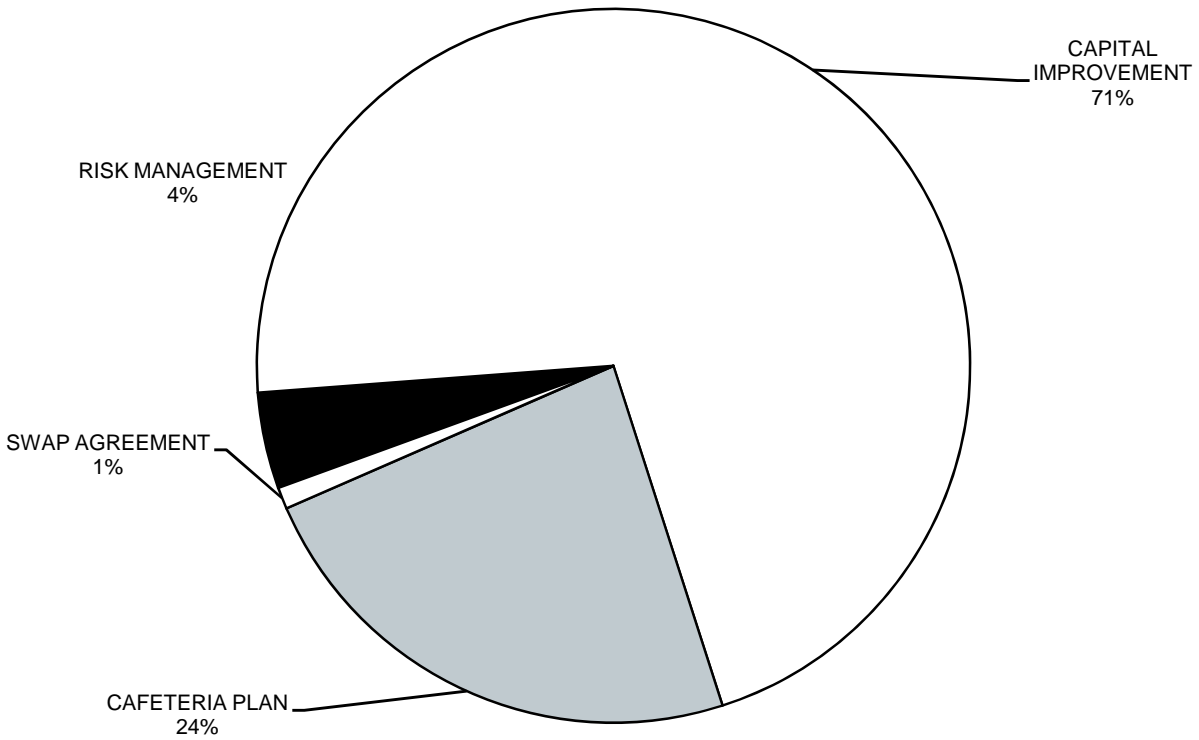


Other General Funds Recommended Budget



Fund	2007-2008 Actual Expenditures	2008-2009 Original Budget	2008-2009 12 Month Estimate	2009-2010 Department Requested	2009-2010 Manager Recommended
RISK MANAGEMENT	\$ 1,684,681	\$ 2,433,685	\$ 1,914,862	\$ 2,430,287	\$ 2,430,287
CAPITAL IMPROVEMENT	\$ 39,168,933	\$ 37,554,082	\$ 35,862,105	\$ 39,594,421	\$ 39,775,459
CAFETERIA PLAN	\$ 1,160,443	\$ 1,416,449	\$ 1,170,510	\$ 13,067,614	\$ 13,067,614
SWAP AGREEMENT	\$ 517,443	\$ 700,000	\$ 700,000	\$ 550,000	\$ 550,000
Overall Result	\$ 42,531,500	\$ 42,104,216	\$ 39,647,477	\$ 55,642,322	\$ 55,823,360

