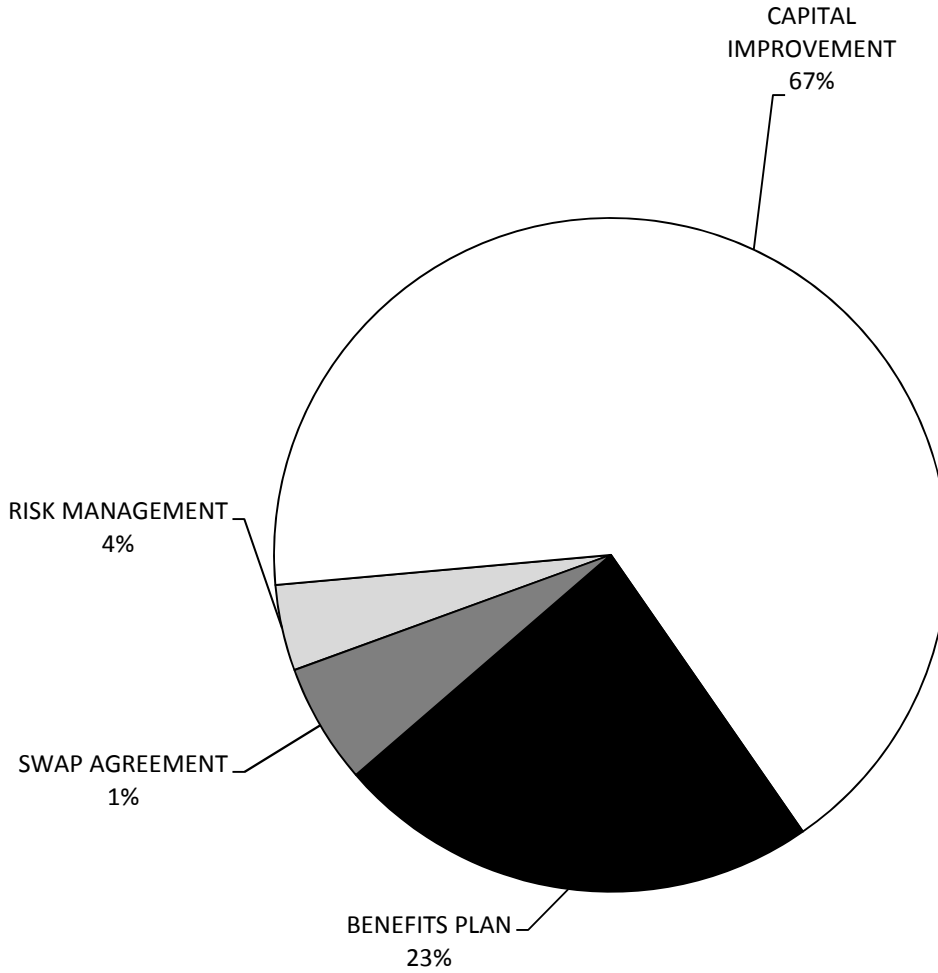




Other General Funds

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

Other General Funds Recommended Budget



Fund	2011-2012 Actual Expenditures	2012-2013 Original Budget	2012-2013 12 Month Estimate	2013-2014 Department Requested	2013-2014 Manager Recommended
RISK MANAGEMENT	\$ 1,579,879	\$ 2,725,393	\$ 2,046,978	\$ 3,734,087	\$ 3,440,111
CAPITAL IMPROVEMENT	\$ 46,962,324	\$ 49,068,264	\$ 49,068,264	\$ 55,597,881	\$ 55,597,881
BENEFITS PLAN	\$ 17,168,519	\$ 16,526,908	\$ 16,204,892	\$ 17,327,756	\$ 19,414,926
SWAP AGREEMENT	\$ 1,644,200	\$ 3,203,000	\$ 3,203,000	\$ 4,811,041	\$ 4,811,041
MCO IMPLEMENTATION	\$ 2,503,047	\$ 0	\$ 0	\$ 0	\$ 0
Overall Result	\$ 69,857,969	\$ 71,523,565	\$ 70,523,134	\$ 81,470,765	\$ 83,263,959

RISK MANAGEMENT FUND

PROGRAM DESCRIPTION

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

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

2012-13 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.

