	<u>11,578,661</u>	<u>234,069,924</u>
2,585,000	862,890	14,940,000	2,705,000	740,103	12,235,000
-	-	61,850,000	-	3,193,592	61,850,000
-	238,917	55,985,000	-	2,239,400	55,985,000
<u>2,585,000</u>	<u>1,101,807</u>	<u>132,775,000</u>	<u>2,705,000</u>	<u>6,173,095</u>	<u>130,070,000</u>
4,937,320	771,054	23,806,105	3,185,317	627,677	20,620,788
7,522,320	1,872,861	156,581,105	5,890,317	6,800,772	150,690,788
3,819,593	-	6,415,359	4,026,633	-	2,388,726
11,341,913	1,872,861	162,996,464	9,916,950	6,800,772	153,079,514
<u>\$ 31,366,681</u>	<u>\$ 14,372,730</u>	<u>\$ 416,680,054</u>	<u>\$ 29,530,616</u>	<u>\$ 18,379,433</u>	<u>\$ 387,149,438</u>

**DURHAM COUNTY, NORTH CAROLINA**

**Gross Bonded Debt and Other Long-Term Debt  
Year Ended June 30, 2009 (continued)**

Description	Interest Rate	Issue Date	Amount Outstanding 6-30-08	Issued During Year	Adjusted During Year
<b>Proprietary Debt</b>					
Enterprise Fund:					
Public Improvement-Series 2000 (2/3 Bonds)	5.40%-5.60%	6/1/00	\$ 4,592,610	\$ -	\$ -
Refunding, Series 2002B	3.00%-5.00%	1/1/02	192,711	-	-
Revenue Bonds, Series 2003	3.00%-4.75%	12/1/02	19,155,000	-	-
Unamortized Bond Premium			662,057	-	-
Total Enterprise Fund Bonded Debt			<u>24,602,378</u>	<u>-</u>	<u>-</u>
Earned Vacation Pay			31,668	-	29,218
<b>Total Proprietary Debt</b>			<u>24,634,046</u>	<u>-</u>	<u>29,218</u>
<b>Total General Long-Term and Proprietary Debt</b>			<u>\$ 344,224,644</u>	<u>\$ 124,280,321</u>	<u>\$ 4,205,034</u>

Due Fiscal Year 2008-2009		Amount Outstanding 6-30-09	Due Fiscal Year 2009-2010		Long-Term Principal Due Thereafter
Principal	Interest		Principal	Interest	
\$ 323,424	\$ 256,216	\$ 4,269,186	\$ 323,424	\$ 238,428	\$ 3,945,762
166,941	9,635	25,770	25,768	1,288	2
1,495,000	918,158	17,660,000	1,570,000	843,408	16,090,000
33,834	-	628,223	33,834	-	594,389
<u>2,019,199</u>	<u>1,184,009</u>	<u>22,583,179</u>	<u>1,953,026</u>	<u>1,083,124</u>	<u>20,630,153</u>
11,568	-	49,318	21,733	-	27,585
<u>2,030,767</u>	<u>1,184,009</u>	<u>22,632,497</u>	<u>1,974,759</u>	<u>1,083,124</u>	<u>20,657,738</u>
<u>\$ 33,397,448</u>	<u>\$ 15,556,739</u>	<u>\$ 439,312,551</u>	<u>\$ 31,505,375</u>	<u>\$ 19,462,557</u>	<u>\$ 407,807,176</u>

## DURHAM COUNTY, NORTH CAROLINA

### Analysis of Current Tax Levy Fiscal Year Ended June 30, 2009

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#### Property Valuations

Real property	\$ 23,508,752,957
Personal property	2,824,338,529
Public service	517,202,960
DMV-registered vehicles	<u>1,690,561,506</u>

Total subject to tax \$ 28,540,855,952

Real property/personal property/corporate excess levy \$ 308,818,343

DMV -registered vehicles levy 22,929,877

**Gross Levy** 331,748,220

Abatements/discoveries 5,476,495

**Net Levy** 337,224,715

Uncollected at June 30, 2009 (5,867,473)

Current year taxes collected \$ 331,357,242

Percent of current taxes collected 98.26%

Note: This schedule includes current year levy and collections for the Agency Funds.



**DURHAM COUNTY, NORTH CAROLINA**

**Schedule of Ad Valorem Taxes Receivable By Fund  
Year Ended June 30, 2009**

<b>Year of Levy</b>	<b>Uncollected Balance July 1, 2008</b>	<b>Current Year Gross Levy</b>	<b>Collections</b>	<b>Abatements/ Discoveries</b>	<b>Uncollected Balance June 30, 2009</b>
2008	\$ -	\$ 331,748,220	\$ 331,357,242	\$ 5,476,495	5,867,473
2007	4,016,779	-	1,936,755	(1,011,506)	1,068,518
2006	1,031,580	-	133,228	(149,218)	749,134
2005	234,439	-	5,091	(81,147)	148,201
2004	228,129	-	6,857	(64,501)	156,771
2003	154,935	-	(111,710)	(163,239)	103,406
2002 and prior	1,039,354	-	29,499	(416,487)	593,368
	<u>\$ 6,705,216</u>	<u>\$ 331,748,220</u>	<u>\$ 333,356,962</u>	<u>\$ 3,590,397</u>	<u>8,686,871</u>
Less allowance for uncollectible ad valorem taxes receivable					<u>(44,343)</u>
Ad valorem taxes receivable (net)					<u>\$ 8,642,528</u>
Receivable by fund, net:					
General Fund			\$ 4,458,357		
Capital financing			<u>362,255</u>		
General Fund					4,820,612
Bethesda fire				27,972	
Lebanon fire				19,490	
Parkwood fire				7,795	
Redwood fire				23,611	
New Hope fire				1,056	
Eno fire				332	
Bahama fire				7,851	
Special Park fire				645	
Special Butner				<u>1,714</u>	
Special revenue funds					90,466
Durham Public Schools				310,168	
City of Durham				3,386,175	
City of Chapel Hill				32,118	
City of Raleigh				<u>2,989</u>	
Fiduciary funds					<u>3,731,450</u>
					<u>\$ 8,642,528</u>

**DURHAM COUNTY, NORTH CAROLINA**

**Schedule of Ad Valorem Taxes Receivable by Levy Year  
June 30, 2009**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2008</u>	<u>Additions</u>	<u>Collections</u>	<u>Abatements/ Discoveries</u>	<u>Uncollected Balance June 30, 2009</u>
2008-2009	\$ -	\$ 331,748,220	\$ 331,357,242	\$ 5,476,495	\$ 5,867,473
2007-2008	4,016,779	-	1,936,755	(1,011,506)	1,068,518
2006-2007	1,031,580	-	133,228	(149,218)	749,134
2005-2006	234,439	-	5,091	(81,147)	148,201
2004-2005	228,129	-	6,857	(64,501)	156,771
2003-2004	154,935	-	(111,710)	(163,239)	103,406
2002 and prior	1,039,354	-	29,499	(416,487)	593,368
	<u>\$ 6,705,216</u>	<u>\$ 331,748,220</u>	<u>\$ 333,356,962</u>	<u>\$ 3,590,397</u>	8,686,871
Less allowance for uncollectible ad valorem taxes receivable					<u>(44,343)</u>
Ad valorem taxes receivable (net)					<u>\$ 8,642,528</u>
Reconciliation with revenues:					
Taxes - ad valorem - governmental funds					208,747,265
Taxes - ad valorem - agency funds					<u>124,609,697</u>
Total collections and credits					<u>\$ 333,356,962</u>

**Note:** This schedule includes the General fund, Special Tax District funds and Agency funds.

## **STATISTICAL SECTION**



## **FINANCIAL TRENDS INFORMATON**

### **Schedule of Net Assets by Component**

This schedule is a summary of the County's net assets for the last 10 fiscal years. Information can be obtained from the Statement of Net Assets in the financial statements for each of the fiscal years. While the requirement is the inclusion of the last 10 fiscal years, the County will only be able to present from the year of the implementation of GASB 34. The Net Assets must be presented in the three different components and in the aggregate.

### **Schedule of Changes in Net Assets**

This schedule is a summary of the changes in net assets for the last 10 fiscal years. Information can be obtained from the Statement of Activities in the financial statements for each of the fiscal years. While the requirement is the inclusion of the last 10 fiscal years, the County will only be able to present from the year of the implementation of GASB 34.

### **Schedule of Fund Balances, Governmental Funds**

This schedule is a summary of the governmental funds fund balances for the last 10 fiscal years. Information can be obtained from the Governmental Funds Balance Sheet in the financial statements for each of the fiscal years. The General Fund is broken down into reserved and unreserved portions of fund balance. The remaining Governmental Funds are grouped together but split out reserved and unreserved.

### **Schedule of Changes in Fund Balances of Governmental Funds**

This schedule is required to show three items: the net change in fund balance over the last 10 fiscal years, provide the debt service as a percentage of noncapital expenditures ratio, and debt service must be broken out into principal and interest. The schedule also shows the revenues by source and expenses by function. This information can be obtained from the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances in the financial statements for each of the fiscal years.

### **Government-wide Expenses by Function**

This schedule is a summary of the expenses by functional area for the last 10 fiscal years. Information can be obtained from the Statement of Activities in the financial statements for each of the fiscal years. While the requirement is the inclusion of the last 10 fiscal years, the County will only be able to present from the year of the implementation of GASB 34.

