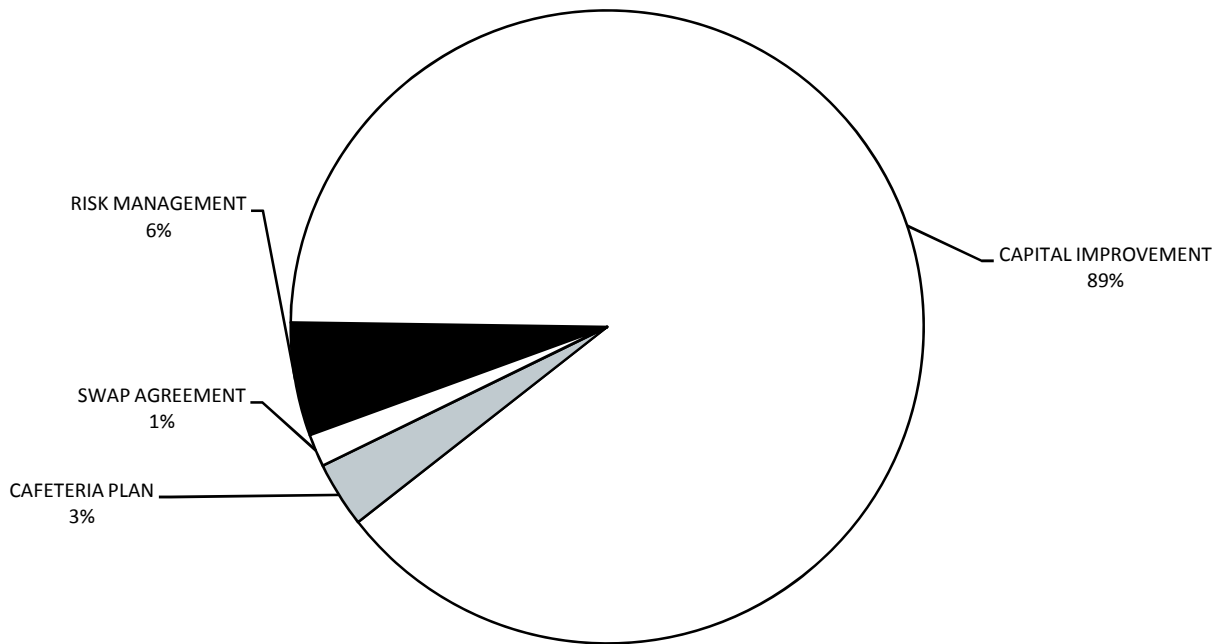


Other General Funds Approved Budget



Fund	2006-2007 Actual Expenditures	2007-2008 Original Budget	2007-2008 12 Month Estimate	2008-2009 Department Requested	2008-2009 Commissioner Approved
RISK MANAGEMENT	\$ 2,028,895	\$ 2,296,170	\$ 1,990,259	\$ 2,433,685	\$2,433,685
CAPITAL IMPROVEMENT	\$ 31,694,070	\$ 37,140,036	\$ 39,168,933	\$ 40,056,684	\$37,554,082
CAFETERIA PLAN	\$ 13,466,145	\$ 13,750,000	\$ 1,026,533	\$ 1,416,449	\$1,416,449
SWAP AGREEMENT	\$ 470,876	\$517,443	\$517,443	\$741,524	\$700,000
Overall Result	\$ 47,659,986	\$ 53,703,649	\$ 42,703,168	\$ 44,648,342	\$42,104,216

