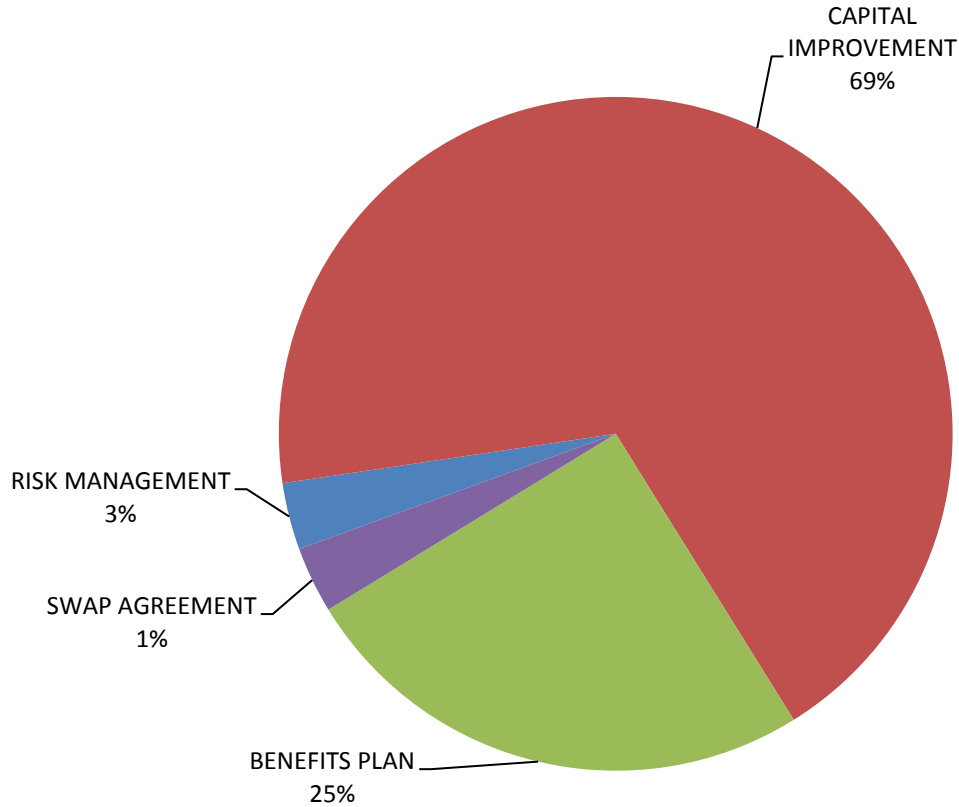


## Other General Funds Approved Budget



Fund	2013-2014 Actual Expenditures	2014-2015 Original Budget	2014-2015 12 Month Estimate	2015-2016 Department Requested	2015-2016 Commissioner Approved
RISK MANAGEMENT	\$ 2,384,910	\$ 4,102,925	\$ 4,088,834	\$ 2,722,234	\$ 2,777,234
CAPITAL IMPROVEMENT	\$ 50,131,453	\$ 57,518,774	\$ 58,510,181	\$ 58,497,438	\$ 59,165,312
BENEFITS PLAN	\$ 19,823,333	\$ 20,264,695	\$ 21,471,507	\$ 21,705,951	\$ 21,705,951
SWAP AGREEMENT	\$ 4,808,041	\$ 2,750,000	\$ 0	\$ 2,750,000	\$ 2,750,000
<b>Overall Result</b>	<b>\$ 77,147,736</b>	<b>\$ 84,636,394</b>	<b>\$ 84,070,522</b>	<b>\$ 85,675,623</b>	<b>\$ 86,398,497</b>