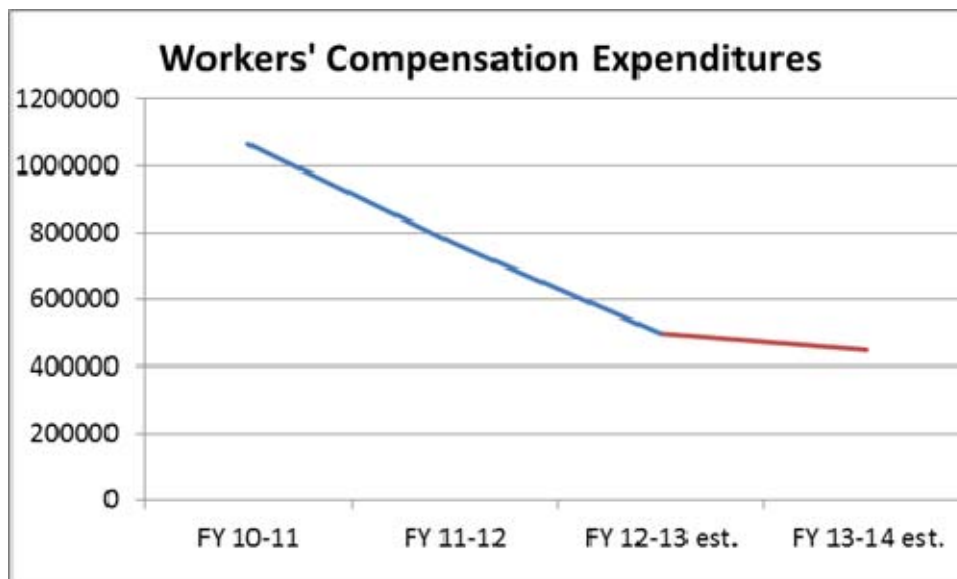
Risk Management Fund

Fund: 1001020000

Summary	2011-2012 Actual Exp/Rev	2012-2013 Original Budget	2012-2013 12 Month Estimate	2013-2014 Department Requested	2013-2014 Manager Recommended
▼ <i>Expenditures</i>					
Personnel	\$170,811	\$174,537	\$171,381	\$183,340	\$183,340
Operating	\$1,409,068	\$2,316,068	\$1,640,809	\$3,550,747	\$3,239,209
Transfers	\$0	\$234,788	\$234,788	\$0	\$17,562
Total Expenditures	\$1,579,879	\$2,725,393	\$2,046,978	\$3,734,087	\$3,440,111
▼ <i>Revenues</i>					
Investment Income	\$16,725	\$0	\$7,238	\$0	\$0
Service Charges	\$2,460,959	\$2,490,605	\$2,490,605	\$3,734,087	\$2,790,111
Other Revenues	\$0	\$0	\$125,798	\$0	\$0
Other Fin. Sources	\$0	\$234,788	\$0	\$0	\$650,000
Total Revenues	\$2,477,684	\$2,725,393	\$2,623,641	\$3,734,087	\$3,440,111
Net Expenditures	(\$897,806)	\$0	(\$576,663)	\$0	\$0
FTEs	2.00	2.00	2.00	2.00	2.00

2013-14 PERFORMANCE MEASURES

Performance Measure: Workers' Compensation Program



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

This fiscal year yielded a Workers' Compensation claim expenditure decrease of 35% from the previous fiscal year. Keeping these claims to a minimum saves County money and ultimately taxpayer dollars

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

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

SWAP FUND

PROGRAM DESCRIPTION

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

The Board of County Commissioners established a policy requiring 50% of the savings be placed in a restricted account until such time the committed funds equal 110% of the liquidation value of the SWAP, and the balance available to support unrestricted needs. A total of \$14,721,492 has been received to date, of these funds, \$6,209,184 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 2013-14 (September 2013 and March 2014), and a conservative estimate is the county will receive \$3,003,000. Of the available SWAP fund balance, the county is appropriating \$1,808,041 to support increased debt service payments.