RISK MANAGEMENT FUND

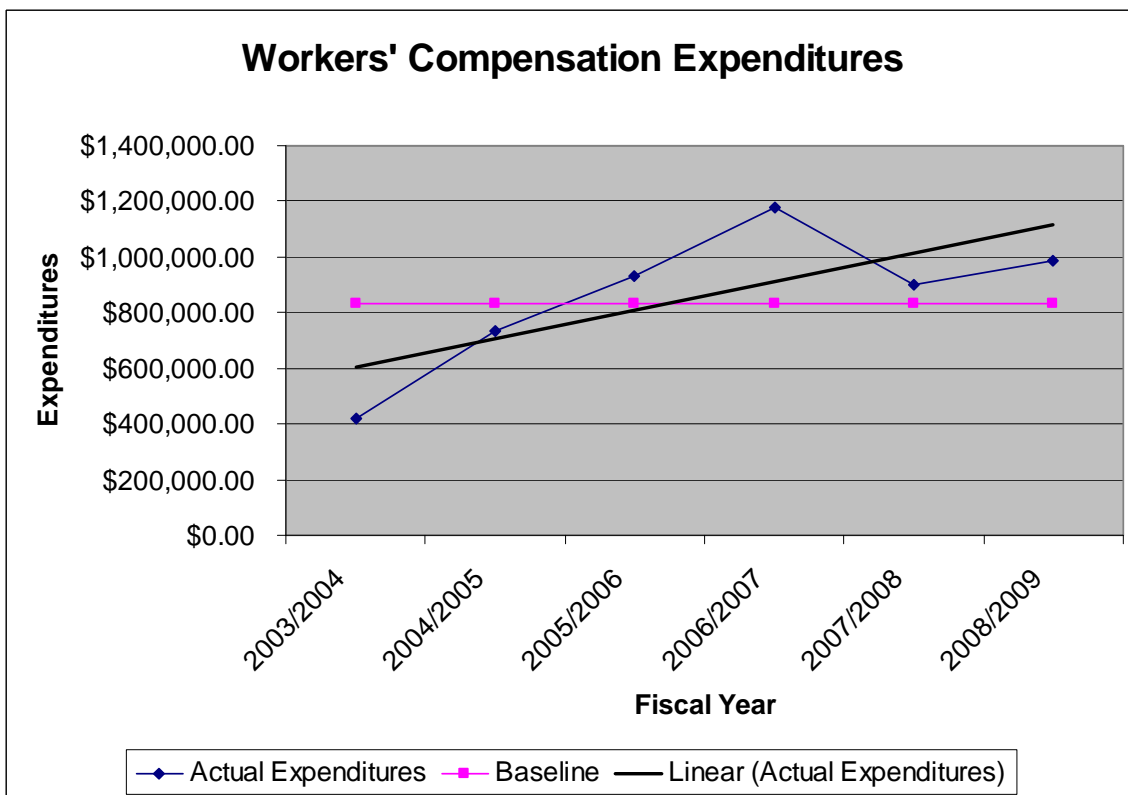
PROGRAM DESCRIPTION

The risk management function is to assist 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 its employees and its 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 to ensure that 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 and/or elimination and accident/injury investigation, reporting and management.

2007-08 PERFORMANCE MEASURES

Performance Measure: Workers' Compensation Program



Story Behind the Last Two Years of Performance.

While the number of injuries has increased somewhat significantly, the seriousness of the injuries has decreased, thereby causing the cost of medical treatment to decrease this year. However, without additional intervention, the cost of worker's compensation is projected to continue to climb.

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

- Explore pharmacy for Workers' Compensation

Risk Management Fund

Fund: 1001020000

Summary	2006-2007 Actual Exp/Rev	2007-2008 Original Budget	2007-2008 12 Month Estimate	2008-2009 Department Requested	2008-2009 Commissioner Approved
▽ <i>Expenditures</i>					
Personnel	\$148,629	\$152,210	\$155,750	\$161,680	\$161,680
Operating	\$1,880,266	\$2,143,960	\$1,834,509	\$2,272,005	\$2,272,005
Total Expenditures	\$2,028,895	\$2,296,170	\$1,990,259	\$2,433,685	\$2,433,685
▽ <i>Revenues</i>					
Investment Income	\$257,345	\$2,834	\$0	\$256	\$256
Service Charges	\$2,277,186	\$2,293,336	\$2,293,336	\$2,433,429	\$2,433,429
Other Revenues	\$21,602	\$0	\$17,339	\$0	\$0
Total Revenues	\$2,556,133	\$2,296,170	\$2,310,675	\$2,433,685	\$2,433,685
Net Expenditures	(\$527,238)	\$0	(\$320,416)	\$0	\$0
FTEs	2.00	2.00	2.00	2.00	2.00

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 Agreements 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 .952%. The agreement matures March 1, 2023. The balance in this fund is the reflection of the above mentioned agreement which calls for net payments to be made on March 15 and September 15 of each year. Payments are accrued on a monthly basis and paid every six months.

