



DURHAM COUNTY NC

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR END JUNE 30, 2021

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County of Durham, North Carolina



Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021

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Prepared by the Durham County Finance Department

INTRODUCTORY SECTION

<i>Letter of Transmittal</i>	vii
<i>Principal Officials</i>	xix
<i>Organizational Chart</i>	xxi
<i>GFOA Certificate of Achievement</i>	xxiii

FINANCIAL SECTION

<i>Report of Independent Auditor</i>	1
<i>Management’s Discussion and Analysis</i>	3
<i>Basic Financial Statements:</i>	
<i>Government-Wide Financial Statements:</i>	
<i>Statement of Net Position</i>	27
<i>Statement of Activities</i>	29
<i>Fund Financial Statements:</i>	
<i>Balance Sheet – Governmental Funds</i>	31
<i>Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position</i>	32
<i>Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds</i>	33
<i>Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities</i>	34
<i>Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund</i>	35
<i>Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Community Health Trust Fund</i>	38
<i>Statement of Net Position – Proprietary Funds</i>	39
<i>Statement of Revenues, Expenditures and Changes in Fund Net Position – Proprietary Funds</i>	40
<i>Statement of Cash Flows – Proprietary Funds</i>	41
<i>Statement of Fiduciary Net Position</i>	42
<i>Statement of Changes in Fiduciary Net Position</i>	43
<i>Notes to the Basic Financial Statements</i>	45

REQUIRED SUPPLEMENTARY INFORMATION

<i>Schedule of the County’s Proportionate Share of Net Pension Liability – Local Governmental Employees’ Retirement System</i>	125
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<i>Schedule of the County's Contributions – Local Governmental Employees' Retirement System</i>	126
<i>Schedule of the County's Proportionate Share of Net Pension Asset – Register of Deeds' Supplemental Pension Fund</i>	127
<i>Schedule of the County's Contributions – Register of Deeds' Supplemental Pension Fund</i>	128
<i>Schedule of the County's Proportionate Share of the Net Pension Liability – Firefighters' and Rescue Squad Workers' Pension Fund</i>	129
<i>Schedule of Changes in Total Pension Liability – Law Enforcement Officers' Special Separation Allowance</i>	130
<i>Schedule of Total Pension Liability as a Percentage of Covered Payroll – Law Enforcement Officers' Special Separation Allowance</i>	131
<i>Schedule of Changes in the Total OPEB Liability and Related Ratios – Other Post-Employment Benefits</i>	132

OTHER SUPPLEMENTARY INFORMATION

<i>Combining and Individual Fund Statements and Schedules</i>	
<i>Major Governmental Funds:</i>	
<i>Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund</i>	135
<i>Schedule of Expenditures Compared with Project Authorizations – Capital Projects Fund</i>	136
<i>Combining and Individual Fund Statements and Schedules:</i>	
<i>Combined Balance Sheet – Nonmajor Governmental Funds</i>	141
<i>Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds</i>	142
<i>Combining Balance Sheet – Nonmajor Special Revenue Funds</i>	144
<i>Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds</i>	146
<i>Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:</i>	
<i>Bethesda Fire Tax District Fund</i>	148
<i>Lebanon Fire Tax District Fund</i>	149
<i>Parkwood Fire Tax District Fund</i>	150
<i>Redwood Fire Tax District Fund</i>	151
<i>New Hope Fire Tax District Fund</i>	152
<i>Eno Fire Tax District Fund</i>	153
<i>Bahama Fire Tax District Fund</i>	154
<i>Bethesda Service Tax District Fund</i>	155

<i>Durham County Fire and Rescue Service Tax District Fund</i>	156
<i>Special Park Tax District Fund</i>	157
<i>Major Business-Type Fund:</i>	
<i>Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP Basis) – Enterprise Fund – Sewer Utility Fund</i>	161
<i>Reconciliation of Modified Accrual Basis to Full Accrual Basis - Enterprise Fund – Sewer Utility Fund</i>	162
<i>Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP Basis) – Enterprise Fund – Stormwater Fund</i>	163
<i>Reconciliation of Modified Accrual Basis to Full Accrual Basis – Enterprise Fund – Stormwater Fund</i>	164
<i>Fiduciary Funds:</i>	
<i>Combining Statement of Fiduciary Net Position – Private-Purpose Trust</i>	167
<i>Combining Statement of Changes in Fiduciary Net Position – Private-Purpose Trust</i>	168
<i>Combining Statement of Fiduciary Net Position – Custodial</i>	170
<i>Combining Statement of Changes in Net Position – Custodial</i>	172
<i>Capital Assets, Long-Term Debt and Other Information:</i>	
<i>Capital Assets Used in the Operation of Governmental Funds:</i>	
<i>Schedule by Function and Activity</i>	176
<i>Schedule of Changes by Function and Activity</i>	180
<i>Gross Bonded Debt and Other Long-Term Debt</i>	182
<i>Analysis of Current Tax Levy</i>	186
<i>Schedule of Ad Valorem Taxes Receivable by Fund</i>	187
<i>Schedule of Ad Valorem Taxes Receivable by Levy Year</i>	188