### **Government-wide Revenues**

This schedule is a summary of the revenues by source for the last 10 fiscal years. Information can be obtained from the Statement of Activities in the financial statements for each of the fiscal years. While the requirement is the inclusion of the last 10 fiscal years, the County will only be able to present from the year of the implementation of GASB 34.

### **General Government Expenditures by Function**

This schedule is a summary of general government expenditures by function for the last 10 fiscal years for all governmental fund types consisting of General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund and Community Health Trust Fund. This information can be obtained from the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances in the financial statements for each of the fiscal years.

### **General Government Revenues by Source**

This schedule is a summary of general government revenues by source for the last 10 fiscal years for all governmental fund types consisting of General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund and Community Health Trust Fund. This information can be obtained from the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances in the financial statements for each of the fiscal years.

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**DURHAM COUNTY, NORTH CAROLINA**

**Net Assets by Component  
Last Eight Fiscal Years**

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>Governmental activities</b>								
Invested in capital assets, net of related debt	\$ 62,465,729	\$ 81,285,449	\$ 33,692,576	\$ 58,793,546	\$ 63,614,759	\$ 80,186,886	\$ 126,736,015	\$ 50,531,593
Restricted	1,258,149	68,075,839	103,709,387	66,164,257	105,228,878	84,617,682	99,390,125	162,060,835
Unrestricted	(11,605,654)	(85,015,214)	(73,943,192)	(46,859,134)	(73,886,171)	(56,648,117)	(85,261,908)	(91,071,336)
Total governmental activities net assets	<u>\$ 52,118,224</u>	<u>\$ 64,346,074</u>	<u>\$ 63,458,771</u>	<u>\$ 78,098,669</u>	<u>\$ 94,957,466</u>	<u>\$ 108,156,451</u>	<u>\$ 140,864,232</u>	<u>\$ 121,521,092</u>
<b>Business-type activities</b>								
Invested in capital assets, net of related debt	\$ 12,209,852	\$ 19,525,232	\$ 13,063,666	\$ 20,812,310	\$ 24,680,549	\$ 27,357,125	\$ 28,475,844	\$ 31,884,317
Restricted	26,235	20,662,536	4,307,582	750,592	963,121	2,180,110	6,217,552	6,263,697
Unrestricted	14,717,551	(11,511,169)	13,933,360	10,471,031	10,636,796	10,104,513	8,481,270	8,850,009
Total business-type activities net assets	<u>\$ 26,953,638</u>	<u>\$ 28,676,599</u>	<u>\$ 31,304,608</u>	<u>\$ 32,033,933</u>	<u>\$ 36,280,466</u>	<u>\$ 39,641,748</u>	<u>\$ 43,174,666</u>	<u>\$ 46,998,023</u>
<b>Primary government</b>								
Invested in capital assets, net of related debt	\$ 74,675,581	\$ 100,810,681	\$ 46,756,242	\$ 79,605,856	\$ 88,295,308	\$ 107,544,011	\$ 155,211,859	\$ 82,415,910
Restricted	1,284,384	88,738,375	108,016,969	66,914,849	106,191,999	86,797,792	105,607,677	168,324,532
Unrestricted	3,111,897	(96,526,383)	(60,009,832)	(36,388,103)	(63,249,375)	(46,543,604)	(76,780,638)	(82,221,327)
Total primary government net assets	<u>\$ 79,071,862</u>	<u>\$ 93,022,673</u>	<u>\$ 94,763,379</u>	<u>\$ 110,132,602</u>	<u>\$ 131,237,932</u>	<u>\$ 147,798,199</u>	<u>\$ 184,038,898</u>	<u>\$ 168,519,115</u>

**Note:** GASB Statement 34 was implemented during fiscal year 2002. Therefore, no data is available for years prior to 2002.

**DURHAM COUNTY, NORTH CAROLINA**

**Changes in Net Assets  
Last Eight Fiscal Years**

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>Expenses</b>								
Governmental activities:								
General government	\$ 39,936,181	\$ 22,243,167	\$ 26,032,334	\$ 26,351,619	\$ 28,142,742	\$ 61,082,121	\$ 53,369,519	\$ 47,393,464
Public safety	37,503,756	40,084,513	40,967,085	45,099,164	52,182,047	49,069,987	51,025,747	52,889,080
Transportation	44,423	12,500	12,500	12,500	12,500	12,500	12,500	12,500
Economic and physical development	3,750,474	3,564,266	2,478,868	2,243,791	3,246,027	10,262,137	4,483,362	6,746,267
Environmental protection	1,984,277	2,114,239	2,288,155	2,760,078	2,817,714	3,022,401	3,261,121	3,800,698
Human services	271,087,299	293,265,929	302,529,857	341,183,062	344,328,289	371,034,045	405,376,336	437,677,600
Education	78,128,417	84,594,783	104,597,540	104,106,885	105,485,526	106,234,157	117,349,760	143,520,618
Cultural and recreational	8,167,116	7,366,833	7,089,954	7,375,565	11,569,884	12,136,121	10,909,020	11,998,176
Nondepartmental	8,394,980	9,674,739	10,644,972	11,197,360	15,342,913	-	-	-
Interest and fiscal charges	9,285,800	13,819,722	12,845,931	16,740,531	11,422,405	15,535,909	14,218,611	14,785,542
Total governmental activities	458,282,723	476,740,691	509,487,196	557,070,555	574,550,047	628,389,378	660,005,976	718,823,945
Business-type activities:								
Sewer utility	4,454,553	3,989,544	4,111,848	5,306,714	4,210,944	5,124,493	5,870,964	5,277,448
Total primary government expenses	462,737,276	480,730,235	513,599,044	562,377,269	578,760,991	633,513,871	665,876,940	724,101,393
<b>Program Revenues</b>								
Governmental activities:								
Charges for services:								
General government	6,095,983	6,450,886	6,556,766	7,419,425	8,427,778	8,787,807	9,670,581	8,052,809
Public safety	4,197,381	6,327,314	6,317,160	7,100,689	7,958,685	9,458,116	9,205,688	(272,050)
Transportation	-	547	2,619	15,323	-	-	-	-
Economic and physical development	-	-	-	10,588	10,588	5,956	15,523	25,867
Environmental protection	1,499,938	1,516,759	1,414,760	5,824,811	7,183,222	2,858,342	2,652,468	2,279,440
Human services	21,825,888	26,754,479	21,653,068	28,870,290	27,649,080	4,470,817	6,478,384	4,895,166
Cultural and recreational	263,499	232,807	56,264	279,545	260,841	289,708	233,515	236,530
Nondepartmental	-	-	500	-	-	-	-	-
Operating grants and contributions:								
General government	120,203	688,942	2,963,721	2,463,328	2,590,512	2,505,275	2,240,883	1,795,706
Public safety	2,015,856	1,573,012	2,356,010	2,148,442	3,231,746	4,262,803	2,604,222	4,970,328
Economic and physical development	107,308	149,967	405,071	380,608	440,969	551,745	711,079	1,685,798
Environmental protection	-	135,144	67,061	-	-	-	10,476	45,221
Human services	221,453,755	235,311,976	245,224,200	273,354,673	275,404,044	328,749,307	352,332,661	390,413,674
Cultural and recreational	497,495	483,422	290,522	250,378	386,952	297,356	263,204	362,201
Nondepartmental	7,565	148,530	-	-	-	-	-	-
Capital grants and contributions:								
General government	310,578	1,135,008	88,764	416,024	-	45,271	113,804	5,319,847
Public safety	155,954	5,481	-	24,580	-	-	-	-
Economic and physical development	394,866	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	335,000	419,511	500,000	501,087
Education	908,702	236,944	-	140,637	2,565,712	8,083,680	26,352,299	13,481,375
Nondepartmental	-	-	199,796	-	-	-	-	-
Total governmental activities program revenues	259,854,971	281,151,218	287,596,282	328,699,341	336,445,129	370,785,694	413,384,787	433,792,999
Business-type activities:								
Charges for services: sewer utility	5,693,095	5,255,807	4,693,790	5,376,090	7,650,033	7,848,710	8,333,612	8,595,153
Capital grants and contributions: sewer utility	356,796	-	1,824,929	-	159,600	-	126,416	164,857
Total business-type activities program revenues	6,049,891	5,255,807	6,518,719	5,376,090	7,809,633	7,848,710	8,460,028	8,760,010
Total primary government program revenues	265,904,862	286,407,025	294,115,001	334,075,431	344,254,762	378,634,404	421,844,815	442,553,009