RISK MANAGEMENT FUND

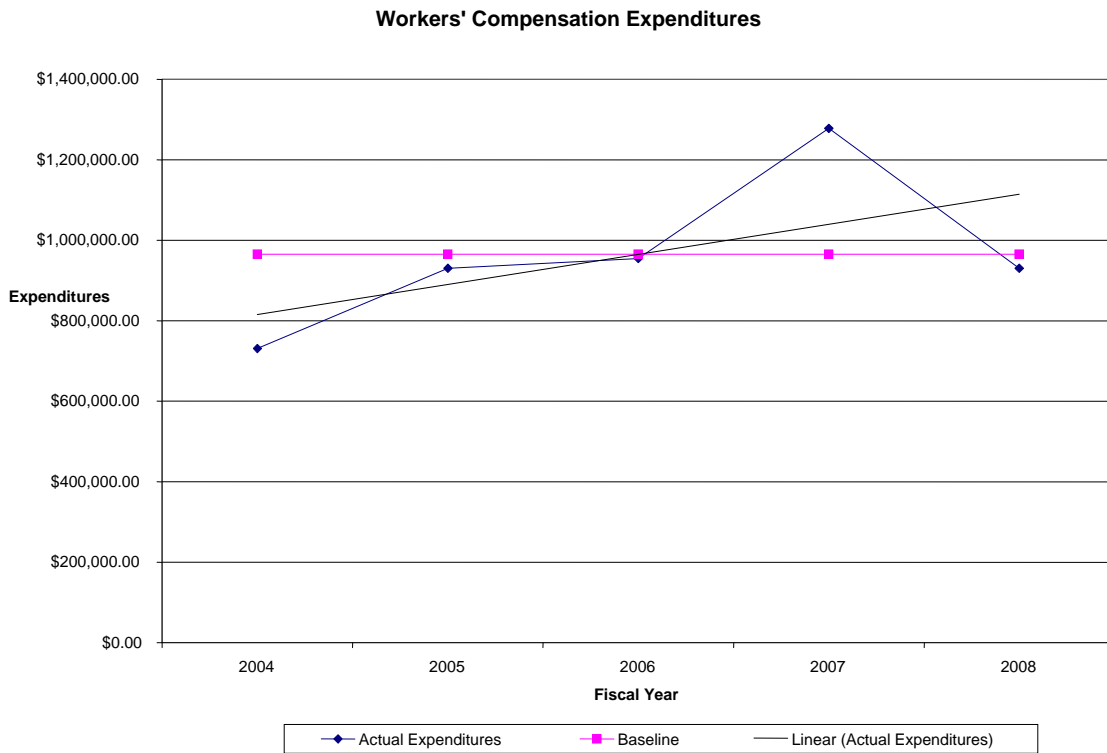
PROGRAM DESCRIPTION

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.

2009-10 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?

Continue higher scrutiny of case management on all Workers' Compensation claims

Risk Management Fund

Fund: 1001020000

Summary	2007-2008 Actual Exp/Rev	2008-2009 Original Budget	2008-2009 12 Month Estimate	2009-2010 Department Requested	2009-2010 Manager Recommended
▽ <i>Expenditures</i>					
Personnel	\$157,377	\$161,680	\$169,106	\$161,781	\$161,781
Operating	\$1,527,304	\$2,272,005	\$1,745,756	\$2,268,506	\$2,268,506
Total Expenditures	\$1,684,681	\$2,433,685	\$1,914,862	\$2,430,287	\$2,430,287
▽ <i>Revenues</i>					
Investment Income	\$262,730	\$256	\$105,706	\$4,052	\$4,052
Service Charges	\$2,293,336	\$2,433,429	\$2,433,429	\$2,426,235	\$2,426,235
Other Revenues	\$71,582	\$0	\$10,843	\$0	\$0
Total Revenues	\$2,627,648	\$2,433,685	\$2,549,978	\$2,430,287	\$2,430,287
Net Expenditures	(\$942,967)	\$0	(\$635,116)	\$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 \$3,862,966. Of these funds \$1,931,483 is restricted; \$1,688,319 has been budgeted in prior years, leaving a balance of \$243,164 available from previous years to be budgeted. The County will get two payments in FY2009-2010 (September 2009 and March 2010), and a conservative estimate is that the County will receive at least \$400,000. Of the total already received and available, adding another \$400,000 available in FY 2009-10 brings the total available amount for FY 2009-10 to \$643,164. However, in order to let this fund grow and have larger amounts available for the Capital Finance Plan (CIP) in future years only \$550,000 of the total available amount is budgeted.