STATISTICAL SECTION

<i>Net Position by Component – Last Ten Fiscal Years</i>	191
<i>Changes in Net Position – Last Ten Fiscal Years</i>	192
<i>Fund Balances, Governmental Funds – Last Ten Fiscal Years</i>	194
<i>Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years</i>	195
<i>Government-Wide Expenses by Function – Last Ten Fiscal Years</i>	196
<i>Government-Wide Revenues – Last Ten Fiscal Years</i>	198
<i>General Government Expenditures by Function – Last Ten Fiscal Years</i>	200
<i>General Government Revenues by Source – Last Ten Fiscal Years</i>	202
<i>Principal Property Taxpayers – Current and Nine Years Ago</i>	207
<i>Assessed Value and Actual Value of Taxable Property – Last Ten Fiscal Years</i>	208
<i>Property Tax Levies and Collections – Last Ten Fiscal Years</i>	209

<i>Property Tax Levies – Direct and Overlapping Local Government Jurisdictions – Last Ten Fiscal Years</i>	210
<i>Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years</i>	212
<i>Ratio of Net Bonded Debt to Assessed Value and Net Bonded Debt per Capita – Last Ten Fiscal Years</i>	214
<i>Legal Debt Margin Information – Last Ten Fiscal Years</i>	216
<i>Direct and Overlapping Governmental Activities Debt</i>	218
<i>Ratio of Annual Debt Service for Bonded Debt to Total General Governmental Expenditures – Last Ten Fiscal Years</i>	219
<i>Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years</i>	220
<i>Ratios of Outstanding Debt by Type – Last Ten Fiscal Years</i>	222
<i>Full-Time Equivalent County Government Employees by Function – Last Ten Fiscal Years</i>	226
<i>Operating Indicators by Function – Last Ten Fiscal Years</i>	228
<i>Capital Asset Statistics by Function – Last Ten Fiscal Years</i>	229
<i>Property Value and Construction – Last Ten Fiscal Years</i>	233
<i>Demographic and Economic Statistics – Last Ten Years</i>	234
<i>Principal Employers – Current and Nine Years Ago</i>	235
 <i>Compliance Section:</i>	
<i>Covenant Compliance:</i>	
<i>Report of Independent Auditor on the Revenue Bond Covenant Compliance</i>	237
<i>Schedule of Debt Covenant Compliance</i>	239

**INTRODUCTORY SECTION
(TAB)**



January 27, 2022

Honorable Chairman and Members of the Board of County Commissioners
Durham County
Durham, North Carolina

State law requires that all general-purpose local governments publish a complete set of financial statements. The financial statements must be presented in accordance with accounting principles generally accepted in the United States of America and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to these requirements, we hereby issue the annual comprehensive financial report of Durham County for the fiscal year ended June 30, 2021.

This report consists of management's representations concerning the finances of Durham County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Durham County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Durham County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Durham County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Durham County's financial statements have been audited by Cherry Bekaert LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Durham County for the fiscal year ended June 30, 2021 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion and that Durham County's financial statements for the fiscal year ended June 30, 2021 are fairly presented in conformity with GAAP. The report of the

independent auditor is presented as the first component of the financial section of this report.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act, requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and North Carolina state law for state funds. Information related to this single audit, including the schedule of financial assistance, findings and questioned costs, and the report of the independent auditor on the internal control structure and compliance with applicable laws and regulations are presented in a separate document.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Durham County's MD&A can be found immediately following the report of the independent auditor.

Profile of the Government

Durham County, incorporated in 1881, is located in the piedmont part of the state, which is considered to be the top growth area in the State, and one of the top growth areas in the country. Durham County currently occupies a land area of 299 square miles and serves a population of 331,807. Durham County is empowered to levy a property tax on both real and personal properties located within its boundaries.