**DURHAM COUNTY, NORTH CAROLINA**

**Changes in Net Assets (continued)  
Last Eight Fiscal Years**

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>Net (Expense)/Revenue</b>								
Governmental activities	\$ (198,427,752)	\$ (195,589,473)	\$ (221,890,914)	\$ (228,371,214)	\$ (238,104,918)	\$ (257,603,684)	\$ (246,621,189)	\$ (285,030,946)
Business-type activities	1,595,338	1,266,263	2,406,871	69,376	3,598,689	2,724,217	2,589,064	3,482,562
Total primary government net expense	<u>(196,832,414)</u>	<u>(194,323,210)</u>	<u>(219,484,043)</u>	<u>(228,301,838)</u>	<u>(234,506,229)</u>	<u>(254,879,467)</u>	<u>(244,032,125)</u>	<u>(281,548,384)</u>
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities:								
Taxes:								
Property taxes, levied for general purposes	144,443,413	148,605,604	154,787,435	165,038,984	174,904,779	180,257,334	197,270,197	204,580,914
Property taxes, levied for fire districts	3,390,576	3,764,099	3,664,756	3,739,469	3,985,570	4,067,755	4,857,931	5,461,784
Property taxes, levied for other districts purposes	-	-	-	324,597	327,758	323,940	671,192	656,807
Intangibles tax	2,972,310	-	-	-	-	-	-	-
Local option sales tax	31,464,746	36,706,957	42,455,992	45,384,056	49,624,207	55,347,250	56,069,488	47,108,208
Occupancy tax	3,501,737	1,877,939	2,858,358	2,433,608	2,210,411	2,466,816	2,640,307	2,211,214
Animal tax	246,962	245,689	466,748	482,165	443,996	437,639	405,546	938,241
Gross receipts tax	203,575	182,933	200,066	185,738	199,465	204,714	220,678	230,687
Other taxes	1,098	45	1,626	-	-	-	-	-
Investments	4,015,529	6,039,156	3,602,549	9,320,860	10,141,571	13,321,460	7,650,534	3,123,327
Licenses and permits	-	-	2,009,911	-	-	-	-	-
Other revenues	9,830,761	10,950,845	10,762,996	11,139,896	12,923,685	14,127,991	813,880	1,096,491
Amortization of bond premium	191,044	191,044	193,174	193,174	202,273	247,770	251,141	280,133
Miscellaneous revenue	596,072	-	-	-	-	-	-	-
Total governmental activities	<u>200,857,823</u>	<u>208,564,311</u>	<u>221,003,611</u>	<u>238,242,547</u>	<u>254,963,715</u>	<u>270,802,669</u>	<u>270,850,894</u>	<u>265,687,806</u>
Business-type activities:								
Investment and rental income	429,209	351,858	166,107	626,115	611,070	603,131	847,304	306,961
Other revenues	-	82,886	-	-	2,940	100	62,716	-
Amortization of bond premium	-	43,030	55,031	33,834	33,834	33,834	33,834	33,834
Total business-type activities	<u>429,209</u>	<u>477,774</u>	<u>221,138</u>	<u>659,949</u>	<u>647,844</u>	<u>637,065</u>	<u>943,854</u>	<u>340,795</u>
Total primary government	<u>201,287,032</u>	<u>209,042,085</u>	<u>221,224,749</u>	<u>238,902,496</u>	<u>255,611,559</u>	<u>271,439,734</u>	<u>271,794,748</u>	<u>266,028,601</u>
<b>Special Items</b>								
Business-type activities:								
Transfer of capital assets to local government unit	(2,572,062)	-	-	-	-	-	-	-
Total business-type activities	<u>(2,572,062)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>(2,572,062)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Net Assets</b>								
Governmental activities	2,430,071	12,974,838	(887,303)	9,871,333	16,858,797	13,198,985	24,229,705	(19,343,140)
Business-type activities	(547,515)	1,744,037	2,628,009	729,325	4,246,533	3,361,282	3,532,918	3,823,357
Total primary government	<u>\$ 1,882,556</u>	<u>\$ 14,718,875</u>	<u>\$ 1,740,706</u>	<u>\$ 10,600,658</u>	<u>\$ 21,105,330</u>	<u>\$ 16,560,267</u>	<u>\$ 27,762,623</u>	<u>\$ (15,519,783)</u>

Notes:

- (1) GASB Statement 34 was implemented during fiscal year 2002. Therefore, no data is available for periods prior to 2002.
- (2) Investment and rental income were combined and reported until Fiscal Year 2007. Therefore, the amounts in "Investments" for Fiscal Years 2002 through 2006 represent both investments and rental income. As of Fiscal Year 2007, rental income is reported as program revenue of the function that generates the revenue.
- (3) As of Fiscal Year 2007, the County no longer reports "Nondepartmental" revenues and expenses. These revenues and expenses are now reported in the function they pertain to, general government

**DURHAM COUNTY, NORTH CAROLINA**

**Fund Balances, Governmental Funds  
Last Eight Fiscal Years**

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Fund</b>								
Reserved	\$ 17,993,896	\$ 20,473,063	\$ 22,735,334	\$ 32,426,226	\$ 28,494,058	\$ 31,205,471	\$ 34,335,303	\$ 30,335,007
Unreserved	30,844,713	35,720,732	38,722,720	35,110,365	46,766,882	61,598,325	60,777,677	61,852,737
Total general fund	<u>\$ 48,838,609</u>	<u>\$ 56,193,795</u>	<u>\$ 61,458,054</u>	<u>\$ 67,536,591</u>	<u>\$ 75,260,940</u>	<u>\$ 92,803,796</u>	<u>\$ 95,112,980</u>	<u>\$ 92,187,744</u>
<b>All Other Governmental Funds</b>								
Reserved, reported in:								
Community health trust fund	\$ -	\$ -	\$ -	\$ -	\$ 7,000,000	\$ 1,150,000	\$ -	\$ -
Capital projects fund	23,657	23,657	23,657	29,935	260,804	199,201	20,159,320	82,052,422
Other nonmajor funds	234,990	376,542	893,945	2,746,362	881,399	155,052	221,643	93,758
Unreserved, reported in:								
Community health trust fund	9,669,655	11,502,720	13,358,401	19,568,693	12,603,126	19,639,807	17,795,812	15,259,633
Capital projects fund	82,532,368	69,499,221	101,056,252	65,335,536	101,042,969	81,617,175	76,705,535	75,958,410
Special revenue fund	2,907,639	2,999,547	3,714,024	5,049,589	10,142,296	2,126,819	2,768,354	1,408,802
Debt service	208,522	288,354	1,361,766	133,091	55,841	563,353	1,020,035	1,013,465
Total all other governmental funds	<u>\$ 95,576,831</u>	<u>\$ 84,690,041</u>	<u>\$ 120,408,045</u>	<u>\$ 92,863,206</u>	<u>\$ 131,986,435</u>	<u>\$ 105,451,407</u>	<u>\$ 118,670,699</u>	<u>\$ 175,786,490</u>

Note: GASB 34 was implemented during fiscal year 2002. Therefore, no data is available for years prior to 2002.

**DURHAM COUNTY, NORTH CAROLINA**

**Changes in Fund Balances of Governmental Funds  
Last Eight Fiscal Years**

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>Revenues</b>								
Taxes	\$ 186,224,417	\$ 192,658,421	\$ 205,017,041	\$ 217,778,065	\$ 231,888,087	\$ 243,726,551	\$ 262,694,951	\$ 259,542,906
Licenses and permits	996,274	1,119,485	2,009,911	4,065,033	5,312,774	880,944	1,049,599	744,881
Intergovernmental	77,103,487	79,702,427	80,584,148	92,975,384	97,702,568	126,958,857	132,739,075	129,353,073
Investments	3,998,249	5,553,022	3,901,835	9,297,592	10,073,093	12,776,308	7,764,319	3,039,158
Rent	-	-	-	-	-	1,985,592	2,088,862	607,818
Charges for services	33,882,689	39,587,391	36,366,056	43,684,623	44,676,761	21,906,991	23,815,640	20,891,632
Other revenues	8,834,487	9,831,360	10,762,996	11,139,896	12,923,685	14,127,991	659,642	943,020
Total revenues	<u>311,039,603</u>	<u>328,452,106</u>	<u>338,641,987</u>	<u>378,940,593</u>	<u>402,576,968</u>	<u>422,363,234</u>	<u>430,812,088</u>	<u>415,122,488</u>
<b>Expenditures</b>								
General government	20,559,502	20,016,132	23,770,689	24,030,548	25,873,688	53,083,781	40,055,970	43,642,897
Public safety	36,166,560	37,431,865	38,777,865	42,812,116	45,997,598	48,084,025	49,037,837	51,260,744
Transportation	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
Economic and physical development	4,314,841	2,519,859	3,073,701	2,986,331	2,725,118	3,250,610	4,468,630	6,726,068
Environmental protection	1,973,798	2,091,867	2,193,159	2,403,268	2,821,303	2,991,804	10,742,700	8,853,660
Human services	122,999,807	134,196,935	132,033,272	155,505,806	158,201,370	156,237,699	172,690,598	162,360,553
Education	75,548,399	75,984,462	78,662,943	83,044,943	89,560,342	96,175,984	135,475,191	154,707,374
Cultural and recreational	7,232,710	7,175,210	7,194,385	7,492,517	8,188,661	9,894,487	11,508,607	14,618,455
Nondepartmental	8,540,335	9,925,637	10,644,972	11,197,360	15,342,913	-	-	-
Capital projects	5,665,221	12,412,245	47,982,843	41,033,820	37,337,665	23,050,573	-	-
Debt service:								
Principal retirement	15,977,509	17,771,809	19,061,212	21,476,140	23,163,537	25,140,527	25,249,056	27,266,955
Interest and fiscal charges	9,292,764	11,652,366	11,428,032	13,440,112	12,771,432	14,362,230	13,257,396	14,376,279
Debt issuance costs	-	-	-	-	-	123,167	83,939	1,546,769
Amortization of lease discount	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	-
Total expenditures	<u>309,433,946</u>	<u>332,340,887</u>	<u>375,985,573</u>	<u>406,585,461</u>	<u>423,146,127</u>	<u>433,557,387</u>	<u>463,732,424</u>	<u>485,372,254</u>
<b>Excess of revenues over (under) expenditures</b>	<u>1,605,657</u>	<u>(3,888,781)</u>	<u>(37,343,586)</u>	<u>(27,644,868)</u>	<u>(20,569,159)</u>	<u>(11,194,153)</u>	<u>(32,920,336)</u>	<u>(70,249,766)</u>
<b>Other Financing Sources (Uses)</b>								
Transfers in	30,631,976	33,158,516	34,705,447	39,523,513	43,462,928	49,535,192	54,831,910	50,509,388
Transfers out	(29,294,534)	(32,801,332)	(34,455,445)	(39,523,513)	(43,462,928)	(49,493,211)	(54,677,672)	(50,349,388)
Costs on issuance of debt	(241,856)	-	(193,744)	-	(1,000)	-	-	-
Premium on issuance of debt	-	-	42,591	-	982,737	-	404,574	1,207,038
Proceeds from issuance of bonds	79,840,006	-	57,200,000	-	60,605,000	-	46,190,000	-
Refunding bond proceeds	34,943,463	-	-	-	-	-	-	-
Payment to refunded debt escrow agent	(34,713,933)	-	-	-	-	-	-	-
Proceeds from issuance of installment purchases	-	-	21,027,000	1,410,000	5,830,000	2,160,000	1,700,000	123,073,283
Total other financing sources (uses)	<u>81,165,122</u>	<u>357,184</u>	<u>78,325,849</u>	<u>1,410,000</u>	<u>67,416,737</u>	<u>2,201,981</u>	<u>48,448,812</u>	<u>124,440,321</u>
<b>Net change in fund balances</b>	<u>\$ 82,770,779</u>	<u>\$ (3,531,597)</u>	<u>\$ 40,982,263</u>	<u>\$ (26,234,868)</u>	<u>\$ 46,847,578</u>	<u>\$ (8,992,172)</u>	<u>\$ 15,528,476</u>	<u>\$ 54,190,555</u>