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# RISK MANAGEMENT FUND

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## PROGRAM DESCRIPTION

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

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

## 2014-15 ACCOMPLISHMENTS

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

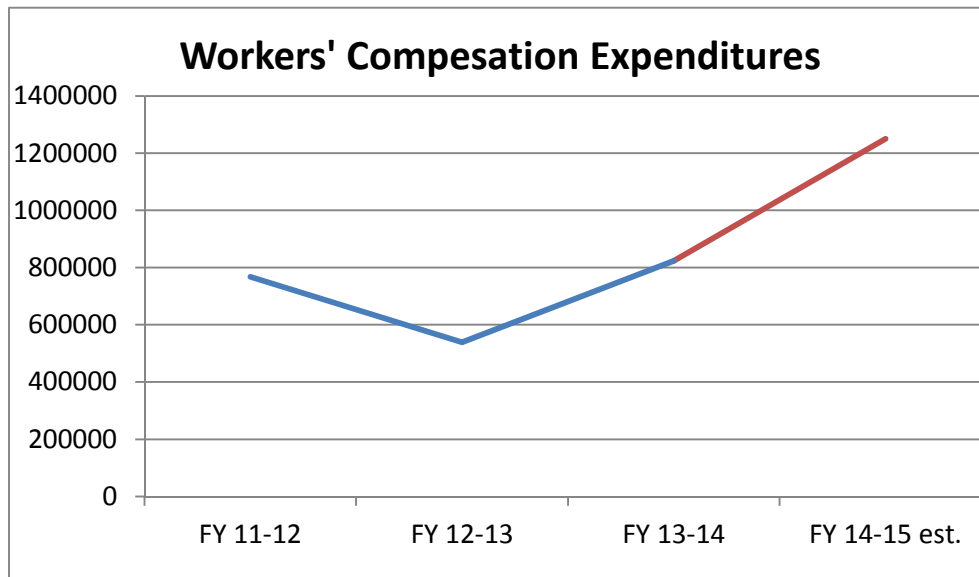
# Risk Management Fund

Fund: 1001020000

Summary	2013-2014 Actual Exp/Rev	2014-2015 Original Budget	2014-2015 12 Month Estimate	2015-2016 Department Requested	2015-2016 Commissioner Approved
<b>Expenditures</b>					
Personnel	\$167,492	\$195,102	\$113,373	\$248,735	\$248,735
Operating	\$2,201,767	\$1,889,263	\$2,462,287	\$2,453,659	\$2,453,659
Transfers	\$15,651	\$2,018,560	\$1,513,175	\$19,840	\$74,840
<b>Total Expenditures</b>	<b>\$2,384,910</b>	<b>\$4,102,925</b>	<b>\$4,088,834</b>	<b>\$2,722,234</b>	<b>\$2,777,234</b>
<b>Revenues</b>					
Investment Income	\$15,611	\$2	\$6,446	\$0	\$0
Service Charges	\$2,790,111	\$2,102,923	\$2,102,923	\$2,722,230	\$2,722,230
Other Revenues	\$296,225	\$0	\$23,360	\$4	\$4
Other Fin. Sources	\$0	\$2,000,000	\$0	\$0	\$55,000
<b>Total Revenues</b>	<b>\$3,101,946</b>	<b>\$4,102,925</b>	<b>\$2,132,729</b>	<b>\$2,722,234</b>	<b>\$2,777,234</b>
<b>Net Expenditures</b>	<b>(\$717,036)</b>	<b>\$0</b>	<b>\$1,956,105</b>	<b>\$0</b>	<b>\$0</b>
FTEs	2.00	2.00	2.00	3.00	3.00

## 2015-16 PERFORMANCE MEASURES

Performance Measure: Workers' Compensation Program



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

The Workers' Compensation expenditures increased in FY14-15 due to older claims that were finally settled at a considerable savings to the County. The final total will be reduced significantly by an approximately \$500,000 reimbursement to be received from an excess coverage policy held by the County at the time the large claim was filed. This will reduce the actual expenditure from approximately \$1,250,000 to approximately \$750,000.

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

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

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# SWAP FUND

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## PROGRAM DESCRIPTION

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

The Board of County Commissioners established a policy requiring 50% of the savings be placed in a restricted account until such time the committed funds equal 110% of the liquidation value of the SWAP, and the balance available to support unrestricted needs. A total of \$20,768,840 has been received to date, of these funds, \$7,453,753 is unspent, and the majority of it is available as the liquidation value currently of the SWAP fund is almost zero. The county will get two new payments in FY 2015-16 (September 2015 and March 2016), and a conservative estimate is the county will receive \$2,750,000. These budgeted funds are normally transferred to the Debt Service Fund to support debt service payments on the loans earning this revenue, however for FY 2015-16 the funds will accrue to support debt service payments in future years, helping keep the amount of property tax revenue needed for debt service to a minimum.