Durham County has operated under the commissioner-manager form of government since 1930. Policy-making and legislative authority are vested in a governing board consisting of the chairman, vice-chairman and three other members. The governing board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the government's manager (county manager), attorney and tax administrator. The county manager is responsible for carrying out the policies and ordinances of the governing board, for overseeing the day-to-day operations of the government, and for hiring the heads of the various departments. Effective with the 2004 election, the board members currently serve four-year terms. The chairman and the vice-chairman of the board are voted upon by the board in their first meeting which is in December after being sworn into office.

Durham County provides a full range of services, including sheriff and fire protection, emergency medical, human services (public health and social services), elections, register of deeds, animal control, youth home, criminal justice and cultural and recreational. Funding is provided for educational services of the Durham Public Schools and Durham Technical Community College. Funding is provided for cultural and recreational services of the North Carolina Museum of Life and Science. Also, the County funds services provided in conjunction with the City of Durham through interlocal agreements including economic and physical development, emergency communications, environmental engineering and inspections. Solid waste services are provided through contracting with a private company. Mental health services that include substance abuse and developmental disabilities are provided through a contract with a Managed Care Organization (MCO), Alliance Behavioral Healthcare, Inc. In accordance with standards of the Governmental

Accounting Standards Board (GASB) defining the governmental reporting entity, this report includes all funds and component units (except as noted below) that are controlled by or are dependent on the County's governing body. Component units are legally separate entities for which Durham County is financially accountable. The Durham County Board of Alcoholic Beverage Control (ABC Board) is a discretely presented component unit of Durham County. Additional information on the ABC Board can be found in Note A.1 in the notes to the financial statements. The Durham County Industrial Facility and Pollution Control Financing Authority (the "Authority") exists to issue and service revenue bond debt for private businesses for economic development purposes. The Authority is governed by a seven-member board, all of whom are appointed by the County Commissioners. The County can remove any board member of the Authority with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the financial statements. The Authority does not issue separate financial statements. Other governmental type entities within the County which have substantial autonomy and separate governmental characteristics are the Durham Public School Administrative Unit, Durham Technical Community College, Raleigh-Durham Airport Authority, the Special Airport District of Durham and Wake Counties, Triangle J Council of Governments, GoTriangle, Durham and Wake Counties Research and Production Service District and Advisory Committee, Durham Convention and Visitors Bureau, and the Alliance Behavioral Healthcare, Inc. These entities have not met the established criteria for inclusion in the reporting entity, and accordingly are excluded from this report.

The annual budget serves as the foundation for Durham County's financial planning and control. All agencies of Durham County are required to submit requests for appropriation to the county manager on or before March 15th of each year. The county manager uses these requests as the starting point for developing a proposed budget. The county manager then presents this proposed budget to the commissioners for review prior to May 31st of each year. The board is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, the close of Durham County's fiscal year. The adopted budget is prepared by fund, function (e.g., public safety), and department (e.g., sheriff). However, the appropriations are formally budgeted and approved on a functional basis. Budget-to-actual comparisons are provided for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and the community health trust fund, a major special revenue fund, this comparison is presented on pages 35-38 as part of the basic financial statements for the governmental funds. For other major funds and nonmajor governmental funds, with appropriated annual budgets, this comparison is presented in the other supplementary section of this report, which starts on page 135.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County of Durham operates.

Local Economy

Economic Development

Durham County has an expanding, diversified economy with a strong foundation in life sciences, information technology, cleantech, health care, and medical related industries. The City of Durham, the County's major municipality, is known as the City of Medicine because of the significant impact that biotechnology, health care and other medical related industries have on the economic base.

The County possesses a variety of technical resources and intellectual assets such as three nationally renowned doctoral based research universities with a strong entrepreneurial focus located in the region, state funded research centers in biotechnology and microelectronics, and a strong business support system. Close collaboration between the academic and business communities fosters a free-flowing exchange of information and ideas beneficial to both groups. In 2021, a Wallethub survey ranked Durham as the #2 best city to start a business, #1 city for "access to resources", #4 for best run City, #14 for best city nationally, and #18 for business costs. Also, in 2021, U.S. News & World Report ranked Durham and Raleigh collectively as the #2 best place to live in the country. The website <https://livability.com> ranked Durham as the 25th best place to live in America, receiving the highest scores in demographics, economy, education, health, amenities and remote ready.