Debt service as a percentage of noncapital expenditures	8.27%	8.97%	8.64%	9.05%	8.92%	9.29%	9.19%	8.74%
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Notes:

- (1) GASB 34 was implemented during fiscal year 2002. Therefore, no data is available for years prior to 2002.
- (2) Investment and rental income were combined and reported until Fiscal Year 2007. Therefore, the amounts in "Investments" for Fiscal Years 2002 through 2006 represent both investments and rental income.
- (3) As of Fiscal Year 2007, the County no longer reports "Nondepartmental" expenditures. These expenditures are now reported in general government.

## DURHAM COUNTY, NORTH CAROLINA

### Government-wide Expenses by Function Last Eight Fiscal Years

Fiscal Year Ended	General Government	Public Safety	Transportation	Economic and Physical Development	Environmental Protection	Human Services
2002	\$ 39,936,181	\$37,503,756	\$ 44,423	\$ 3,750,474	\$ 1,984,277	\$ 271,087,299
2003	22,243,167	40,084,513	12,500	3,564,266	2,114,239	293,265,929
2004	26,032,334	40,967,085	12,500	2,478,868	2,288,155	302,529,857
2005	26,351,619	45,099,164	12,500	2,243,791	2,760,078	341,183,062
2006	28,142,742	52,182,047	12,500	3,246,027	2,817,714	344,328,289
2007	61,082,121	49,069,987	12,500	10,262,137	3,022,401	371,034,045
2008	53,369,519	51,025,747	12,500	4,483,362	3,261,121	405,376,336
2009	47,393,464	52,889,080	12,500	6,746,267	3,800,698	437,677,600

Notes:

- (1) Fiscal Year 2002 is the initial implementation date for GASB 34. Therefore, no data is available for years prior to 2002.
- (2) As of Fiscal Year 2007, the County no longer reports "Nondepartmental" expenses. These expenses are now reported in the function they pertain to, general government.

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<b>Education</b>	<b>Cultural and Recreational</b>	<b>Nondepartmental Charges</b>	<b>Interest and Fiscal Charges</b>	<b>Sewer Utility</b>	<b>Total</b>
\$ 78,128,417	\$ 8,167,116	\$ 8,394,980	\$ 9,285,800	\$ 4,454,553	\$ 462,737,276
84,594,783	7,366,833	9,674,739	13,819,722	3,989,544	480,730,235
104,597,540	7,089,954	10,644,972	12,845,931	4,111,848	513,599,044
104,106,885	7,375,565	11,197,360	16,740,531	5,306,714	562,377,269
105,485,526	11,569,884	15,342,913	11,422,405	4,210,944	578,760,991
106,234,157	12,136,121	-	15,535,909	5,124,493	633,513,871
117,349,760	10,909,020	-	14,218,611	5,870,964	665,876,940
143,520,618	11,998,176	-	14,785,542	5,277,448	724,101,393

## DURHAM COUNTY, NORTH CAROLINA

### Government-wide Revenues Last Eight Fiscal Years

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<b>Fiscal Year Ended</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Taxes</b>	<b>Investment and Rental Income</b>
2002	\$ 39,575,784	\$ 223,053,855	\$ 2,126,896	\$ 186,224,417	\$ 4,444,738
2003	46,538,599	238,490,993	1,377,433	191,383,266	6,391,014
2004	40,694,927	251,306,585	288,560	204,434,981	3,768,656
2005	54,896,761	278,597,429	581,241	217,588,617	9,946,975
2006	59,140,227	282,054,223	3,060,312	231,696,186	10,752,641
2007	33,719,456	336,366,486	6,204,903	243,105,448	-
2008	36,589,771	358,162,525	27,092,519	262,135,339	-
2009	23,812,915	399,272,928	19,467,166	261,187,855	-

Notes:

- (1) Fiscal Year 2002 is the initial implementation date for GASB 34. Therefore, no data is available for years prior to 2002.
- (2) As of Fiscal Year 2007, investment income and rental income are reported separately with rental income being reported as program revenue of the function that generates the revenue.

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<b>Investment and Interest Income</b>	<b>Licenses and Permits</b>	<b>Other Revenues</b>	<b>Amortization of Bond Premium</b>	<b>Miscellaneous Revenue</b>	<b>Total</b>
\$ -	\$ -	\$ 9,830,761	\$ 191,044	\$ 596,072	\$ 466,043,567
-	-	11,033,731	234,074	-	495,449,110
-	2,009,911	10,762,996	248,205	-	513,514,821
-	-	11,139,896	227,008	-	572,977,927
-	-	12,926,625	236,107	-	599,866,321
13,924,591	-	14,128,091	281,604	-	647,730,579
8,497,838	-	876,596	284,975	-	693,639,563
3,430,288	-	1,096,491	313,967	-	708,581,610

**DURHAM COUNTY, NORTH CAROLINA**

**General Government Expenditures by Function (1)  
Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30,</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Transportation</b>	<b>Environmental Protection</b>	<b>Education</b>	<b>Human Services</b>
2000	\$ 19,538,046	\$ 32,613,113	\$ 12,500	\$ 1,674,217	\$ 67,438,010	\$ 98,240,943
2001	20,281,929	35,957,309	12,500	1,865,741	72,522,661	105,424,345
2002	20,559,502	36,166,560	12,500	1,973,798	75,548,399	122,999,807
2003	20,016,132	37,431,865	12,500	2,091,867	75,984,462	134,196,935
2004	23,770,689	38,777,865	12,500	2,193,159	78,662,943	132,033,272
2005	24,030,548	42,812,116	12,500	2,403,268	83,044,943	155,505,806
2006	25,873,688	45,997,598	12,500	2,821,303	89,560,342	158,201,370
2007	53,083,781	48,084,025	12,500	2,991,804	96,175,984	156,237,699
2008	40,055,970	48,894,405	12,500	3,219,466	102,787,849	172,690,598
2009	43,642,897	51,042,192	12,500	3,281,411	110,299,829	162,360,553

Notes:

- (1) General government expenditures include all governmental fund types consisting of General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund and Community Health Trust Fund.
- (2) As of Fiscal Year 2007, the County no longer reports "Nondepartmental" expenditures. These expenditures are now reported in general government.



<b>Economic and Physical Development</b>	<b>Non- Departmental Charges</b>	<b>Cultural and Recreational</b>	<b>General Debt Service</b>	<b>Capital Projects</b>	<b>Total</b>
\$ 4,698,638	\$ 7,894,141	\$ 6,772,836	\$ 24,909,811	\$ 5,600,367	\$ 269,392,622
5,554,174	7,831,693	6,872,515	26,848,697	6,023,372	289,194,936
4,314,841	8,540,335	7,232,710	25,512,129	5,665,221	308,525,802
2,519,859	9,925,637	7,175,210	30,574,175	12,412,245	332,340,887
3,073,701	10,644,972	7,194,385	31,639,244	48,176,587	376,179,317
2,986,331	11,197,360	7,492,517	36,066,252	41,033,820	406,585,461
2,725,118	15,342,913	8,188,661	37,084,969	37,337,665	423,146,127
3,250,610	-	9,894,487	40,652,757	23,050,573	433,434,220
4,468,630	-	10,504,666	39,740,391	41,357,949	463,732,424
6,726,068	-	11,183,313	43,190,003	53,633,488	485,372,254

## DURHAM COUNTY, NORTH CAROLINA

### General Government Revenues by Source (1) Last Ten Fiscal Years

<b>Fiscal Year Ended June 30,</b>	<b>General Property Taxes</b>	<b>Other Local Taxes</b>	<b>Licenses and Permits</b>	<b>Intergovernmental Revenues</b>
2000	\$ 136,628,490	\$ 37,718,850	\$ 1,138,813	\$ 63,733,338
2001	139,648,514	37,096,391	1,271,414	68,931,547
2002	147,755,973	38,468,444	996,274	76,554,415
2003	149,783,663	42,874,758	1,119,485	79,702,427
2004	155,278,002	49,739,039	2,009,911	80,584,148
2005	165,160,775	52,617,290	4,065,033	92,975,384
2006	175,025,932	56,862,155	5,312,774	97,702,568
2007	180,787,796	62,938,755	880,944	126,958,857
2008	197,270,197	65,424,754	1,049,599	132,739,075
2009	203,361,955	56,180,951	744,881	129,353,073

Notes:

(1) General government revenues include all governmental fund types consisting of General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund and Community Health Trust Fund.