# SWAP Fund

Fund: 1001030000

Summary	2013-2014 Actual Exp/Rev	2014-2015 Original Budget	2014-2015 12 Month Estimate	2015-2016 Department Requested	2015-2016 Commissioner Approved
▼ <i>Expenditures</i>					
Transfers	\$4,808,041	\$2,750,000	\$0	\$2,750,000	\$2,750,000
<b>Total Expenditures</b>	<b>\$4,808,041</b>	<b>\$2,750,000</b>	<b>\$0</b>	<b>\$2,750,000</b>	<b>\$2,750,000</b>
▼ <i>Revenues</i>					
Investment Income	\$3,398	\$0	\$1,360	\$0	\$0
Other Revenues	\$3,065,036	\$2,750,000	\$2,950,000	\$2,750,000	\$2,750,000
<b>Total Revenues</b>	<b>\$3,068,434</b>	<b>\$2,750,000</b>	<b>\$2,951,361</b>	<b>\$2,750,000</b>	<b>\$2,750,000</b>
<b>Net Expenditures</b>	<b>\$1,739,607</b>	<b>\$0</b>	<b>(\$2,951,361)</b>	<b>\$0</b>	<b>\$0</b>

# CAPITAL FINANCING PLAN FUND

## PROGRAM DESCRIPTION

Concurrent with the 1986 bond referendum described in the Debt Service Fund section, the Board of County Commissioners established a Capital Financing Plan for the purpose of funding all major capital projects undertaken by the county. Revenues dedicated to the Capital Financing Plan are listed below with estimates for the upcoming fiscal year. In addition to debt service on general obligation bonds, these monies will be spent to retire debt associated with certificates of participation as well as to fund pay-as-you-go (county contribution) projects. Effective July 1, 1990, up to 20% of the fund's proceeds (computation limited to the first 5 cents of property taxes) could be dedicated to financing capital projects funded on a pay-as-you-go basis. The percentage dedicated to pay-as-you-go is 9.97% for FY 2015-16 in an effort to fund capital facility improvements. The long-range Capital Financing Plan can be found in the FY 2014-23 Capital Improvement Plan. Durham County's Capital Financing Policy follows.

Revenues	FY 2015-16
Property Taxes (8.53 cents)	\$27,128,358
Prior Year Taxes	\$36,000
One-half Cent Sales Taxes (Art. 40, 42, & 46)	\$28,281,696
Occupancy Taxes	\$2,750,000
Interest Earnings	\$10,000
Miscellaneous Revenue (American Tobacco)	\$552,758
Transfer from General Fund	\$406,500
Fund Balance	\$0
<b>TOTAL RESOURCES</b>	<b>\$59,165,312</b>

Expenditures	FY 2015-16
Motor Vehicle Tax Collection Fees (State)	\$36,000
Transfer to Debt Service	\$54,078,921
County Contribution*	\$3,144,046
Reserve for Future Purchases	\$1,906,345
<b>TOTAL EXPENDITURES</b>	<b>\$59,165,312</b>

*\*Projects funded with county contribution. These projects include:*

*Rougemont Water System: \$850,000  
 Ongoing HVAC Replacement: \$434,231  
 Ongoing Roof Replacement : \$595,765  
 Ongoing Parking Resurfacing: \$524,050  
 Jail Elevator Upgrade: \$90,000  
 Major Laserfishe Upgrade: \$150,000  
 Open Space & Farmland Acquisition: \$500,000*

For FY 2015-16, the portion of the county-wide tax rate dedicated to the Capital Financing Plan is 8.53 cents, a 0.79 cent decrease from FY 2014-15. The 0.79 cent decrease in property tax in the Capital Financing Plan Fund was added to the General Fund dedicated property tax for a next 0.0 tax increase for the combined funds.

Largely driving the decrease in property tax needed is a pause in capital spending for a year while a long range facilities master plan is completed and decreased support of debt service related to the third issuance of 2007 General Obligation bonds. Significant growth in revenue such as sales tax and occupancy tax revenue along with a portion of the new Article 46 sales tax (as defined in a Board of County Commissioners resolution) are also helping reduce the need for property tax support of debt service in FY 2015-16. A fiscal bright spot is the future planned use of available dedicated fund balances (savings accounts) and other revenue sources to minimize property tax revenue needed for capital and debt support for the next several years. This is based on the current set of projects and their planned timing as set in the FY 2014-23 10 Year Capital Improvement Plan (CIP). Any unexpected changes to the CIP may cause changes in the amount of property tax needed to support the plan and its corresponding debt service.