Construction of new facilities and expansion of others is testimony to the fact that Durham is a nurturing environment for start-up companies and for more established companies. Many companies from various regions of the U.S. as well as other countries have moved their headquarters here to take advantage of the County's diverse resources in an environment that fosters business development. SmartWires, who partners with electric companies around the world to improve the efficiency of electric transmission grids, located their corporate headquarters in Durham in 2021. Durham experienced economic development in calendar year 2020 totaling \$750 million, with 2,500+ jobs announced in the County. In addition, business expansions announced for calendar year 2021 totaled over \$380 million with plans to create another 850 new jobs. An annual study by CBRE in 2020 rated the Durham-Raleigh as the #5 life sciences cluster in the country.

The diversity of industries represented in the County and its strong emphasis on business development through research and development has brought national recognition to the area. The County continues to receive recognitions nationally for its improvement economically. Moody's analytics analyzed U.S. metro areas capabilities for a strong recovery post-coronavirus and Durham County was reported as one of the top 100 U.S. cities best positioned to bounce back from the coronavirus pandemic. Travel + Leisure magazine ranked Durham as one of the "50 Best Places to Travel in 2021". To round out the accolades, a study by Filterbuy ranked Durham as the 11th most affordable mid-sized city in 2021.

Research and Development

Durham is located at the pinnacle of North Carolina's famous Research Triangle Park, formed in 1959 by business leaders, government officials and leaders from Duke University of Durham, North Carolina State University in Raleigh and the University of

North Carolina at Chapel Hill. The Research Triangle Park (RTP) consists of 7,000 acres of land, 95% of its corporate enterprises are located in Durham County. In its fifty-ninth year, RTP is the longest-operating research park in the country. RTP is also the nation's largest and most successful research and development-oriented business park. There is more than 300 tenant companies and organizations located in the Park that represent some of the world's largest and most prestigious corporate and government organizations in scientific and technological research. Businesses in the Park employ approximately 55,000 full-time employees and an estimated 8,000 contract employees. In addition, the park's first live, work, play development is under way in Hub RTP that will bring 1 million square feet of office space, 130,00 square feet of combined office and retail experiences, a 150-room boutique hotel and a 275-room full-service hotel on site, 1200 apartment units, and 230,000 square feet of customizable lab space.

The number of research and development companies in the Park as well as other areas of the County continues to grow. In calendar year 2021, Jaguar Gene Therapy, focused on accelerating breakthroughs in gene therapy for larger patient populations suffering from severe genetic diseases, announced an investment of \$125 million in a Good Manufacturing Practices facility and creating 200 new jobs. SmartWires, with their revolutionary SmartValve™ technology, announced an investment of \$23.5 million and the creation of 250 jobs. Also occurring in 2021, CARsgen Therapeutics, a biopharmaceutical company focused on innovative CAR-T cell therapies for the treatment of hematological malignancies and solid tumors, announced a \$157 million investment that will create 200 jobs. Lastly, Taysha Gene Therapies, who is developing an extensive portfolio of gene therapies and expects to file as many as four Investigational New Drug (IND) applications for its product candidates in 2022, announced 201 new jobs and a \$75 million investment.

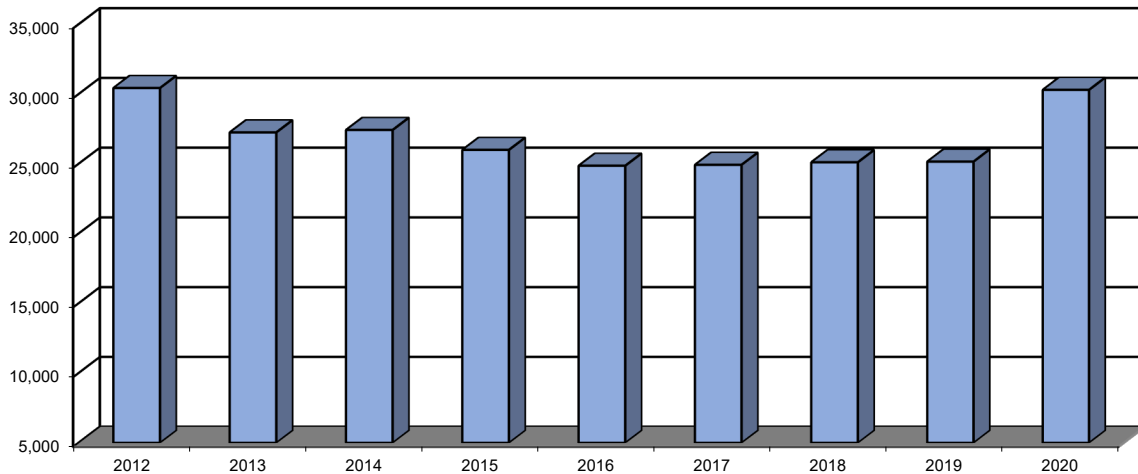
Research conducted in Durham County continues to cover a broad range of high-tech fields such as biotechnology, medical instrumentation, metallurgy, electronic hardware and software development, health care products, digital switching and transmission systems, telecommunication and microelectronics. There also continues to be an abundance of highly skilled graduates from the region's research universities and prestigious law, business and medical schools. In 2021, North Carolina Central University was ranked as the #7 of the top 25 HBCUs by College Raptor. In September 2020, US News, ranked Duke #12 in "National Universities" and ranked North Carolina Central University #10 in "Biological/Agricultural" and #9 "Software Engineering."