The Board of County Commissioners has established a policy that requires that 50% of the savings be placed in a restricted account and the balance available to support unrestricted needs. The total funds received in the fund to date are \$2,659,687. Of these funds \$1,329,843 is restricted; \$988,319 has been budgeted in prior years leaving a balance of \$341,524 available from previous years to be budgeted. The County will get two payments in FY2009 (September 2008 and March 2009), and a conservative estimate is that the County will receive at least \$400,000 during FY 2008-09. Of the total already received and available, plus another \$400,000 available in FY 08-09, brings the total available amount for FY 2008-09 to \$741,524. \$700,000 of the total amount available is budgeted.

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

SWAP Fund

Fund: 1001030000

Summary	2006-2007 Actual Exp/Rev	2007-2008 Original Budget	2007-2008 12 Month Estimate	2008-2009 Department Requested	2008-2009 Commissioner Approved
▽ <i>Expenditures</i>					
Transfers	\$470,876	\$517,443	\$517,443	\$741,524	\$700,000
Total Expenditures	\$470,876	\$517,443	\$517,443	\$741,524	\$700,000
▽ <i>Revenues</i>					
Investment Income	\$12,956	\$0	\$9,550	\$0	\$0
Other Revenues	\$835,800	\$517,443	\$1,261,689	\$741,524	\$700,000
Total Revenues	\$848,756	\$517,443	\$1,271,239	\$741,524	\$700,000
Net Expenditures	(\$377,880)	\$0	(\$753,796)	\$0	\$0
FTEs	0.00	0.00	0.00	0.00	0.00

CAPITAL FINANCING

PROGRAM DESCRIPTION

Concurrent with the 1986 bond referendum described in the debt service cost center, the Durham County Board of 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 by the Board of Commissioners 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 twenty (20%) percent of the fund's proceeds (computation limited to the first five cents of property taxes) could be dedicated to financing capital projects funded on a pay-as-you-go basis. The percentage dedicated to pay-as-you-go is 2.25% for FY 2008-09, in an effort to fund capital facility improvements. The long-range capital financing plan and related policies are below.

Dedicated Revenue	2008-2009
Property Taxes (4.87 cents)	\$13,658,322
½ Cents Sales Taxes	\$19,227,212
Hotel Occupancy Taxes	\$2,418,917
Interest Earnings	\$100,000
Misc. Rev. (American Tobacco)	\$399,631
Fund Balance	<u>\$1,750,000</u>
Total Resources	\$37,554,082

Proposed Expenditures	2008-2009
Transfer to Debt Service	\$37,004,082
County Contribution*	\$550,000
Total Expenditures	\$37,554,082

**Projects funded with County Contribution*

Open Space Land Acquisition: \$550,000

For FY 2008-09, the portion of the countywide tax rate dedicated to the Capital Financing Plan is 4.87 cents, a decrease of 0.52 cents from 5.39 cents in FY 2007-08.

This decrease is largely due to a property revaluation that occurred during FY 2007-08. The increased overall valuation of property increased the amount one cent on the tax rate would collect (from \$2,241,011 to \$2,803,074 for one new cent of property tax). Using just natural growth instead of revaluation growth the amount of property tax increase needed to support the Capital Financing Plan would have been 0.53 cents, which is a better representation of the amount of funding increase needed from FY 2007-08 to FY 2008-09. The amount of Capital Financing Plan funding supported by property tax increases from \$12,072,781 for FY 2007-08 to \$13,658,322 for FY 2008-09.

It is important to note that the Capital Financing Plan is a subset of the General Fund and provides a mechanism of transfer to the Debt Service Fund. A graphical representation of the Capital Financing Plan 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 tab of this book.