# Capital Financing Plan Fund

Fund: 1001250000

Summary	2013-2014 Actual Exp/Rev	2014-2015 Original Budget	2014-2015 12 Month Estimate	2015-2016 Department Requested	2015-2016 Commissioner Approved
▼ <i>Expenditures</i>					
Operating	\$27,586	\$53,800	\$50,000	\$36,000	\$36,000
Transfers	\$50,103,866	\$57,464,974	\$58,460,181	\$58,461,438	\$59,129,312
<b>Total Expenditures</b>	<b>\$50,131,453</b>	<b>\$57,518,774</b>	<b>\$58,510,181</b>	<b>\$58,497,438</b>	<b>\$59,165,312</b>
▼ <i>Revenues</i>					
Taxes	\$28,052,669	\$29,087,697	\$30,492,226	\$26,496,484	\$27,164,358
Intergovernmental	\$24,948	\$0	\$0	\$0	\$0
Investment Income	\$4,491	\$10,000	\$9,917	\$10,000	\$10,000
Rental Income	\$449,295	\$523,929	\$541,920	\$552,758	\$552,758
Other Fin. Sources	\$25,296,093	\$27,897,148	\$29,487,664	\$31,438,196	\$31,438,196
<b>Total Revenues</b>	<b>\$53,827,497</b>	<b>\$57,518,774</b>	<b>\$60,531,726</b>	<b>\$58,497,438</b>	<b>\$59,165,312</b>
<b>Net Expenditures</b>	<b>(\$3,696,044)</b>	<b>\$0</b>	<b>(\$2,021,546)</b>	<b>\$0</b>	<b>\$0</b>

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

## **DURHAM COUNTY CAPITAL FINANCING POLICY**

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

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

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

The county reserves up to 20% of these annually-dedicated revenues for pay-as-you-go projects. In addition, the Pay-As-You-Go Policy restricts dedicated property tax revenue to 20% of a maximum of 5 cents, or 1 cent, in county-wide property taxes. The portion of annual revenues reserved for pay-as-you-go is 9.97% for the FY 2015-16 budget.

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

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

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



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

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

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

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

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

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

The county will annually designate:

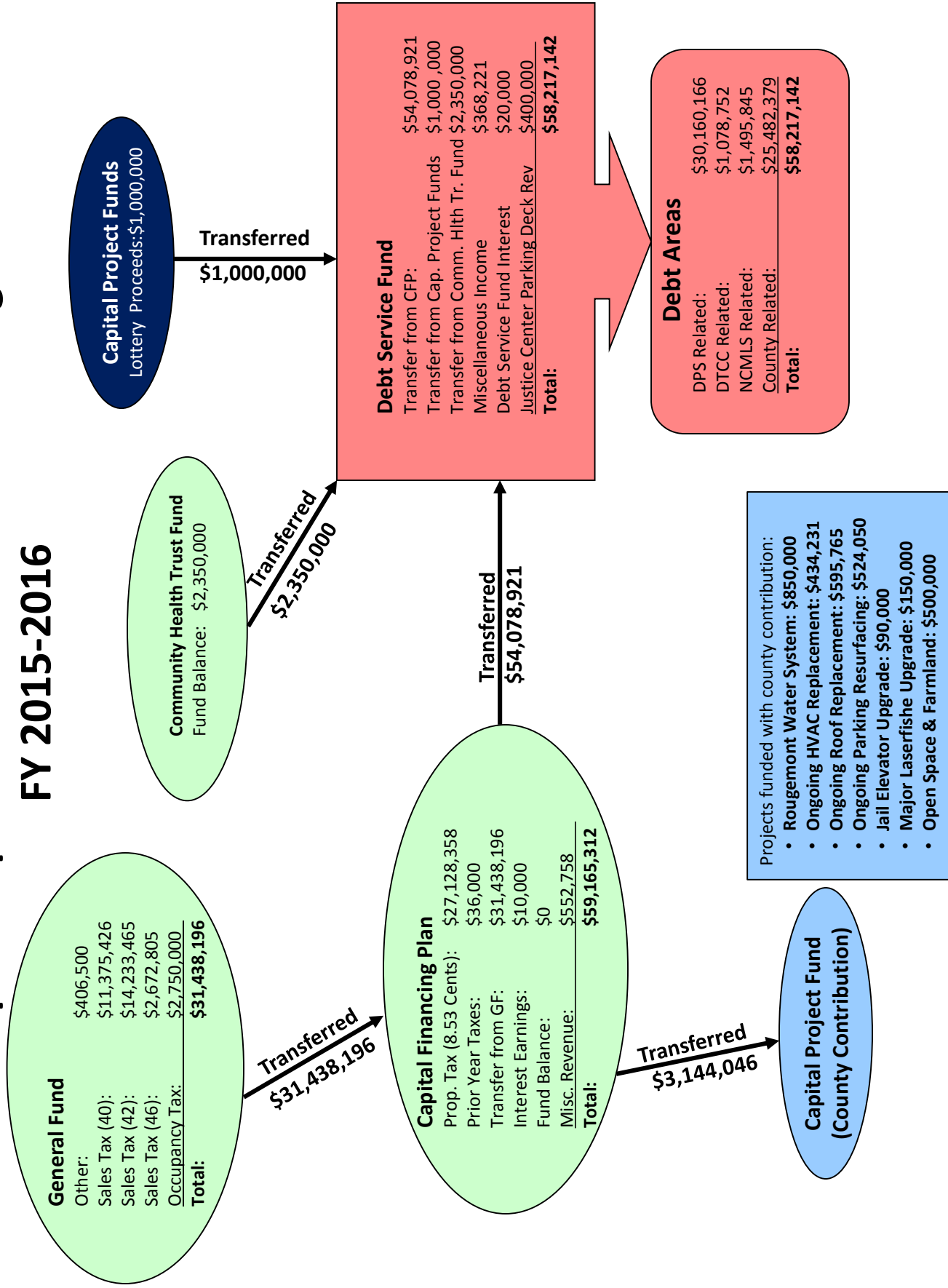
1. Article 40 and Article 42 one-half cent sales taxes,
2. The County's share of the occupancy tax,
3. Countywide property taxes,
4. In addition, dedicated property tax revenue to 20% of a maximum of five cents (or 1 cent) in countywide property taxes for pay-as-you-go projects.

