



Quarterly Budget Report

First Quarter of Fiscal Year 2021-22



OVERVIEW

The accompanying tables summarize the recognized revenues and expenditures for Durham County's General Fund, Capital Improvement Fund and Reappraisal Reserve Fund through September 30, 2021. Please note that 4-year First Quarter Averages have been provided for comparison. These averages reflect what was reported in the First Quarter Report for the four preceding fiscal years.

Additionally, a dashboard representation is provided as a convenient way to monitor the progress of FY 2021-22 revenues and expenditures. The dashboard uses a "traffic light" indicator to represent where agencies' revenues and expenditures are in comparison to a 4-year First Quarter Average. The simple indicator alone is not a cause for concern, rather an area that merits a second look. For all "red light" indicators an overview of the cause is provided.

For revenues, green represents revenues at 90% or greater than the 4-year average, yellow represents revenues between 70% and up to 90% of the 4-year average, and red represents revenues below 70% of the average. For expenditures, green represents expenditures not more than 2% greater than the 4-year average, yellow represents expenditures between 2% and 5% greater than the average, and red represents expenditures greater than 5% of the average.

REVENUE SUMMARY

Through September 30, 2021, the County collected \$67,051,614 or 11.28% of the budgeted General Fund, Capital Improvement Fund and Reappraisal Reserve Fund revenue. Two of the most significant revenues in these funds, property tax and sales tax revenue collections, traditionally are not received in significant amounts until the Second Quarter of the fiscal year.

Current year property tax collection, the largest single revenue source for Durham County, is slightly over the 1st Quarter 4-year average (13.12% collected, vs 10.12% respectively). Vehicle property tax collection is following the 4-year average. Overall trending for this largest revenue sources is looking solidly normal. Second and third quarters will give more perspective on the property tax collection rates.

Due to the method of distribution from the North Carolina Department of Revenue, no sales tax collections are recorded during the 1st Quarter of the fiscal year, and therefore show at 0%. The July 2021 (1st month of FY 2021-22) sales taxes were received in October 2021 and will be reflected in the second quarter report.

Register of Deeds Registration and Transfer fees continue to collect at a high level in every quarter for the last two years, reflective of a very active Durham County housing market.



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Key Revenues	Current Budget	Revenues End of Qtr.	% Revenues	4 Prior Year Qtr. Average	Status of Revenues
ABC Net Profit Distribution	\$2,500,000	\$0	0.00%		●
Animal Control Fees	\$40,000	\$5,575	13.94%	21.08%	●
Article 39 (1 Cent)	\$27,825,156	\$0	0.00%	0.00%	●
Article 40 (1/2 Cent)	\$16,389,296	\$0	0.00%	0.00%	●
Article 42 (1/2 Cent)	\$19,585,353	\$0	0.00%	0.00%	●
Article 44 (1/2 Cent)		\$0	0.00%		
Article 46 (1/2 Cent)	\$16,956,287	\$0	0.00%	0.00%	●
City Sales Tax ILA	\$13,799,581	\$0	0.00%	2.28%	●
Community Health Fund	\$2,606,506	\$2,606,506	100.00%	98.07%	●
Court Facilities Fees	\$220,000	\$46,095	20.95%	19.86%	●
Deed Registratration and Transfer Fees	\$6,300,000	\$2,228,461	35.37%	32.61%	●
EMS Patient Fees	\$9,430,000	\$681,712	7.23%	22.26%	●
Fund Balance Appropriated	\$24,175,451	\$0	0.00%		●
Intergovernmental Items	\$58,799,658	\$13,814,566	23.49%	20.66%	●
Investment Revenue	\$1,010,005	\$0	0.00%	30.35%	●
Local Occupancy Tax (General Fund)	\$2,309,194	\$608,365	26.35%	17.67%	●
Local Occupancy Tax (NCMLS)	\$264,186	\$0	0.00%		●
Other General Funds Revenues	\$9,583,497	\$1,385,873	14.46%	15.47%	●
Property Tax (All Except Vehicle)	\$312,170,383	\$40,951,508	13.12%	10.12%	●
Property Tax (Vehicles Only)	\$19,047,516	\$3,933,171	20.65%	20.87%	●
Sheriff Fees	\$500,000	\$84,319	16.86%	19.67%	●
Solid Waste Management Fee Co	\$2,321,057	\$458,528	19.76%	14.04%	●
Transfers From Other Funds	\$48,627,631	\$246,934	0.51%	1.02%	●
Total	\$594,460,757	\$67,051,614	11.28%	9.67%	

- Current year collections equal 90% or greater than 4-year same quarter average
- Current year collections equal 90% to 70% of 4-year same quarter average
- Current year collections equal 70% or less than 4-year same quarter average

Key revenue items with red indicator include:

- **Animal Control Fees:** The total fee budget is so small (\$40,000 is budgeted) that variances in actual revenue collection through the first quarter can greatly affect the collection % versus the 4-year average. Both the Sheriff and the Budget Office will keep an eye on this revenue collection over the next several quarters, but at this time sees no major issues with overall fee collection.
- **City Sales Tax ILA:** This revenue source is based off an agreed interlocal agreement formula between the City and County. When sales tax funds are received by both entities the formula will allot the appropriate amount of funding to the County. There is no issue here other than no sales tax revenue has yet been collected (see sales tax explanation on first page).