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

SWAP Fund

Fund: 1001030000

Summary	2011-2012 Actual Exp/Rev	2012-2013 Original Budget	2012-2013 12 Month Estimate	2013-2014 Department Requested	2013-2014 Manager Recommended
▼ <i>Expenditures</i>					
Operating	\$91,200	\$0	\$0	\$0	\$0
Transfers	\$1,553,000	\$3,203,000	\$3,203,000	\$4,811,041	\$4,811,041
Total Expenditures	\$1,644,200	\$3,203,000	\$3,203,000	\$4,811,041	\$4,811,041
▼ <i>Revenues</i>					
Investment Income	\$7,503	\$0	\$2,252	\$3,000	\$3,000
Other Revenues	\$1,986,872	\$2,203,000	\$3,415,601	\$3,000,000	\$3,000,000
Other Fin. Sources	\$0	\$1,000,000	\$0	\$1,808,041	\$1,808,041
Total Revenues	\$1,994,374	\$3,203,000	\$3,417,853	\$4,811,041	\$4,811,041
Net Expenditures	(\$350,174)	\$0	(\$214,853)	\$0	\$0

CAPITAL FINANCING PLAN FUND

PROGRAM DESCRIPTION

Concurrent with the 1986 bond referendum described in the Debt Service Fund section, the Board of County Commissioners established a Capital Financing Plan for the purpose of funding all major capital projects undertaken by the county. Revenues dedicated to the Capital Financing Plan are listed below with estimates for the upcoming fiscal year. In addition to debt service on general obligation bonds, these monies will be spent to retire debt associated with certificates of participation as well as to fund pay-as-you-go (county contribution) projects. Effective July 1, 1990, up to 20% of the fund's proceeds (computation limited to the first 5 cents of property taxes) could be dedicated to financing capital projects funded on a pay-as-you-go basis. The percentage dedicated to pay-as-you-go is 8.88% for FY 2013-14 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 2013-14
Property Taxes (8.94 cents)	\$27,064,465
One-half Cent Sales Taxes (Art. 40, 42, & 46)	\$23,335,913
Occupancy Taxes	\$2,225,000
Interest Earnings	\$10,000
Miscellaneous Revenue (American Tobacco)	\$423,929
Transfer from General Fund	\$233,500
Fund Balance	\$2,305,074
TOTAL RESOURCES	\$55,597,881

Expenditures	FY 2013-14
Transfer to Debt Service	\$53,255,413
County Contribution*	\$2,342,468
TOTAL EXPENDITURES	\$55,597,881
<i>*Projects funded with county contribution. These projects include: County Stadium New Signage: \$225,000 Ongoing Roof Replacement : \$113,746 Ongoing Parking Resurfacing: \$241,722 Major Laserfishe Upgrade: \$150,000 Open Space & Farmland Acquisition: \$500,000 Hollow Rock: \$300,000 DSS Building Demolition: \$812,000</i>	

For FY 2013-14, the portion of the county-wide tax rate dedicated to the Capital Financing Plan is 8.94 cents, a 3cent increase from FY 2012-13.