(2) Investment and rental income were combined and reported until Fiscal Year 2007. Therefore, the amounts in investment income for Fiscal Years 2002 through 2006 represent both investments and rental income.

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<b>Rental Income</b>	<b>Investment Income</b>	<b>Charges for Services</b>	<b>Other Revenues</b>	<b>Total</b>
\$ -	\$ 6,774,379	\$ 13,716,071	\$ 11,259,298	\$ 270,969,239
-	7,319,442	15,874,460	12,280,583	282,422,351
-	3,998,249	33,882,689	8,834,487	310,490,531
-	5,553,022	39,587,391	9,831,360	328,452,106
-	3,901,835	36,366,056	10,762,996	338,641,987
-	9,297,592	43,684,623	11,139,896	378,940,593
-	10,073,095	44,676,760	12,923,685	402,576,969
1,985,592	12,776,308	21,906,991	14,127,991	422,363,234
2,088,862	7,764,319	23,815,640	659,642	430,812,088
607,818	3,039,158	20,891,632	943,020	415,122,488

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## **REVENUE CAPACITY INFORMATION**

### **Principal Property Taxpayers**

This schedule lists the largest taxpayers in the County. The GASB requires the ten largest be listed, unless less than ten are needed to reach 50% of the County's equalized assessed valuation. This information is to be presented for the current levy year and the levy year nine years prior. This information can be obtained from the County Tax Assessor's Office.

### **Schedule of Assessed Value and Actual Value of Taxable Property**

This schedule presents real estate classes by type for the last 10 levy years as well as the county-wide tax rate, the range of special tax districts tax rates and the average County Tax Rate. This information can be obtained from the County Tax Assessor's Office.

### **Property Tax Levies and Collections**

This schedule presents information for levies (original, adjustments and adjusted levies), amounts collected within the fiscal year of the levy with the percentage collection of original levy, and total amounts collected as of this fiscal year end with a percentage collection of adjusted levy. This information is provided for the last 10 fiscal years.

### **Property Tax Levies Direct and Overlapping Local Government Jurisdictions**

This schedule lists the final adjusted tax levy direct and overlapping for all local government jurisdictions for the last 10 fiscal years.

### **Direct and Overlapping Property Tax Rates**

This schedule presents information for direct and overlapping property tax rates for the last 10 fiscal years.

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**DURHAM COUNTY, NORTH CAROLINA**

**Principal Property Taxpayers**

**June 30, 2009**

**Current Year and Nine Years Ago**

<u>Taxpayer</u>	<u>Fiscal Year 2009</u>			<u>Fiscal Year 2000</u>		
	<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Valuation</u>	<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Valuation</u>
GlaxoSmithKline	\$ 631,585,742	1	2.21%	\$ 536,573,902	1	4.04%
International Business Machine	505,679,136	2	1.77%	496,848,897	2	3.75%
A W North Carolina Inc.	338,663,229	3	1.19%			
Cree Research	275,913,564	4	0.97%			
Duke Energy Corp.	197,984,581	5	0.69%			
Verizon South Inc	183,061,189	6	0.64%	133,508,714	5	1.01%
Southpoint Mall LLC	169,444,545	7	0.59%			
Time Warner Entertainment	109,243,301	8	0.38%	103,653,756	6	0.78%
Highwoods/Forsyth Limited Part	100,905,858	9	0.35%			
State Street Bank & Trust	95,745,552	10	0.34%			
General Telephone Co. of the Southeast				243,207,869	3	1.83%
Nortel Networks Inc.				193,859,758	4	1.46%
IBM Credit Corporation				101,782,441	7	0.77%
Vac Limited Partnership				48,546,527	8	0.37%
CMD Properties Inc.				44,984,116	9	0.34%
Petula Associates Ltd.				45,094,465	10	0.34%
	<u>\$ 2,608,226,697</u>		<u>9.13%</u>	<u>\$ 1,948,060,445</u>		<u>14.69%</u>

## DURHAM COUNTY, NORTH CAROLINA

### Assessed Value and Actual Value of Taxable Property<sup>1</sup>

#### Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Public Service Companies	Registered Vehicles	Total	County-wide Tax Rate <sup>3</sup>	Special Tax Districts Tax Rate <sup>3</sup>	Average County Tax Rate <sup>3</sup>
2000	\$ 9,557,053,142	\$ 1,961,623,899	\$ 514,804,670	\$1,231,665,105	\$ 13,265,146,816	0.9297	0.0191-0.2000	0.8750
2001	10,009,832,306	2,039,578,482	460,389,522	1,416,085,274	13,925,885,584	0.9297	0.0191-0.2000	0.6940
2002	14,691,794,947	2,335,651,127	605,245,298	1,456,774,687	19,089,466,059	0.7290	0.0191-0.2000	0.7130
2003	15,036,324,470	2,375,265,500	555,633,648	1,485,260,765	19,452,484,383	0.7530	0.0187-0.2000	0.7630
2004	15,689,112,679	2,361,973,098	536,047,683	1,484,745,571	20,071,879,031	0.7630	0.0187-0.2000	0.7680
2005	16,281,035,800	2,323,311,138	523,810,967	1,473,351,385	20,601,509,290	0.7900	0.0187-0.2000	0.7690
2006	16,769,216,308	2,465,434,636	515,456,602	1,530,608,393	21,280,715,939	0.8090	0.0187-0.2500	0.7990
2007	17,319,467,597	2,518,003,626	517,286,245	1,680,614,666	22,035,372,134	0.8090	0.0187-0.2500	0.8765
2008	18,068,249,108	2,837,548,386	514,897,106	1,715,889,532	23,136,584,132	0.8340	0.0570-0.2500	0.9190
2009	23,508,752,957	2,824,338,529	517,202,960	1,690,561,506	28,540,855,952	0.7081	0.0187-0.2500	0.7981

Notes:

- (1) All taxable property is subject to the county-wide tax. Most property in unincorporated areas is subject to special district taxes. The County's property tax is levied each July 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the County except for certain registered motor vehicles which are assessed and collected throughout the year. Assessed valuations are established by the Board of County Commissioners at 100% of estimated market value for real property and 100% of estimated actual value for personal property. Public service company property is certified by the State of North Carolina at 100% of actual value, with no distinction between real and personal property values.
- (2) A revaluation of real property is required by N.C. General Statutes at least every eight years. The last revaluation occurred on January 1, 2008.
- (3) Per \$100 of assessed value.



**DURHAM COUNTY, NORTH CAROLINA**

**Property Tax Levies and Collections**

**Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)		Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Adjustments			Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2000	\$ 193,766,553	\$ 726,502	\$ 194,493,055	\$ 188,032,446	96.67%	\$ 6,394,539	\$ 194,426,985	99.97%
2001	203,060,841	(378,060)	202,682,781	196,861,891	96.46%	5,547,595	202,409,486	99.87%
2002	222,892,295	(3,182,482)	219,709,813	214,138,224	97.00%	5,402,510	219,540,734	99.92%
2003	232,148,202	223,438	232,371,640	227,535,763	97.65%	4,635,731	232,171,494	99.91%
2004	233,435,165	7,551,814	240,986,979	236,816,081	98.07%	4,015,963	240,832,044	99.94%
2005	254,087,231	6,044,986	260,132,217	255,882,258	98.14%	4,021,830	259,904,088	99.91%
2006	268,261,053	7,235,630	275,496,683	271,744,257	98.42%	3,517,987	275,262,244	99.91%
2007	279,649,301	9,638,188	289,287,489	285,179,105	98.62%	3,076,804	288,255,909	99.64%
2008	300,961,051	16,452,438	317,413,489	313,396,710	98.73%	2,948,261	316,344,971	98.73%
2009	331,748,220	5,476,495	337,224,715	331,357,242	98.26%	-	331,357,242	98.26%

Note:

Amounts included above represent taxes in the General Fund, the Special Tax District Funds and the Agency Funds.

**DURHAM COUNTY, NORTH CAROLINA**

**Property Tax Levies Direct and Overlapping Local Government Jurisdictions  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Durham County	Fire Tax Districts					
		Bethesda	Lebanon	Parkwood	Redwood	Eno	New Hope
2000	\$ 124,282,886	\$ 823,324	\$ 483,359	\$ 788,824	\$ 342,016	\$ 13,425	\$ 6,020
2001	130,267,871	834,647	526,391	771,985	354,970	14,586	5,831
2002	140,660,336	977,276	552,533	964,000	433,921	17,769	7,304
2003	148,951,465	956,434	560,885	1,019,401	471,617	11,337	32,294
2004	155,082,240	925,009	555,182	972,907	454,755	17,762	41,030
2005	163,927,481	999,637	630,488	1,113,464	470,247	18,237	39,978
2006	174,366,392	1,005,133	711,260	1,123,278	581,169	16,126	38,913
2007	180,373,798	1,005,468	735,683	1,124,990	593,633	16,905	42,190
2008	198,126,081	1,412,365	945,480	1,126,263	672,045	17,304	43,986
2009	205,500,231	1,563,641	1,078,805	1,399,989	744,154	23,125	52,735

**NOTES:**

Effective July 1, 1988, the County collects all the County, City of Durham, and Fire Districts taxes levied within Durham County. Effective July 1, 1995, the County collects Town of Chapel Hill taxes levied within Durham County. Effective July 1, 2002, the County collects City of Raleigh taxes levied within Durham County.