Health Care

The City of Durham is called the City of Medicine because of its vibrant healthcare industry, which includes more than 1,200 medical- and health-related companies that are located in Durham County. There is a wide spectrum of major medical centers in the area, including Duke University Medical Center. In July 2021, US News & World Report ranked Duke University School of Nursing #2 "best graduate nursing school" and #1 "best nursing school for Nurse Practitioner: Family"; Duke also nationally ranked as high performing in 11 adult specialties and 9 children's specialties. US News & World Report "Best Regional Hospitals" ranked Duke #1 as "Best Hospitals in Raleigh-Durham, NC". Duke is a world class academic and health care system; transforming medicine locally and globally through innovative medical research; and educating future clinical and scientific leaders. The result is that Durham County has four times the national average of physicians, three times the

national average of nurses, and nearly one third of all workers in the labor force works in a health or medical related industry.

Manufacturing



Source: Employment Security Commission (ESC)

Durham County is a strong manufacturing center in the region. The manufacturing sector experienced a slight increase in employment from 23,137 in 2019 to 28,280 in 2020. The County experienced an increase of 5,143 (18.19 percent) manufacturing jobs in calendar year 2020. With this slight increase in jobs in this sector, the local economy continues to remain stable even with the rise in the unemployment rates for the Nation, State, and the County. The County will continue to have strong representation in the manufacturing sector with the continuously improving economy.

Telecommunications

Durham's telecommunications infrastructure is among the most advanced in the nation, providing high-speed multimedia transmission. Frontier Communications, formally Verizon, is the nation's largest provider of communication services and is the provider of phone service to Durham County, which has been a 100% fiber optic, SONET-ring-based telecom system since 1993. Frontier Communications continues to be one of the largest operational fiber optic networks in the world providing digital switching and high bandwidth options to virtually all Durham business centers.

Quality of Life

Durham's quality of life is unparalleled, and the area continues to receive accolades from the national media including the following: Durham is No. 25 in top 100 best places to live in America by Livability; named #29 among Most diverse cities in America by Niche; #58 Best Cities to live in America by Niche; #66 of Best Cities for Young Professionals by Niche; #88 Best Cities to Raise a Family by Niche and #92 Healthiest Cities by Niche. And speaking of health, Durham County Government was recognized as one of the 2021 Healthiest Employers of the Triangle, an awards program created to honor people-first organizations that prioritize the well-being of their employee population. Also, in 2021, Cigna selected Durham County Government as a recipient of their annual Cigna Well-Being Award for demonstrating a strong commitment to improving the health and well-

being of its employees through a workplace wellness program. Durham is home to the legendary Durham Bulls Baseball Team. The Bulls were Named 'Best Team of 2021' By MiLB.com and won the Triple-A National Title & Final Stretch, posting the best win percentage in franchise history. Durham County Memorial Stadium was selected to host venue National Association of Intercollegiate Athletics (NAIA) Football Championship and Senior Football Classic games for both the 2021 and 2022 seasons. As the home of two championship winning college teams, the Duke Blue Devils who are winners of 5 NCAA Men's Division I Basketball championships, and the North Carolina Central University Eagles, winners of a NCAA Men's Division II Basketball Championship, Durham is the perfect community for avid sports enthusiasts!

Major Employers

Listed below are the largest business and institutional employers in Durham County.