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

SWAP Fund

Fund: 1001030000

Summary	2007-2008 Actual Exp/Rev	2008-2009 Original Budget	2008-2009 12 Month Estimate	2009-2010 Department Requested	2009-2010 Manager Recommended
▽ <i>Expenditures</i>					
Transfers	\$517,443	\$700,000	\$700,000	\$550,000	\$550,000
Total Expenditures	\$517,443	\$700,000	\$700,000	\$550,000	\$550,000
▽ <i>Revenues</i>					
Investment Income	\$8,321	\$0	\$3,634	\$0	\$0
Other Revenues	\$1,253,817	\$700,000	\$700,000	\$550,000	\$550,000
Total Revenues	\$1,262,138	\$700,000	\$703,634	\$550,000	\$550,000
Net Expenditures	(\$744,695)	\$0	(\$3,634)	\$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 8.04% for FY 2008-2009, in an effort to fund capital facility improvements. The long-range capital financing plan and related policies are below.

Dedicated Revenue	2009-2010
Property Taxes (4.87 cents)	\$13,810,488
½ Cents Sales Taxes	\$19,860,007
Hotel Occupancy Taxes	\$2,313,707
Interest Earnings	\$100,000
Property Sales	\$1,800,000
Misc. Rev. (American Tobacco)	\$391,257
Fund Balance	\$1,500,000
Total Resources	\$39,775,459

Proposed Expenditures	2009-2010
Transfer to Debt Service	\$37,765,459
County Contribution*	\$2,010,000
Total Expenditures	\$39,775,459

*Projects funded with County Contribution

<i>Open Space Land Acquisition:</i>	<i>\$550,000</i>
<i>Administration Building Refurbishment</i>	<i>\$1,125,00</i>
<i>County Storage Facility</i>	<i>\$100,000</i>
<i>Detention Center Annex</i>	<i>\$165,000</i>
<i>Judicial Building Refurbishment</i>	<i>\$70,000</i>

For FY 2009-2010, the portion of the countywide tax rate dedicated to the Capital Financing Plan is 4.87 cents, the same as in FY 2008-09.

While there was a significant increase in the amount of debt service payment needed for FY 2009-10, the amount of property tax needed to support this increased debt service stayed flat. This is largely due to other revenues, collected in the Debt Service Fund, being used to support debt service. The Community Health Trust Fund is supporting the new Human Services Complex debt payment with \$4.6 million, while \$1.2 million in debt issuance premium funds (extra revenue from the sale of debt) are also budgeted. Finally, \$1 million in Lottery funds are budgeted to support Durham Public School debt service payments.