The following property tax provisions apply to the County of Durham, City of Durham, Town of Chapel Hill and City of Raleigh:

- a. Taxes are due September 1 of each year.
- b. Taxes are considered delinquent on January 6 (lien date) of the subsequent year.
- c. Discount on all County tax levies are at the discretion of the Board of Commissioners.
- d. Penalties are applied to delinquent taxes at the rate of two percent (2%) in January, and 3/4 of 1% per month thereafter until collected or foreclosure proceedings are consummated.
- e. Procedures allowed for collection of delinquent taxes include the use of garnishment and sale taxable property.

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<b>Bahama</b>	<b>Special Park District</b>	<b>Butner Safety District</b>	<b>City of Durham</b>	<b>City of Raleigh</b>	<b>Town of Chapel Hill</b>	<b>Total Tax Levies</b>
\$210,132	\$315,412	\$6,896	\$63,750,149	\$ -	\$819,834	\$191,842,277
226,444	318,926	4,812	68,930,265	-	893,964	203,150,692
356,444	363,588	7,071	75,230,524	-	1,196,820	220,767,586
318,700	362,450	12,619	79,161,595	60,126	1,342,607	233,261,530
336,807	351,846	11,989	81,543,504	137,842	1,340,481	241,771,354
466,101	313,982	11,710	90,893,322	196,329	1,748,777	260,829,753
495,685	312,622	15,152	95,880,460	249,910	1,458,824	276,254,924
545,082	306,857	16,189	102,559,123	323,866	1,512,542	289,156,326
696,347	657,705	16,203	110,402,329	351,249	2,946,132	317,413,489
662,490	666,263	20,319	122,039,098	419,553	3,054,312	337,224,715

**DURHAM COUNTY, NORTH CAROLINA**

**Direct and Overlapping Property Tax Rates**

**Last Ten Fiscal Years**

(rate per \$100 of assessed value)

	2000	2001	2002	2003	2004	2005	2006	2007	2008 <sup>2</sup>	2009
<b>County Direct Rates</b>										
County-wide Rate	\$ 0.9297	\$ 0.9297	\$ 0.7290	\$ 0.7530	\$ 0.7630	\$ 0.7900	\$ 0.8090	\$ 0.8090	\$0.834	\$ 0.7081
Various Special Tax Districts	0.0191-0.2000	0.0191-0.2000	0.0191-0.2000	0.0187-0.2000	0.0187-0.2000	0.0187-0.2000	0.0187-0.2500	0.0187-0.2500	0.0570-0.2500	0.0361-0.2500
Total average direct rate	0.8750	0.6940	0.7130	0.7630	0.7680	0.7690	0.7990	0.8765	0.9190	0.7981
<b>Municipality Rates</b>										
City of Durham	0.6800	0.6900	0.5340	0.5450	0.5450	0.5830	0.5830	0.6030	0.6180	0.5400
Town of Chapel Hill	0.5680	0.5780	0.5040	0.5530	0.5530	0.5750	0.5220	0.5220	0.5220	0.5810
City of Raleigh	-	-	-	0.3850	0.3850	0.3950	0.3950	0.4350	0.4350	0.3735

Notes:

- (1) All taxable property is subject to the county-wide tax. Most property in unincorporated areas is also subject to special district taxes.
- (2) A revaluation of real property is required by N. C. General Statutes at least every eight years. Revaluation of taxable property occurred on January 1, 2008.

## **DEBT CAPACITY INFORMATION**

### **Ratio of Net Bonded Debt to Assessed Value and Net Bonded Debt Per Capita**

This information is presented for the last 10 fiscal years and includes population, taxable property assessed value, debt limit, gross bonded debt, net bonded debt, ratio of net bonded debt to taxable property assessed value and the net bonded debt per capita.

### **Legal Debt Margin Information**

This schedule presents the computation of the legal debt margin and the total debt applicable to limit as a percentage of debt limit for the last 10 fiscal years.

### **Direct and Overlapping Governmental Activities Debt**

This schedule presents the direct and overlapping debt for the County and the municipalities within the County as of fiscal year end.

### **Ratio of Annual Debt Service for Bonded Debt to Total General Government Expenditures**

This schedule presents the debt service expenditures, general governmental expenditures and the ratio of total debt service to general governmental expenditures for the last 10 fiscal years.

### **Ratios of General Bonded Debt Outstanding**

This schedule presents the general bonded debt outstanding, the percentage of actual taxable value of property and per capita for the last 10 fiscal years.

### **Ratios of Outstanding Debt by Type**

This schedule presents a summary of outstanding debt by type and the percentage of personal income and per capita for the last 10 fiscal years.

**DURHAM COUNTY, NORTH CAROLINA**

**Ratio of Net Bonded Debt to Assessed Value and Net Bonded Debt Per Capita  
Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30,</b>	<b>Population Estimate (1)</b>		<b>Taxable Property Assessed Value</b>	<b>Debt Limit</b>	<b>Gross Bonded Debt</b>
2000	222,000 (1)	\$	13,265,146,816	\$ 1,061,211,745	\$ 157,334,829
2001	229,929 (1)		13,925,885,584	1,114,070,847	140,848,864
2002	230,000 (1)		19,089,466,059	1,527,157,285	205,913,960
2003	237,000 (1)		19,452,484,383	1,556,198,751	190,428,068
2004	242,000 (1)		20,071,879,031	1,605,750,322	232,231,074
2005	246,924 (1)		20,601,509,290	1,648,120,743	215,664,108
2006	249,654 (1)		21,280,715,939	1,702,457,275	259,881,989
2007	254,902 (1)		22,035,372,134	1,762,829,771	242,165,269
2008	261,206 (1)		23,136,584,132	1,850,926,731	270,784,680
2009	265,670 (1)		28,540,855,952	2,283,268,476	251,040,046

NOTE:

(1) Estimate from Durham City/County Planning Department

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<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Taxable Property Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
\$ 157,334,829	1.2	709
140,848,864	1.0	613
205,913,960	1.1	895
190,428,068	1.0	803
232,231,074	1.2	960
215,664,108	1.0	873
259,881,989	1.2	1,041
242,165,269	1.1	950
270,784,680	1.2	1,037
251,040,046	0.88	945

**DURHAM COUNTY, NORTH CAROLINA**

**Legal Debt Margin Information  
Last Ten Years**

	Fiscal Year				
	2000	2001	2002	2003	2004
Assessed Value of Property	\$ 13,265,146,816	\$ 13,925,885,584	\$ 19,089,466,059	\$ 19,452,484,383	\$ 20,071,879,031
Debt Limit, 8% of Assessed Value (Statutory Limitation)	1,061,211,745	1,114,070,847	1,527,157,285	1,556,198,751	1,605,750,322
Amount of Debt Applicable to Limit General Obligation Bonds	<u>166,210,000</u>	<u>149,205,001</u>	<u>213,730,004</u>	<u>197,730,004</u>	<u>239,020,001</u>
Total net debt applicable to limit	<u>166,210,000</u>	<u>149,205,001</u>	<u>213,730,004</u>	<u>197,730,004</u>	<u>239,020,001</u>
Legal Debt Margin	<u>\$ 895,001,745</u>	<u>\$ 1,313,427,281</u>	<u>\$ 1,313,427,281</u>	<u>\$ 1,358,468,747</u>	<u>\$ 1,366,730,321</u>
Total net debt applicable to limit as a percentage of debt limit	<u>15.66%</u>	<u>13.39%</u>	<u>14.00%</u>	<u>12.71%</u>	<u>14.89%</u>

**Note:** The County is subject to the Local Government Bond Act of North Carolina which limits the amount of net bonded debt the County may have outstanding to 8 percent of the appraised value of property subject to taxation. The legal debt margin is the difference between the debt limit and the County's net debt outstanding applicable to the limit, and represents the County's legal borrowing authority.