Company or Institution
Duke University & Health System
International Business Machines (IBM)
Durham Public Schools
CISCO
Blue Cross Blue Shield of North Carolina
Fidelity Investments
US Department of Veterans Affairs
Pfizer
IQVIA (formerly Quintiles)
Wolfspeed
City of Durham
RTI International
Durham County Government
GlaxoSmithKline
AW North Carolina, Inc.
Amazon
Biogen
LabCorp
BASF Corporation Agricultural Products Group
North Carolina Central University

Capital Investment

Many companies are either locating to Durham County or expanding their already existing operations in the County. Economic development announcements for 2020 were over \$1.6 billion. Economic development announcements occurring for 2021 amounted to over \$2.7 billion.

Economic Development Statistics

Per Capita Income

Per capita income data for the last eight calendar years for Durham MSA, Raleigh MSA, North Carolina, and the United States are presented in the following table.

	2013	2014	2015	2016	2017	2018	2019	2020
Durham MSA	41,376	46,584	48,389	49,315	52,277	52,727	54,423	56,703
Raleigh MSA	43,947	47,346	49,714	50,444	52,444	56,207	57,851	60,884
North Carolina	38,683	39,365	40,759	42,244	44,233	46,216	47,766	50,305
United States	44,765	46,494	48,451	49,246	51,731	54,606	56,490	58,510

Source: Bureau of Economic Analysis

Note: Effective for the fiscal year 2012 report, the Bureau of Economic Analysis announced that they would no longer release advance estimates of personal income for metropolitan areas (formerly released in August of each year) and that these estimates for all local areas would be released eleven months after the end of the reference (calendar) year. As such, as of fiscal year 2013, the per capita income presented is for the calendar year prior to the previous calendar year.

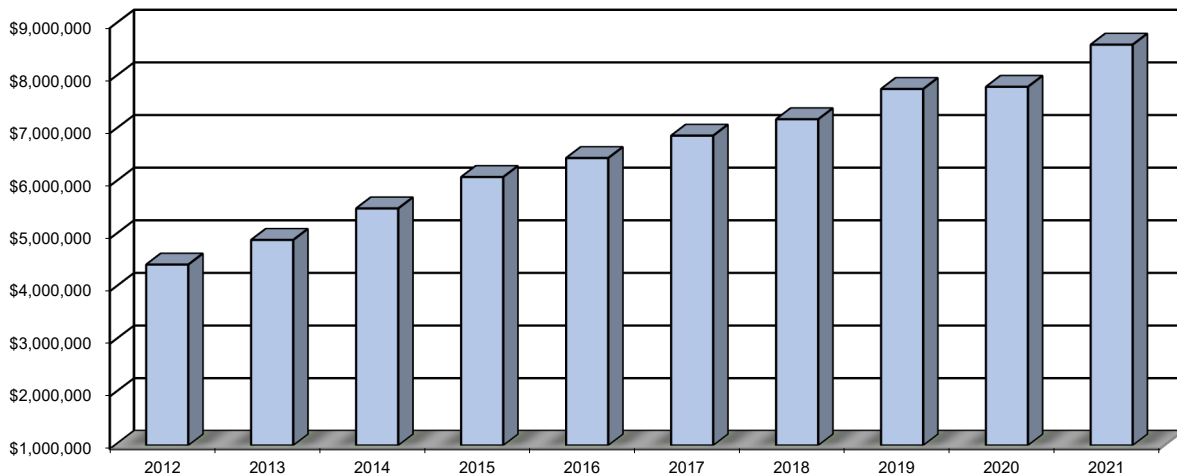
Note: The Bureau of Economic Analysis makes comprehensive revisions to the per capita income estimates annually. The latest revision was November 2015 for periods 1969-2013.

Note: The Bureau of Economic per capita personal income by Metropolitan Area 2017-2020 Durham MSA and Raleigh MSA

Retail Sales

Total retail sales in the County for the past ten fiscal years are shown in the following table.