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

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# Capital Improvement Plan Debt Funding

## FY 2015-2016



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# BENEFITS PLAN FUND

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## PROGRAM DESCRIPTION

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

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

For FY 2015-16, the plan will be funded as follows: Funds will be transferred to the Benefits Plan Fund to cover the cost of the plan: \$17,930,248 will be transferred from the General Fund; \$218,240 charge for service from the Sewer Utility Enterprise Fund for employees that reside in that fund; \$19,840 will be transferred from the Risk Management Fund for employees that reside in that fund; \$2,697,959 funding source for employee contributions booked directly to the Benefits Plan Fund and \$839,664 committed for health fund balance appropriation.

### FY 2015-16 Benefits Plan Fund Budget

Health	\$18,892,324
Dental	\$1,736,586
Vision	\$346,828
Life Insurance	\$180,000
Wellness Clinic HealthSTAT	\$463,277
Plan Administration Fees	\$86,936
<b>Total Expenditures:</b>	<b>\$21,705,951</b>
Less Employee/Retiree Contribution Health	\$1,987,222
Less Employee/Retiree Contribution Dental	\$710,737
Utility Fund Charge for Service	\$218,240
<b>Total County Funding</b>	<b>\$18,789,752</b>

# Benefits Plan Fund

Fund: 1001500000

Summary	2013-2014 Actual Exp/Rev	2014-2015 Original Budget	2014-2015 12 Month Estimate	2015-2016 Department Requested	2015-2016 Commissioner Approved
▼ <i>Expenditures</i>					
Personnel	\$19,299,781	\$19,738,637	\$20,932,938	\$21,155,738	\$21,155,738
Operating	\$523,552	\$526,058	\$538,569	\$550,213	\$550,213
<b>Total Expenditures</b>	<b>\$19,823,333</b>	<b>\$20,264,695</b>	<b>\$21,471,507</b>	<b>\$21,705,951</b>	<b>\$21,705,951</b>
▼ <i>Revenues</i>					
Investment Income	\$6,758	\$0	\$4,860	\$0	\$0
Service Charges	\$195,975	\$204,160	\$132,373	\$2,916,199	\$2,916,199
Other Revenues	\$3,161,963	\$2,963,524	\$1,979,683	\$0	\$0
Other Fin. Sources	\$15,421,676	\$17,097,011	\$16,257,348	\$18,789,752	\$18,789,752
<b>Total Revenues</b>	<b>\$18,786,372</b>	<b>\$20,264,695</b>	<b>\$18,374,264</b>	<b>\$21,705,951</b>	<b>\$21,705,951</b>
<b>Net Expenditures</b>	<b>\$1,036,961</b>	<b>\$0</b>	<b>\$3,097,243</b>	<b>\$0</b>	<b>\$0</b>

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