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- EMS Patient Fees:** The primary reason these fees are under collected is that only three of the five state provider plan contracts required under Medicaid transformation - effective July 1, 2021 - have been executed. EMS expects the remaining two contracts to be executed in early November, and it should begin receiving payments backdated to the beginning of the fiscal year shortly after.
- Investment Revenue:** Although investment revenue has actually been received and currently resides in Treasury Pool, the allocation of these earnings to the individual funds has not been posted yet. In future quarterly reports these revenues will be updated. While the annual budget was revised, in response to lower investment earnings since the onset of the pandemic, actual collections are potentially still going to be lower than in recent years.
- Transfer from Other Funds:** The majority of transfers from other funds does not occur until Finance completes the end of fiscal year processes as a part of the fourth quarter of a fiscal year. All transfers will occur by the end of the fiscal year.

Revenues by Department	Current Budget	Revenues End of Qtr.	% Revenues	4 Prior Year Qtr. Average	Status of Revenues
Board Of County Commissioners		\$1	0.00%		●
Finance	\$132,270,356	\$160,826	0.12%	1.42%	●
Tax Administration	\$336,765,379	\$46,011,102	13.66%	10.84%	●
Elections	\$659,300	(\$121,218)	-18.39%	0.27%	●
Register Of Deeds	\$6,520,520	\$2,287,967	35.09%	32.40%	●
General Services	\$2,789,757	\$541,992	19.43%	17.42%	●
Human Resources	\$20,000	\$1,502	7.51%	27.88%	●
Veterans Services	\$2,000	\$0	0.00%	0.00%	●
County Sheriff	\$4,512,034	\$524,119	11.62%	20.31%	●
Office of Emergency Services	\$14,492,062	\$3,509,294	24.22%	33.37%	●
Criminal Justice Resource Center	\$1,206,488	\$85,598	7.09%	16.12%	●
Youth Home	\$669,000	\$2,918	0.44%	11.24%	●
Other Transportation	\$477,000	\$0	0.00%		●
Engineering & Environ Svcs	\$27,350	\$16,448	60.14%	30.95%	●
Cooperative Extension Service	\$208,400	\$30,034	14.41%	9.55%	●
Soil And Water Conservation	\$29,788	\$0	0.00%		●
Public Health	\$14,154,364	\$1,191,828	8.42%	15.37%	●
Social Services	\$30,544,141	\$12,475,115	40.84%	21.36%	●
Other Education	\$2,000	\$2,000	100.00%		●
Library	\$483,187	\$85,153	17.62%	16.80%	●
Nondepartmental	\$48,627,631	\$246,934	0.51%	1.02%	●
Total	\$594,460,757	\$67,051,614	11.28%	9.63%	

- Current year collections equal 90% or greater than 4-year same quarter average
- Current year collections equal 90% to 70% of 4-year same quarter average
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Agency specific revenue items with red indicator include:

- **Finance:** The largest amounts of Finance department revenue are mostly collected later in the fiscal year, the 2nd, 3rd, and 4th quarters. Sales tax revenue is collected in this department as well as ABC related revenues and investment revenues. All those revenue sources similarly lag in collection. Overall, there is no concern about Finance revenue collections for the 1st quarter
- **Elections:** In FY 2020-21 the Board of Election's received a grant from The Center for Tech and Civic Life to assist with costs associated with holding an election in the middle of the COVID-19 pandemic. Any grant dollars not expended by the end of FY 2020-21 were to be returned to the organization. The negative revenue, shown as a red indicator, reflects that repayment of unspent grant dollars to the organization. Revenues are expected to be collected as budgeted for the remainder of the fiscal year.
- **Human Resources:** Revenues received in this department are for the Employee appreciation program. The program is funded with County vending machine income. Due to the ongoing COVID-19 pandemic, less employees are working in Durham County facilities and utilizing vending machines.
- **County Sheriff:** The primary driver of the under-collected Durham Sheriff's Office revenue is that the Federal Prisoner fees are significantly under collected for the first quarter. The Board of Commissioners approved in April 2021 an agreement between United States Marshals Service and Durham County Sheriff's Office which increased fees the Sheriff's Office receives from the transportation and housing federal detainees, correspondingly the approved FY 2021-22 budget line for federal prisoner fees was increased from \$100K to \$1.67M. However, only \$163,609 was collected in the first quarter. The Budget Office and Durham Sheriff's Office are closely monitoring this line and will report back on any issues if collections continue at this rate.
- **Criminal Justice Resource Center:** The first quarter actual revenue collection does not reflect Juvenile Crime Prevention Commission disbursements that CJRC has received because the revenue has yet to post in the County finance system. Once that issue is resolved, the actual revenue collected will reflect higher collections. CJRC received about \$216K in JCPC funding in the first quarter. CJRC overall revenue collection is on pace to meet budgeted amounts for the fiscal year.
- **Youth Home:** Similar to CJRC, the Youth Home's actual revenue collection does not reflect the amount of revenue received due to delays in revenue posting in the County finance system. The Youth Home has received about \$4,700 from state Child Nutrition Services and billed almost \$141K to the state Department of Juvenile Justice during the First Quarter. Traditionally, about \$30K-50K of the first quarter billing is reflected in first quarter actuals. The Youth Home is on pace to meet budgeted revenue projections.
- **Public Health:** Public Health's total budgeted revenue, through mid-year budget amendments, for FY 2021-22 has increased by roughly 5 million from multiple Covid-19 related grants from the North Carolina Department of Health and Human Services. While



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Public Health has budgeted these grants, actual grant revenue collection will continue well into the 3rd and 4th quarter of the year. Additionally, non-Covid related revenues continue to be collected, but most of those collections occur in the 3rd and 4th quarter of the fiscal year. These two factors have temporarily skewed Public Health's collection rate percentage. While the collection rate percentage is down for the first quarter, the total average should normalize as the fiscal year progresses.

- **Non-departmental:** Please see the comprehensive explanation for this indicator under "Transfers from Other Funds" under the Key Revenue section.



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EXPENDITURE SUMMARY

Expenses by Department	Current Budget	Expenses and Encumbrances End of Qtr.	% Expenses and Encumbrances	4 Prior Year Qtr. Average	Status of Expenses
Board Of County Commissioners	\$783,101	\$270,831	34.58%	36.62%	●
County Administration	\$3,919,545	\$1,077,399	27.49%	27.27%	●
Finance	\$3,522,835	\$1,150,963	32.67%	32.49%	●
Tax Administration	\$7,340,757	\$2,484,312	33.84%	37.23%	●
Legal	\$2,678,533	\$689,065	25.73%	24.72%	●
Court Facilities	\$384,085	\$290,506	75.64%	74.65%	●
Elections	\$3,219,531	\$1,205,286	37.44%	27.00%	●
Register Of Deeds	\$2,223,914	\$804,137	36.16%	29.43%	●
General Services	\$18,404,312	\$7,957,700	43.24%	42.66%	●
Information Technology	\$13,714,080	\$4,194,950	30.59%	28.47%	●
Human Resources	\$3,020,773	\$737,521	24.41%	32.72%	●
Budget & Management Services	\$905,011	\$225,640	24.93%	23.77%	●
Veterans Services	\$377,346	\$99,909	26.48%	25.86%	●
Geographic Information Systems	\$468,927			18.44%	
County Sheriff	\$40,338,637	\$11,973,065	29.68%	32.18%	●
Emergency Communications	\$1,566,863	\$273,929	17.48%	23.66%	●
Office of Emergency Services	\$20,207,429	\$5,742,998	28.42%	30.03%	●
Medical Examiner	\$350,000	\$55,200	15.77%	54.69%	●
Criminal Justice Resource Center	\$5,675,585	\$1,764,644	31.09%	28.47%	●
Youth Home	\$1,496,487	\$426,909	28.53%	28.61%	●
Other Transportation	\$981,527	\$212,660	21.67%	15.62%	●
Engineering & Environ Svcs	\$2,406,010	\$777,437	32.31%	33.22%	●
Other Environmental Protection	\$58,640	\$58,640	100.00%	100.00%	●
Open Space Management	\$232,644	\$132,469	56.94%	66.49%	●
Planning	\$1,339,063			16.25%	
Cooperative Extension Service	\$2,447,195	\$1,060,773	43.35%	29.48%	●
Soil And Water Conservation	\$724,943	\$279,634	38.57%	27.37%	●
Economic Development	\$3,992,484	\$1,173,632	29.40%	26.73%	●
Public Health	\$38,527,119	\$15,208,486	39.47%	42.40%	●
Mental Health	\$6,349,700	\$6,349,700	100.00%	100.00%	●
Social Services	\$54,997,848	\$14,292,000	25.99%	26.79%	●
Other Human Services	\$677,182	\$352,182	52.01%	39.62%	●
Durham Public Schools	\$166,206,627	\$55,402,209	33.33%	33.33%	●
Community Colleges	\$8,954,166	\$2,984,722	33.33%	33.33%	●
Other Education	\$6,382,115	\$338,538	5.30%	42.95%	●
Library	\$12,143,258	\$4,357,918	35.89%	39.14%	●
Other Cultural & Recreational	\$2,300,841	\$1,842,841	80.09%	88.17%	●
Nondepartmental	\$160,932,959	\$8,228,088	5.11%	5.20%	●
Total	\$600,252,072	\$154,476,889	25.74%	26.19%	