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	2007-2008 Actual Exp/Rev	2008-2009 Original Budget	2008-2009 12 Month Estimate	2009-2010 Department Requested	2009-2010 Manager Recommended
▽ <i>Expenditures</i>					
Transfers	\$39,168,933	\$37,554,082	\$35,862,105	\$39,594,421	\$39,775,459
Total Expenditures	\$39,168,933	\$37,554,082	\$35,862,105	\$39,594,421	\$39,775,459
▽ <i>Revenues</i>					
Taxes	\$12,933,208	\$13,658,322	\$13,673,606	\$13,923,985	\$13,810,488
Investment Income	\$158,184	\$100,000	\$100,000	\$100,000	\$100,000
Rental Income	\$405,611	\$399,631	\$399,631	\$391,257	\$391,257
Other Revenues	\$0	\$0	\$0	\$1,800,000	\$1,800,000
Other Fin. Sources	\$20,761,677	\$23,396,129	\$20,839,806	\$23,379,179	\$23,673,714
Total Revenues	\$34,258,681	\$37,554,082	\$35,013,043	\$39,594,421	\$39,775,459
Net Expenditures	\$4,910,252	\$0	\$849,062	\$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 8.04% for the FY 2009-10 recommended budget.

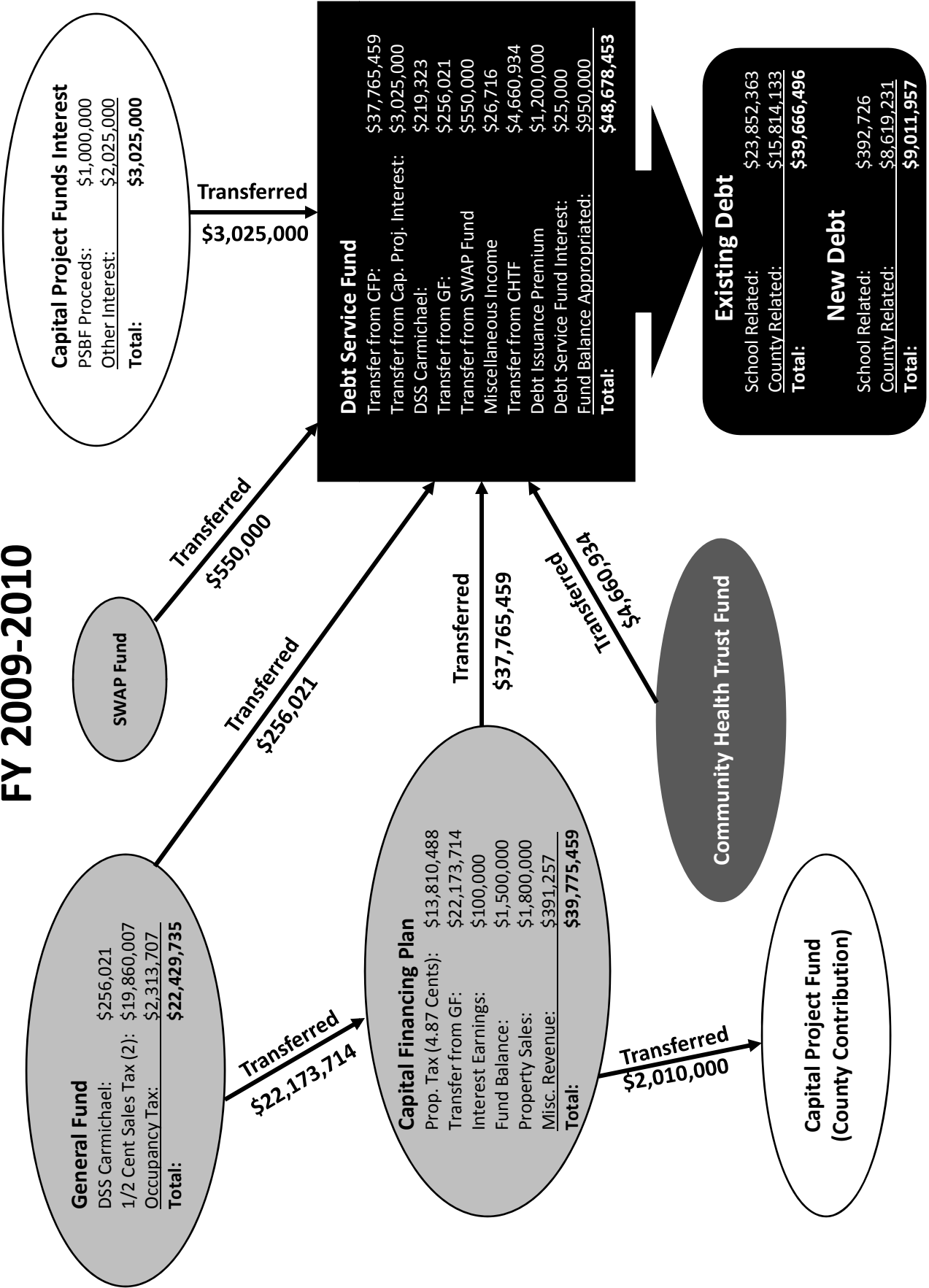
Investment earnings on unexpended debt proceeds shall be restricted to the payment of debt. Investment earnings on amounts restricted for the payment of debt and pay-as-you-go funds shall bear the same restrictions as the principal amounts generating these investment earnings.