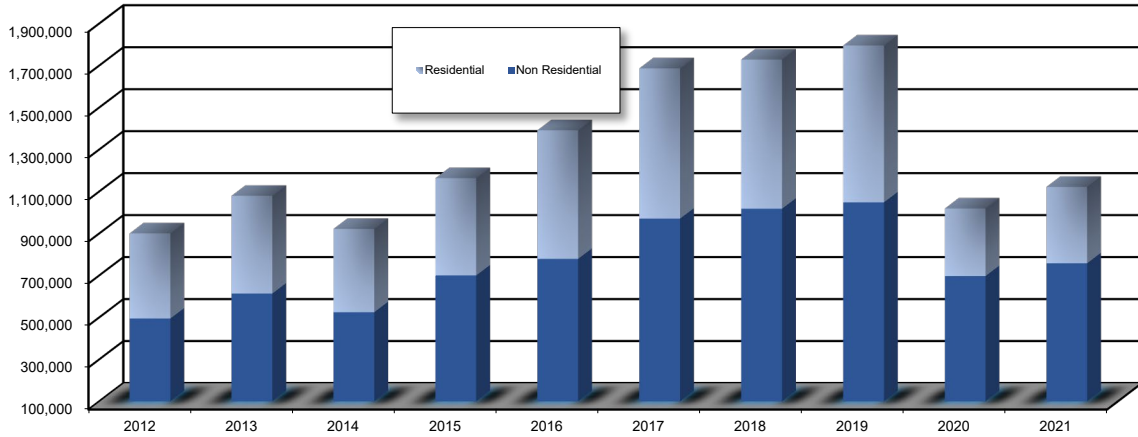
Year Ended June 30,	Total Taxable Sales (000's)	Percent Growth Over Previous Year
2012	4,434,078	6.51%
2013	4,902,628	10.57%
2014	5,501,325	12.21%
2015	6,097,770	10.84%
2016	6,458,506	5.92%
2017	6,884,030	6.59%
2018	7,195,550	4.53%
2019	7,771,144	8.00%
2020	7,811,731	0.50%
2021	8,612,784	10.25%



Since fiscal year 2009 when the economy started to slowly recover, Durham’s retail sales have continued to increase from over \$7.81 billion in fiscal year 2020 to over \$8.61 billion in fiscal year 2021. One of the main reasons for this growth is because of new businesses, small and large, continuing to develop in the area. In fiscal year 2021, the total taxable sales reported were over \$8.61 billion, an increase of over \$801 million (10.25%), reflecting continued positive growth in the County’s economy.

Construction Activity

The following table illustrates construction activity in Durham County for the past ten calendar years by reference to the value of all building permits issued in the County.

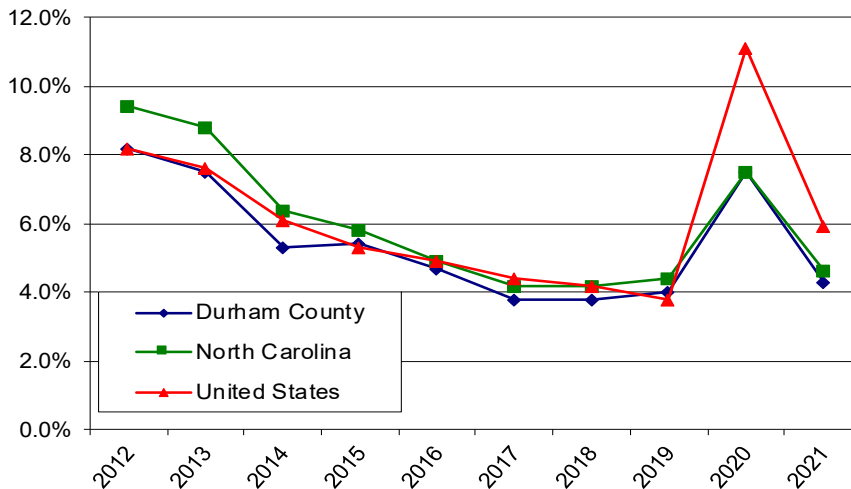


As of June 30, 2021, the total number of occupied dwelling units in Durham County was 134,653. Also, for the first six months of 2021, 2,204 residential permits have been issued for new residences and for improvements, repairs and expansions of existing residences. From calendar year 2019 to 2020, there was an overall increase in the value of all building permits issued in the County. The increase was in the value of non-residential and commercial construction. The increase in the value of permits issued as well as increases in the number of permits issued is an indication of the continued economic growth in the County.

Unemployment

The percentage of unemployment in the County, State and the United States for the past ten fiscal years (as of June 30) as follows.

	Durham County	North Carolina	United States
2012	8.2%	9.4%	8.2%
2013	7.5%	8.8%	7.6%
2014	5.3%	6.4%	6.1%
2015	5.4%	5.8%	5.3%
2016	4.7%	4.9%	4.9%
2017	3.8%	4.2%	4.4%
2018	3.8%	4.2%	4.2%
2019	4.0%	4.4%	3.8%
2020	7.5%	7.5%	11.1%
2021	4.3%	4.6%	5.9%



As of June 2021, the County’s unemployment rate was 4.3%, a decrease of 3.2% from June 2020. Although the County’s unemployment rate decreased considerably, the County’s unemployment rate compared to the State’s 4.6% and a considerably percentage lower than the average unemployment rate of 5.9% for the Nation. The County’s primary commitment remains job creation and maintaining a strong economy.