Capital Financing Plan

Fund: Capital Financing Plan

Summary	2006-2007 Actual Exp/Rev	2007-2008 Original Budget	2007-2008 12 Month Estimate	2008-2009 Department Requested	2008-2009 Commissioner Approved
▽ <i>Expenditures</i>					
Transfers	\$31,694,070	\$37,140,036	\$39,168,933	\$40,056,684	\$37,554,082
Total Expenditures	\$31,694,070	\$37,140,036	\$39,168,933	\$40,056,684	\$37,554,082
▽ <i>Revenues</i>					
Taxes	\$12,775,764	\$12,072,781	\$12,586,559	\$16,439,668	\$13,658,322
Investment Income	\$353,598	\$99,998	\$0	\$100,000	\$100,000
Rental Income	\$411,813	\$407,730	\$407,730	\$399,631	\$399,631
Other Fin. Sources	\$19,824,883	\$24,559,527	\$26,174,644	\$23,117,385	\$23,396,129
Total Revenues	\$33,366,058	\$37,140,036	\$39,168,933	\$40,056,684	\$37,554,082
Net Expenditures	(\$1,671,988)	\$0	\$0	\$0	\$0
FTEs	0.00	0.00	0.00	0.00	0.00

DURHAM COUNTY POLICY ON FINANCING CAPITAL PROJECTS

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;
The county's share of the occupancy tax;
Countywide property taxes.

The county reserves up to twenty percent (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 five cents (or 1 cent) in countywide property taxes. The portion of annual revenues reserved for pay-as-you-go is increased to 2.25% for the FY 2008-09 budget.

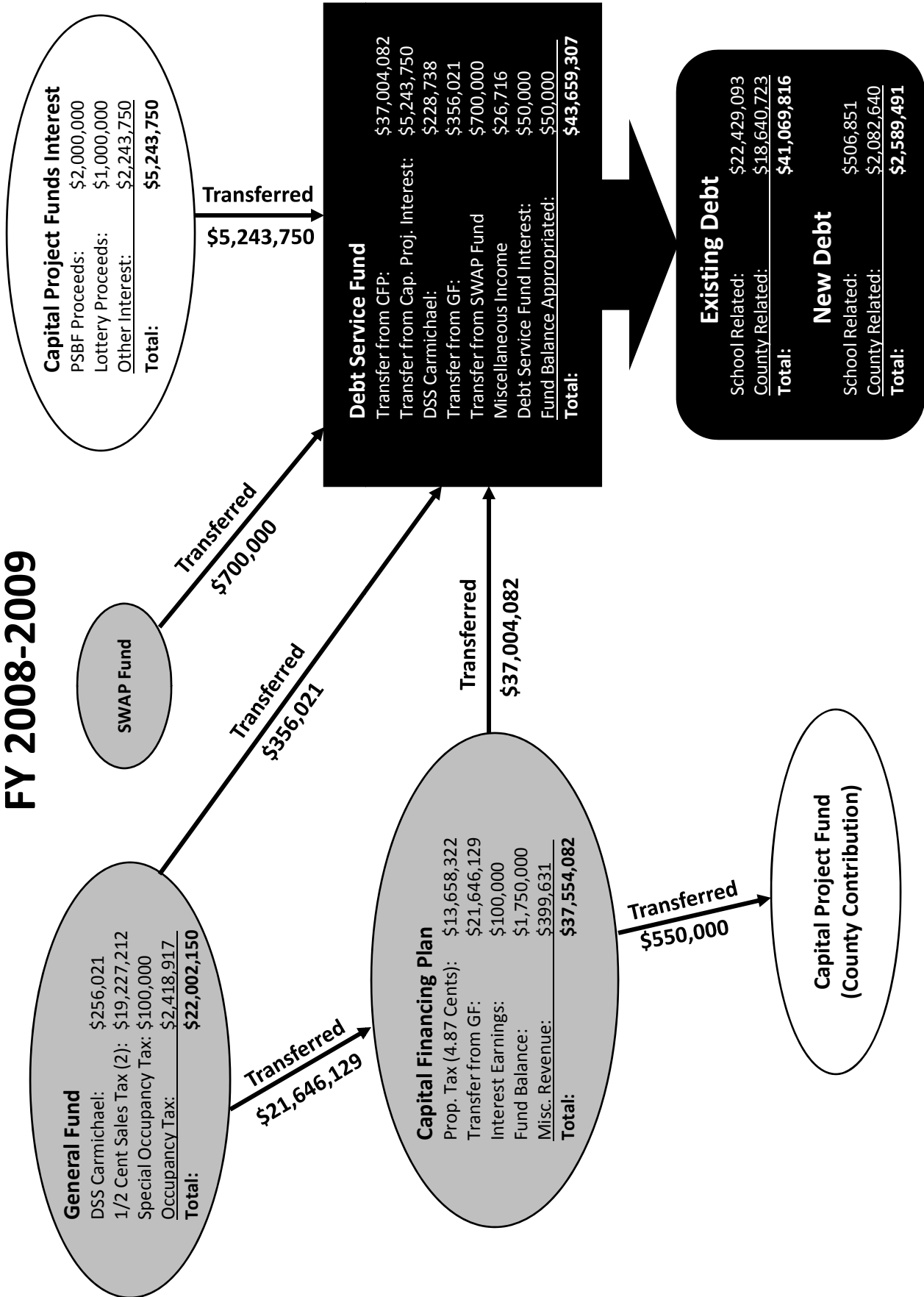
Investment earnings on unexpended debt proceeds shall be restricted to the payment of debt. Investment earnings on amounts restricted for the payment of debt and pay-as-you-go funds shall bear the same restrictions as the principal amounts generating these investment earnings.