Expected completion of the new County Courthouse project and its related Limited Obligation Bond financing is pushing a significant increase in the amount of debt service payment needed for FY 2013-14. Also one-time revenue sources that were available in FY 2012-13 are significantly reduced in FY 2013-14 (General Fund one time support). Continued growth in sales tax and occupancy tax revenue are being budgeted along with a portion of the new Article 46 sales tax (as defined in a Board of County Commissioners resolution), however they are not enough to make up for other lost revenue and increases in debt service, necessitating a three cent property tax rate increase to supply the funds to support debt service. A fiscal bright spot is the use of Capital Finance Fund fund balance (\$2,305,074) and SWAP Fund fund balance (\$1,808,041) to support debt service payments. Appropriating these fund balance amounts limits the need to increase property taxes for debt service any more than necessary.

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

Capital Financing Plan Fund

Fund: 1001250000

Summary	2011-2012 Actual Exp/Rev	2012-2013 Original Budget	2012-2013 12 Month Estimate	2013-2014 Department Requested	2013-2014 Manager Recommended
▼ <i>Expenditures</i>					
Transfers	\$46,962,324	\$49,068,264	\$49,068,264	\$55,597,881	\$55,597,881
Total Expenditures	\$46,962,324	\$49,068,264	\$49,068,264	\$55,597,881	\$55,597,881
▼ <i>Revenues</i>					
Taxes	\$17,788,824	\$17,656,044	\$18,146,895	\$27,064,465	\$27,064,465
Investment Income	\$5,671	\$10,000	\$5,000	\$10,000	\$10,000
Rental Income	\$401,085	\$392,218	\$392,218	\$423,929	\$423,929
Other Fin. Sources	\$31,183,636	\$31,010,002	\$31,074,981	\$28,099,487	\$28,099,487
Total Revenues	\$49,379,216	\$49,068,264	\$49,619,094	\$55,597,881	\$55,597,881
Net Expenditures	(\$2,416,892)	\$0	(\$550,830)	\$0	\$0

DURHAM COUNTY CAPITAL FINANCING POLICY

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

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

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

The county reserves up to 20% of these annually-dedicated revenues for pay-as-you-go projects. In addition, the Pay-As-You-Go Policy restricts dedicated property tax revenue to 20% of a maximum of 5 cents, or 1 cent, in county-wide property taxes. The portion of annual revenues reserved for pay-as-you-go is 8.88% for the FY 2013-14 budget.

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

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

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

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

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

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

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

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

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

The county will annually designate:

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

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

Capital Improvement Plan Debt Funding

FY 2013-2014

General Fund

Other:	\$233,500
Sales Tax (40):	\$9,630,019
Sales Tax (42):	\$11,553,634
Sales Tax (46):	\$2,152,260
Occupancy Tax:	\$2,225,000
Total:	\$25,794,413

SWAP Fund

Earnings:	\$3,000,000
Fund Balance:	\$1,808,041

State Funds

Lottery Proceeds: \$1,000,000

Capital Financing Plan

Prop. Tax (8.94 Cents):	\$27,064,465
Transfer from GF:	\$25,794,413
Interest Earnings:	\$10,000
Fund Balance:	\$2,305,074
Misc. Revenue:	\$423,929
Total:	\$55,597,881

Debt Service Fund

Transfer from CFP:	\$53,255,413
Transfer from Lottery Funds	\$1,000,000
Transfer from SWAP Fund	\$4,808,041
Miscellaneous Income	\$518,221
Debt Service Fund Interest:	\$15,082
Justice Center Parking Deck Rev:	\$250,000
Fund Balance:	\$25,000
Total:	\$59,871,757

Debt Areas

DPS Related:	\$26,820,112
DTCC Related:	\$926,247
NCMLS Related:	\$1,744,799
County Related:	\$30,380,598
Total:	\$59,871,757

Projects funded with county contribution:

- County Stadium New Signage: \$225,000
- Ongoing Roof Replacement : \$113,746
- Ongoing Parking Resurfacing: \$241,722
- Major Laserfish Upgrade: \$150,000
- Open Space & Farmland: \$500,000
- Hollow Rock: \$300,000
- DSS Building Demolition: \$812,000