	<b>Fiscal Year</b>				
<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	
\$ 20,601,509,290	\$ 21,280,715,939	\$ 22,035,372,134	\$ 23,136,584,132	\$ 28,540,855,952	
1,648,120,743	1,702,457,275	1,762,829,771	1,850,926,731	2,283,268,476	
<u>221,945,003</u>	<u>265,660,003</u>	<u>247,445,003</u>	<u>275,570,002</u>	<u>255,335,002</u>	
<u>221,945,003</u>	<u>265,660,003</u>	<u>247,445,003</u>	<u>275,570,002</u>	<u>255,335,002</u>	
<u>\$ 1,426,175,740</u>	<u>\$ 1,436,797,272</u>	<u>\$ 1,515,384,768</u>	<u>\$ 1,575,356,729</u>	<u>\$ 2,027,933,474</u>	
<u>13.47%</u>	<u>15.60%</u>	<u>14.04%</u>	<u>14.89%</u>	<u>11.18%</u>	

**DURHAM COUNTY, NORTH CAROLINA**

**Direct and Overlapping Governmental Activities Debt  
As of June 30, 2009**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Municipality:</b>			
City of Durham	\$ 229,539,845	100%	\$ 229,539,845
Town of Chapel Hill	17,415,000	0%	-
City of Raleigh	190,565,000	0%	-
<b>Overlapping debt</b>	<u>437,519,845</u>		<u>229,539,845</u>
<b>Direct debt</b>	251,040,046		251,040,046
<b>Total direct and overlapping debt</b>	<u>\$ 688,559,891</u>		<u>\$ 480,579,891</u>

**Source:** Overlapping debt provided by each municipality.

**Note:** Percentage of overlap based on assessed property values.

**DURHAM COUNTY, NORTH CAROLINA**

**Ratio of Annual Debt Service for Bonded Debt to Total  
General Governmental Expenditures  
Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30,</b>	<b>Debt Service Expenditures</b>			<b>Total Debt Service</b>	<b>General Governmental Expenditures</b>	<b>Ratio of Total Debt Service to General Governmental Expenditures</b>
	<b>Principal</b>	<b>Interest on Bonds</b>	<b>Other Expenses</b>			
2000	\$ 11,814,419	\$ 7,677,992	\$ 64,965	\$ 19,557,376	\$ 269,392,622	7.26
2001	13,486,256	7,731,107	46,437	21,263,800	289,194,936	7.35
2002	13,783,268	7,865,623	3,400	21,652,291	308,525,802	7.02
2003	17,771,809	11,646,516	5,850	29,424,175	332,340,887	8.85
2004	19,061,212	11,428,032	3,600	30,492,844	376,179,317	8.11
2005	21,476,140	13,440,112	-	34,916,252	406,585,461	8.59
2006	23,335,688	12,613,289	3,500	35,952,477	342,123,072	10.51
2007	25,321,777	13,441,166	3,350	38,766,293	356,860,759	10.86
2008	25,249,056	13,254,045	3,350	38,506,451	373,328,462	10.31
2009	27,266,955	14,372,730	3,350	41,643,035	374,809,528	11.11

## DURHAM COUNTY, NORTH CAROLINA

### Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Percentage of Actual Taxable Value of Property<sup>1</sup></b>	<b>Per Capita<sup>2</sup></b>
1999	\$ 340,596,315	2.71%	1,559.11
2000	166,210,000	1.25%	748.69
2001	149,205,001	1.07%	648.92
2002	213,730,004	1.12%	929.26
2003	197,730,004	1.02%	834.30
2004	239,020,001	1.19%	987.69
2005	221,945,003	1.08%	898.84
2006	265,660,003	1.25%	1,064.11
2007	247,445,003	1.12%	970.75
2008	275,570,002	1.19%	1,054.99
2009	255,335,002	0.89%	961.10

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule of Assessed Value and Actual Value of Taxable Property for property assessed/actual value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

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## DURHAM COUNTY, NORTH CAROLINA

### Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities			
	General Obligation Bonds	Certificates of Participation	Installment Purchases	Total Governmental Activities
2000	\$ 157,334,829	\$ 34,300,000	\$ 6,425,574	\$ 198,060,403
2001	140,848,864	32,515,000	6,106,318	179,470,182
2002	205,913,962	30,655,000	5,772,077	242,341,039
2003	190,428,070	28,715,000	5,426,159	224,569,229
2004	232,231,073	26,690,000	24,813,943	283,735,016
2005	215,664,108	24,560,000	23,807,269	264,031,377
2006	259,881,989	22,325,000	30,123,804	312,330,793
2007	242,165,269	19,985,000	27,018,755	289,169,024
2008	270,784,681	17,525,000	23,506,871	311,816,552
2009	251,040,046	132,775,000	23,806,105	407,621,151

**Notes:** Details regarding the county's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule for demographic and economic statistics for personal income and population data.

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**Business-Type Activities**

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	<b>General Obligation Bonds</b>	<b>Revenue Bonds</b>	<b>Total Business-Type Activities</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income<sup>1</sup></b>	<b>Per Capita<sup>1</sup></b>
\$	8,875,171	\$ -	\$ 8,875,171	\$ 206,935,574	3.02%	936.96
	8,356,137	-	8,356,137	187,826,319	2.71%	828.87
	7,816,042	-	7,816,042	250,157,081	3.49%	1,095.82
	7,301,934	24,515,000	31,816,934	256,386,163	3.51%	1,093.84
	6,788,928	24,515,000	31,303,928	315,038,944	4.06%	1,310.97
	6,280,895	23,245,000	29,525,895	293,557,272	3.63%	1,194.77
	5,778,014	21,935,000	27,713,014	340,043,807	4.37%	1,369.87
	5,279,734	20,580,000	25,859,734	315,028,758	3.96%	1,269.14
	4,785,321	19,155,000	23,940,321	335,756,873	3.82%	1,285.41
	4,294,956	17,660,000	21,954,956	429,576,107	4.51%	1,616.95

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## **OPERATING INFORMATION**

### **Full-time Equivalent County Government Employees by Function**

The County is required to present the number of employees by each function for the last 9 fiscal years.

### **Operating Indicators by Function**

This schedule shows various operating indicators of the County by function for the last 10 fiscal years.

### **Capital Asset Statistics by Function**

This schedule shows various capital assets statistics by function for the last 10 fiscal years.

## DURHAM COUNTY, NORTH CAROLINA

### Full-time Equivalent County Government Employees by Function Last Ten Fiscal Years

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<u>Function/Program</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General government	212	210	213	206
Public safety	471	518	543	546
Economic and physical development	6	6	5	5
Environmental protection	18	22	23	21
Human services	796	771	775	734
Cultural and recreational	84	79	80	73
Utilities	4	4	4	5
Total	<u>1,591</u>	<u>1,610</u>	<u>1,643</u>	<u>1,590</u>

Source: Durham County Human Resources Department

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<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
220	213	216	243	252	176
559	585	585	590	600	553
6	8	8	11	13	19
24	29	28	30	33	116
686	659	644	651	677	619
75	74	73	90	99	119
5	5	5	4	6	4
<u>1,575</u>	<u>1,573</u>	<u>1,559</u>	<u>1,619</u>	<u>1,680</u>	<u>1,606</u>

# DURHAM COUNTY, NORTH CAROLINA

## Operating Indicators By Function Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>General Administration</b>										
Registered voters (6)	181,012	156,879	146,097	161,350	154,645	161,708	152,176	156,865	152,346	164,129
Taxable real estate parcels (7)	105,618	104,548	100,427	92,600	89,785	87,608	86,177	83,847	82,873	81,253
Tax bills (7)**	271,331	300,886	267,305	327,282	310,855	301,008	294,927	282,681	257,468	267,247
<b>Human Services</b>										
Adult care home residents served through on-site inspections (8)	826	811	889	886	884	855	852	*	*	*
Persons testing for HIV/STD (9)	65,924	67,765	60,122	62,013	64,698	62,177	65,429	74,741	71,192	66,993
Food assistance individuals (8)	29,727	23,730	22,527	21,706	20,291	19,012	16,854	14,120	12,783	13,053
<b>Education</b>										
Students attending public school (1)	31,938	31,732	32,749	31,981	31,719	30,947	30,889	30,821	29,816	29,000
Public school teachers (2)	2,326	2,368	2,419	2,368	2,293	2,184	2,164	2,119	2,126	2,075
Community college students-average semester (3)	*	*	*	*	*	*	*	*	*	*
Community college faculty (3)	*	*	*	*	*	*	*	*	*	*
<b>Community Development and Cultural (5)</b>										
Residential permits issued - new ***	883	1,713	2,153	2,284	2,058	1,983	1,714	1,864	1,626	1,860
Commercial permits issued - new ***	81	209	274	229	301	243	269	228	255	295
Building permits - additional, alterations ***	2,230	1,694	1,705	1,739	1,581	1,724	1,708	1,764	1,656	1,510
Inspections performed	25,183	*	*	*	*	*	*	*	*	*
<b>Environmental Services</b>										
Animal control service calls (10)	18,152	16,213	12,390	12,526	11,405	10,423	11,744	10,679	9,513	10,965
Animals impounded (10)	7,148	6,755	6,684	6,613	6,906	6,358	6,318	5,754	5,432	5,348
Sanitation inspections (9)	6,860	7,606	8,130	8,419	8,433	8,209	8,463	9,788	9,413	8,128
<b>Public Safety</b>										
Detention intake (11)	12,219	12,395	12,456	12,743	12,672	12,447	12,438	13,069	12,258	8,019
Civil processes served (11)	33,727	33,643	32,967	33,174	34,281	30,819	34,631	31,124	26,950	23,822
Pistol permits processed (11)	1,774	1,687	1,051	1,261	1,373	1,287	1,125	1,787	1,429	*
Average daily jail population (11)	598	629	597	549	509	470	449	418	414	432
Fire/medical incidents responded to by contracting fire departments (4)	12,344	11,925	10,000	6,239	7,599	7,549	7,423	6,842	6,393	6,071
Durham EMS trips (4)	26,260	25,111	23,132	21,766	19,839	19,001	20,728	21,447	21,016	19,995

\* Information not available.

\*\* Includes only those bills that were billed and to be collected, excludes corrected bills.

\*\*\*Community Development and Cultural permits are for the complete previous calendar year ending during each fiscal year.

(1) North Carolina Department of Public Instruction--2000-2005 Final Average Daily Membership. Durham County Public Schools--2006-2009.

(2) Durham County Public Schools.

(3) Durham Technical Community College.

(4) Durham County Emergency Management Department

(5) Durham City/County Planning Department.

(6) Durham County Board of Elections.

(7) Durham County Tax Department.

(8) Durham County Department of Social Services.

(9) Durham County Public Health Department.

(10) Durham County Animal Control.