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 2009-2010



CAFETERIA PLAN

PROGRAM DESCRIPTION

In fiscal year 2009-2010, the benefits plan has been aligned with the County's fiscal year. Whereas previously the plan followed a calendar year, the new plan will begin July 1, 2009 and run through June 30, 2010. Having the plan run on a fiscal year enables staff to budget more accurately without having to estimate what costs will be for the last six months of the fiscal year. The benefits plan has also been redesigned to move the employees' health insurance plan from fully insured to partially self funded. This change will allow for more effective and efficient management of healthcare 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 health, dental and vision coverage for all employees and to offer dependent coverage which more employees can afford. Employees will no longer be given a flexible benefits credit (FBEN) from which to purchase benefits. The County will fund a core plan.

By eliminating the FBEN credit, it is no longer necessary to budget this item within most of the departmental budgets as was done in previous years. There are a few exceptions. Agencies that pay for their own benefits (MH, Enterprise Fund, Special Revenue Fund) have the benefits cost budgeted in their agency and agencies that are able to draw down revenues for these expenditures (DSS) also have the benefits costs budgeted in their agency. Beginning this fiscal year, a transfer will be done from the General Fund \$12,764,614, Special Revenue Fund \$175,740 and the Enterprise Fund \$127,260 to the Cafeteria Fund to cover the cost of the plan.

FY2010 Benefits Plan Fund Budget:

Health,Dental,Vision,Life & AD&D, COBRA/FSA/HAS/Parking/Transportation	\$ 12,567,276
Wellness Clinic	\$ 325,352
HRA Incentives	\$ 130,000
Administration Expenses	\$ 44,986
TOTAL:	\$ 13,067,614

Cafeteria Plan

Fund: 1001500000

Summary	2007-2008 Actual Exp/Rev	2008-2009 Original Budget	2008-2009 12 Month Estimate	2009-2010 Department Requested	2009-2010 Manager Recommended
▽ <i>Expenditures</i>					
Personnel	\$1,123,311	\$1,366,449	\$1,120,510	\$11,125,536	\$12,651,676
Operating	\$37,132	\$50,000	\$50,000	\$1,942,078	\$415,938
Total Expenditures	\$1,160,443	\$1,416,449	\$1,170,510	\$13,067,614	\$13,067,614
▽ <i>Revenues</i>					
Contrib. & Donations	\$1,220	\$0	\$620	\$0	\$0
Investment Income	\$31,589	\$0	\$11,324	\$0	\$0
Other Fin. Sources	\$1,424,723	\$1,416,449	\$1,416,449	\$13,067,614	\$13,067,614
Total Revenues	\$1,457,532	\$1,416,449	\$1,428,393	\$13,067,614	\$13,067,614
Net Expenditures	(\$297,089)	\$0	(\$257,883)	\$0	\$0
FTEs	0.00	0.00	0.00	0.00	0.00

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