Capital Project Fund
(County Contribution)

Transferred
\$1,000,000

Transferred
\$4,808,041

Transferred
\$25,794,413

Transferred
\$53,255,413

Transferred
\$2,342,468

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BENEFITS PLAN FUND

PROGRAM DESCRIPTION

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

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

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

For FY2014, the plan will be funded as follows: Funds will be transferred to the Benefits Plan Fund to cover the cost of the plan: \$15,250,169 will be transferred from the General Fund; \$201,963 will be transferred from the Sewer Utility Enterprise Fund for employees that reside in that fund; \$17,562 will be transferred from the Risk Management Fund for employees that reside in that fund; \$2,869,770 funding source for employee contributions booked directly to the Benefits Plan Fund and a \$1,075,462 fund balance appropriation of unassigned fund balance for non-self-funded benefits (i.e. vision, life ins., wellness clinic, employee service awards ceremony, admin. fees)

FY 2013-14 Benefits Plan Fund Budget

Health	\$16,435,035
Dental	\$1,904,429
Vision	\$282,943
Life Insurance	\$231,000
Wellness Clinic HealthSTAT	\$428,325
Plan Administration Fees	\$61,199
Other Administration Expenses	\$71,995
Total Expenditures:	\$19,414,926
Less Employee/Retiree Contribution Health	\$2,105,742
Less Employee/Retiree Contribution Dental	\$764,028
Total County Funding	\$16,545,156

Benefits Plan Fund

Fund: 1001500000

Summary	2011-2012 Actual Exp/Rev	2012-2013 Original Budget	2012-2013 12 Month Estimate	2013-2014 Department Requested	2013-2014 Manager Recommended
▼ <i>Expenditures</i>					
Personnel	\$16,724,366	\$16,016,282	\$15,720,679	\$16,252,438	\$18,853,407
Operating	\$444,153	\$510,626	\$484,213	\$663,787	\$561,519
Transfers	\$0	\$0	\$0	\$411,531	\$0
Total Expenditures	\$17,168,519	\$16,526,908	\$16,204,892	\$17,327,756	\$19,414,926
▼ <i>Revenues</i>					
Intergovernmental	\$535,640	\$55,174	\$0	\$0	\$0
Investment Income	\$7,525	\$0	\$1,593	\$0	\$0
Other Revenues	\$421,104	\$0	\$3,160,259	\$0	\$2,869,770
Other Fin. Sources	\$15,550,977	\$16,471,734	\$14,922,607	\$17,327,756	\$16,545,156
Total Revenues	\$16,515,246	\$16,526,908	\$18,084,459	\$17,327,756	\$19,414,926
Net Expenditures	\$653,273	\$0	(\$1,879,567)	\$0	\$0

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Summary: Special Revenue Funds

Summary	2011-2012 Actual Exp/Rev	2012-2013 Original Budget	2012-2013 12 Month Estimate	2013-2014 Department Requested	2013-2014 Manager Recommended
▼ <i>Expenditures</i>					
Operating	\$4,746,185	\$5,169,971	\$5,140,574	\$4,425,876	\$4,414,195
Transfers	\$1,737,871	\$1,706,558	\$1,706,558	\$2,742,601	\$2,742,601
Total Expenditures	\$6,484,056	\$6,876,529	\$6,847,132	\$7,168,477	\$7,156,796
▼ <i>Revenues</i>					
Taxes	\$6,509,721	\$6,560,623	\$6,735,994	\$7,050,521	\$7,050,521
Investment Income	\$2,718	\$0	\$455	\$0	\$0
Other Fin. Sources	\$0	\$315,906	\$191,602	\$117,956	\$106,275
Total Revenues	\$6,512,440	\$6,876,529	\$6,928,051	\$7,168,477	\$7,156,796
Net Expenditures	(\$28,383)	\$0	(\$80,919)	\$0	\$0