Excess funds, if available, within the debt service fund may be used to provide advance funding for capital projects pending bond sale or loans to the equipment-leasing fund. 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 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.

Capital Improvement Plan Debt Funding

FY 2008-2009



CAFETERIA PLAN

PROGRAM DESCRIPTION

The Cafeteria fund was established in FY1995-96 to track, analyze and account for the cafeteria employee benefits plan. The previous system (American Management Systems -AMS) had constraints which required all monies flowing in and out of the fund to be accounted for as revenues and expenditures, including FBEN (employer contributions) and out-of-pocket (employee contributions) for premiums. Because of this constraint, in previous fiscal years, these revenues and expenditures were budgeted in the Cafeteria fund.

The new system, SAP, does not have these constraints. It allows for deductions for premiums to be accounted for as liabilities, meaning that FBEN and out-of-pocket deductions go directly to a payable (liability) account to be paid to the provider. From an accounting perspective, this is the most appropriate method to account for this activity. It eliminates year end timing differences and is more efficient for reconciling and tracking purposes, thereby eliminating the difficulty with analyzing the fund balance at year end and analyzing the stability of the fund. With the accounting method change, only the County costs for benefits such as the hospital gap coverage that is provided to the employees, dental insurance claims in excess of premiums and the benefits for retirees with 20+ years of service to the County that are 100% costs to the County are charged as expenditures to the fund and administrative costs for the fund are recorded in this fund. In addition, only investment earnings, transfers into the fund, etc. are recorded and recognized as revenues in the fund. This accounting method was approved by management and has been in effect since July 1, 2007 (e.g., the entire fiscal year for 2008). An amendment was taken before the Board of County Commissioners on May 12, 2008 to amend the FY2007-2008 and reduce the budget to reflect to reflect these changes.

For FY2008-2009, appropriations include \$1,095,783 for retiree insurance, \$197,757 for hospital gap coverage, \$72,909 for dental claims in excess of premiums and \$50,000 for plan administrative costs for a total of \$1,416,449.

Cafeteria Plan

Fund: 1001500000

Summary	2006-2007 Actual Exp/Rev	2007-2008 Original Budget	2007-2008 12 Month Estimate	2008-2009 Department Requested	2008-2009 Commissioner Approved
▽ <i>Expenditures</i>					
Personnel	\$637,436	\$0	\$1,005,368	\$1,126,294	\$1,366,449
Operating	\$12,828,709	\$13,750,000	\$21,165	\$290,155	\$50,000
Total Expenditures	\$13,466,145	\$13,750,000	\$1,026,533	\$1,416,449	\$1,416,449
▽ <i>Revenues</i>					
Contrib. & Donations	\$0	\$0	\$1,200	\$0	\$0
Investment Income	\$28,449	\$0	\$0	\$0	\$0
Other Revenues	\$12,707,635	\$12,325,277	\$0	\$0	\$0
Other Fin. Sources	\$1,316,633	\$1,424,723	\$1,424,723	\$1,416,449	\$1,416,449
Total Revenues	\$14,052,718	\$13,750,000	\$1,425,923	\$1,416,449	\$1,416,449
Net Expenditures	(\$586,572)	\$0	(\$399,390)	\$0	\$0
FTEs	0.00	0.00	0.00	0.00	0.00

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