- Current year expenditures are up to 2% greater than 4-year same quarter average
- Current year expenditures are between 2% to 5% greater of 4-year same quarter average
- Current year expenditures are more than 5% greater than 4-year same quarter average



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General Fund, Capital Improvement Fund and Reappraisal Reserve Fund expenditures and encumbrances through September 30, 2021, total \$154,476,889 or 25.74% of the budget. The percentage is slightly lower than the 4-year average of 26.19%.

During the first quarter, expenditure percentages for some departments exceeded the 4-year average spending levels due in part to the timing of encumbered contracts. Based on past trends as the fiscal year progresses, a normal expenditure pattern usually emerges. All expenditure levels were reviewed and a brief explanation for those trending at the higher levels noted in red follows below.

Agency specific expenditure items in red include:

- **Elections:** The majority of the Board Elections' approved budget is in support of a November 2021 municipal election. Actual expenditures for the department have accrued in preparation of that election, thus the percentage spent for the current fiscal year is higher than the average of previous years. This budget likely be fully spent because of the election and the related effects and precautions around the COVID-19 pandemic. Because election cycles are different from year to year the four-year average for the Board of Election is typically skewed due to the number and time of year of elections.
- **Register of Deeds:** The Register of Deeds Office is in the process of installing a new computer system and is paying for it out of its Automation Cost Center budget. About 80 percent of the Automation Cost Center budget was expended during first quarter to complete the project. The new system has a "Go-Live" date of May 2022. Otherwise, overall ROD actual spending is on pace with budget.
- **Other Transportation:** The entire annual amount of GoTriangle grant funding - \$196,100 - that is used to support ACCESS transit services was encumbered in the first quarter. That encumbrance will be liquidated over the course of the FY 2021-22 fiscal year to pay Durham City invoices. Also, the area may appear to be higher trending in current year spending because the ACCESS fund center and one FTE were moved to "Other Transportation" beginning in FY 2021-22, and thus the previous four-year comparison is no longer valid There is no concern for overspending in this area.
- **Cooperative Extension Service:** The Covid-19 Pandemic exacerbated food security issues in Durham County. To combat the rise in food insecurity, the County has contracted out with local businesses such as Beyu Café and Farmer Foodshare to prepare fresh cooked meals or produce boxes that are delivered to food insecure families in Durham County. These contracts account for the increase in overall expenditures for Cooperative Extension in the first quarter by roughly \$700,000+. These contracts will likely end in January 2022, which will prompt an overall drop in expenditures for quarter 3 and 4.
- **Soil and Water Conservation:** For FY 2021-22, Soil and Water received a \$25,000 increase in expenditures for the mini grant program, which took the program from \$50,000 to \$75,000. The mini grant program provides grants of no more than \$5,000 to local businesses, organizations, and Durham Public Schools to create agriculture projects that benefit the local



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community. The majority of the mini grant funding has been encumbered for the fiscal year, which accounts for the overall increased percentage rate. The expenditures for Soil and Water should normalize as the fiscal year progresses.

- **Other Human Services:** Due to the Covid-19 Pandemic, Durham County has funded emergency shelters to prevent and stop the spread of Covid within the unhoused population. An encumbrance to fund this endeavor for the remaining portion of the contract has increased overall expenditures. Additionally, Durham Access Transportation was moved from this business area to the Transportation business area, which has reduced the overall budget, skewing overall expenditures. The business area will not be overspent at the end of FY 2021-22.

SUMMARY

FY 2021-22 first quarter summary information looks steady and encouraging. Total revenue collection is higher than average and expenditures are slightly lower than the 4-year average. With three quarters of the year left there is still plenty of time for significant changes to this early trending, but judicious decision making and a hopefully receding pandemic environment will stabilize the local community and economy, which means no expensive surprises presented to the County. ARPA related funding and spending, if cycled through the General Fund may skew future quarter numbers depending on policy and programmatic decisions made by management and the Board of County Commissioners. Even if that happens it is more of a mathematical issue than any real change in County financial stability, as all ARPA related spending will be supported with an equal amount of ARPA funding.

By the end of the second quarter significant property tax revenue and three months of sales tax revenue will have been collected. This 2nd quarter report will solidify any general trending the County may experience.