(11) Durham County Sheriff Department.

## DURHAM COUNTY, NORTH CAROLINA

### Capital Asset Statistics by Function Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>General Government (1)</b>										
Rentable square footage	744,461	726,461	726,461	721,454	*	*	*	*	*	*
<b>Human Services (2)</b>										
Number of centers	4	6	6	6	6	7	8	9	10	10
<b>Education (3)</b>										
Number of schools	53	46	46	46	46	44	44	44	44	44
Number of higher education institutions	4	4	4	5	5	5	5	5	5	5
<b>Community Development and Cultural (4)</b>										
Libraries - branches	8	8	8	9	8	8	8	8	8	8
Volume of library books	565,245	609,544	584,299	514,958	496,926	475,730	480,641	466,984	466,798	477,486
Number of County parks	2	2	2		60	59	59	59	59	58
<b>Public Safety</b>										
Sheriff - Stations (5)	5	5	5	5	5	5	5	5	5	5
Detention capacity (5)	736	736	736	736	736	736	736	736	736	736
Fire protection - City Stations (6)	15	15	15	14	14	14	13	13	12	12
Fire protection - Volunteer Stations (6)	11	11	11	11	11	12	12	11	12	12
EMS - Stations (7)	6	6	6	6	6	6	6	6	6	6

\*Information not available.

(1) Durham County Open Space Department

(2) Durham County Public Health and Social Services Departments

(3) Durham Public Schools

(4) Durham County Public Library

(5) Durham County Sheriff's Department

(6) Durham County Fire Department

(7) Durham County Emergency Medical Services

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## **DEMOGRAPHIC & ECONOMIC INFORMATION**

### **Special Assessments and Collections**

This schedule is a summary of the activity for special assessments for the last 10 fiscal years.

### **Property Value and Construction**

This information is presented for the last 10 fiscal years and includes the building value of permits issued and the total assessed valuation.

### **Demographic and Economic Statistics**

This information is presented for the last 10 fiscal years and includes population, personal income for the County, school enrollment and the unemployment rate.

### **Principal Employers**

This schedule presents the 10 largest employers, including the number of employees located inside the County boundaries. This is shown for the current year and nine years ago.

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# DURHAM COUNTY, NORTH CAROLINA

## Special Assessments and Collections Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>Total Assessments Uncollected Beginning of Period</u>	<u>Additional Assessments</u>	<u>Collections</u>	<u>Total Assessments Uncollected End of Period</u>
2000	\$ 6,976	\$ -	\$ 9	\$ 6,967
2001	6,967	-	193	6,774
2002	6,774	-	-	6,774
2003	6,774	-	-	6,774
2004	6,774	-	245	6,529
2005	6,529	-	-	6,529
2006	6,529	-	-	6,529
2007	6,529	-	-	6,529
2008	6,529	-	-	6,529
2009	6,529	-	6,529	-

## DURHAM COUNTY, NORTH CAROLINA

### Property Value and Construction Last Ten Fiscal Years

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<b>Fiscal Year Ended June 30,</b>	<b>Building Value of Permits Issued (1)</b>	<b>Assessed Valuation (2)</b>
2000	\$ 665,008,911	\$ 13,265,146,816
2001	878,788,891	13,925,885,585
2002	654,970,735	19,089,466,059
2003	846,497,743	19,452,484,383
2004	700,759,078	20,180,457,105
2005	897,110,133	20,601,509,290
2006	833,845,052	21,280,715,939
2007	908,064,082	22,035,372,939
2008	937,163,464	23,136,584,132
2009	832,707,556	28,540,855,952

NOTES:

(1) Source: City of Durham/Durham County Inspections Department

(2) Last revaluation of taxable property occurred on January 1, 2008

# DURHAM COUNTY, NORTH CAROLINA

## Demographic and Economic Statistics Last Ten Years

<u>Year</u>	<u>Population Estimates<sup>1</sup></u>	<u>Personal Income<sup>2</sup> (thousands of dollars)</u>	<u>Per Capita Personal Income<sup>3</sup></u>	<u>School Enrollment<sup>4</sup></u>	<u>Unemployment Rate<sup>5</sup></u>
2000	222,000	\$ 6,887,777	\$ 32,382	29,000	2.2%
2001	229,929	7,029,410	32,360	29,816	3.4%
2002	230,000	7,230,974	33,490	30,821	6.1%
2003	237,000	7,388,122	34,605	30,889	5.6%
2004	242,000	7,849,791	32,482	30,947	4.2%
2005	246,924	8,235,669	33,505	31,719	4.6%
2006	249,654	8,784,739	37,262	31,981	3.9%
2007	254,902	9,526,901	36,388	32,749	3.8%
2008	261,206	*	38,923	31,732	5.5%
2009	265,670	*	39,383	31,938	8.0%

\* Information not yet available

- (1) The 2001-2004 and 2009 estimates are from the Durham City/County Planning Department. 2005-2008 estimates are provided by the North Carolina Department of Administration, Division of Management and Budget, Research and Planning Service.
- (2) Bureau of Economic Analysis.
- (3) All per capita income data is for the calendar year ended in each fiscal year. 2000-2002 is actual per capita income provided by Problem Solving Research, Inc. & U.S. Dept of Commerce, Bureau of Economic Analysis. 2003, 2004, 2005 and 2006 is projected per capita income provided by Woods & Poole Economics, Inc.
- (4) North Carolina Department of Public Instruction, 2000-2005 Final Average Daily Membership. Durham County Public Schools, 2006-2009 Final Average Daily Membership.
- (5) North Carolina Employment Security Commission.

## DURHAM COUNTY, NORTH CAROLINA

### Principal Employers Current Year and Nine Years Ago

Employer	2009			2000		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Duke University & Medical Center	20,185	1	14.44%	21,000	1	17.80%
International Business Machines (IBM)	11,530	2	8.25%	14,000	2	11.86%
Durham Public Schools	5,489	3	3.93%	4,500	4	3.81%
GlaxoSmithKline	5,000	4	3.58%			
NORTEL Networks	2,600	5	1.86%	8,500	3	7.20%
Blue Cross Blue Shield of North Carolina	2,437	6	1.74%	2,500	6	2.12%
Durham City Government	2,336	7	1.67%	1,979	7	1.68%
Lenovo Group, Ltd	2,300	8	1.65%			
Research Triangle Institute	2,200	9	1.57%	1,600	10	1.36%
Veterans Administration Medical Center	2,162	10	1.55%	1,550	9	1.31%
Glaxo Wellcome, Inc.				4,500	5	3.81%
Durham County Government				1,874	8	1.59%
	<u>56,239</u>		<u>40.24%</u>	<u>62,003</u>		<u>52.54%</u>

Source: Durham Chamber of Commerce.

## **COMPLIANCE SECTION**





**INDEPENDENT AUDITORS' REPORT ON THE  
REVENUE BOND COVENANT COMPLIANCE**

Board of County Commissioners  
Durham County, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States, the basic financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Durham County, North Carolina (the "County"), as of and for the year ended June 30, 2009, and have issued our report thereon dated October 27, 2009. We have also audited the accompanying schedule of debt covenant compliance (the "Schedule") as defined in the official statement for the Trust Agreement, dated December 1, 2002, with First-Citizens Bank & Trust Company. These computations are the responsibility of the County's management. Our responsibility is to express an opinion on these computations based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the comptroller general of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of this information. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Schedule is presented fairly, in all material respects for the year ended June 30, 2009, as described in the Trust Agreement referred to in the first paragraph.

**CHERRY, BEKAERT & HOLLAND, L.L.P.**

Raleigh, North Carolina  
October 27, 2009





**DURHAM COUNTY, NORTH CAROLINA**

**Schedule of Debt Covenant Compliance  
Year Ended June 30, 2009**

	<b>Enterprise Fund Sewer Utility Fund</b>
	<u>                    </u>
<b>Operating revenues</b>	
Charges for services	\$ 8,157,762
Total operating revenues	<u>8,157,762</u>
 <b>Operating expenses</b>	
Personnel services	856,264
Contracted services - wastewater treatment plant	1,608,359
Utilities	321,991
Maintenance and other	1,086,808
Depreciation	581,995
Total operating expenses	<u>4,455,417</u>
 <b>Operating income (loss)</b>	<u>3,702,345</u>
 <b>Add:</b>	
Depreciation expense	<u>581,995</u>
 <b>Income available for debt service</b>	<u><u>\$ 4,284,340</u></u>
 <b>Fiscal year revenue bond debt payments</b>	\$ 2,413,158
<b>Fiscal year total debt payments</b>	\$ 3,169,374
 <b>Senior lien debt service coverage</b>	1.78
<b>Total debt service coverage</b>	1.35
 <b>Series 2003 Revenue Bond Covenant Requirement</b>	
Senior lien debt service coverage	1.20
Total debt service coverage	1.00





## **Acknowledgments**

The preparation of the annual financial report was made possible by the dedicated service of the entire staff of the Finance Department. The audit process was effectively managed by Dewanda S. Dalrymple, CPA, Senior Accountant, under the guidance and direction of Susan F. Tezai, CPA, Deputy Finance Director.

**Additional support in the audit process and related accounting activities was provided by:**

**Jessica Brown-Linton, Assistant Finance Director**

**Dennis Roberts, Senior Accountant**

**Larry DeWalt, Accountant**

**Sarah Hill, Accountant**

**Dave Jerrido, Accountant**

**Kimerly Mann, Accountant**

**Delphine Powell, Accountant**

**Catherine Davis, Compliance Manager**