Long-term Financial Planning

The Board of County Commissioners continues to reaffirm the County’s financial stability as one of its highest priorities. The Board recognizes that it is difficult to execute short- and long-term plans if the focus is on day-to-day viability. Consequently, the County’s annual budget and financial decisions made throughout the fiscal year support an underlying philosophy to maintain a strong fund balance and the planned expansion of programs and services. In addition, the County has implemented a multi-year budget forecast (5 years) for the County’s general fund and debt service fund. Listed below are several of the County’s major accomplishments for the year.

Facility Master Plan

The Facility Master Plan that was originally approved in fiscal year 2000 and laid the groundwork for the future building needs of the County and was centered on sound

planning and solid financial research. The most recent Master Plan, amended in fiscal year 2021, reflects the changes in facility needs and options for the County. The Facility Master Plan as currently amended serves as the basis for the facility projects included in the Capital Improvement Plan.

Capital Improvement Plan

The County maintains a 10-year Capital Improvement Plan (CIP), which is fully updated every two years. During 2020-2021 fiscal year, the Board of County Commissioners (BOCC) updated the 2020-2029 Capital Improvement Plan (CIP). The plan itself provides a blueprint which the County uses to meet the growing facility needs of the schools, libraries, museum, court system, public safety, human service agencies, general government needs and open space. The CIP also provides a financial overview of the financing options for the existing capital projects as well as those capital projects not yet implemented but are projected in the 10-year plan. Annually, the financing options are reviewed, as well as the projects and their estimated costs.

Accomplishments during the past fiscal year include the completion of the following construction projects: Main Library Renovation, Detention Center Officers Station Improvements, Detention Center HVAC Grill and Bunk Bed Replacement, Public Defender Office Modifications and the Judicial Building Annex Renovation (old First Union), New EMS Station #1, Alliance Behavioral Healthcare Space Reorganizations within the Human Services Building, Fire Station #17 (County EMS and City Fire Station Co-location – Leesville Rd.) and Administration Building I Renovation. Several projects are currently in the construction phase including the following: 300 E. Main St. Structured Parking Deck and Affordable Housing Development, Administration Building 1 Renovation (Subway Restaurant HVAC modifications), Extensions to the County Fiber Network through collaboration with the Duke Fiber Project, Fire Station #18 (County EMS and City Fire Station Co-location – Herndon Rd.) and the Northern Durham Waste Convenience Center. Other projects are in various stages of design, bidding, preliminary activities and/or regulatory approvals include the following: 500 E. Main Structured Parking Deck and Mixed-use Development, New Durham County Youth Home, Fire Station #19 (County EMS and City Fire Station Co-location – Hwy 54 & Davis Dr.), Three new County EMS Stations as prioritized by the Emergency Medical Services Long Range Space Planning and Analysis, Triangle Wastewater Treatment Plant Administration Building, Redwood Solid Waste Convenience Site Upgrades, and Sheriff's Training Facility (Electra Rd), Leasehold improvements for a new restaurant in Administration Building II, and the Pre-development Process with DFI for the old DSS Main building. Feasibility studies for the Animal Shelter, Board of Elections Department and the EOC facility have also been completed and will be used in upcoming 2022-2031 CIP discussions/presentations to the BOCC.

In 2008, the County adopted a High-Performance Building Policy incorporating sustainable design into County building projects. The Policy requires that new construction over 10,000 square feet shall achieve a minimum rating of LEED (Leadership in Energy and Environmental Design) "Gold", that new construction between 4,000 and 10,000 square feet shall achieve a minimum rating of LEED "Silver", and that renovation projects obtain a "Certified" rating. Currently, the County has eleven LEED certified buildings that have been completed which include the following: Triangle Wastewater Treatment Plant Administrative Building – "Certified", East Regional Library –

“Certified”, North Regional Library – “Silver”, South Regional Library – “Gold”, Animal Control Office Building - “Silver”, Southwest Library Renovation and Addition – “Silver”, the Criminal Justice Resource Center Third Floor Renovation – “Silver”, Durham County Courthouse – “Gold”, the Human Services Facility – “Silver”, the Main Library Renovation - “Gold”, Administration II Building Renovation - “Silver”. The County is also seeking various levels of LEED Certification for the Judicial Building Annex Renovation, Administration I Renovation and the new EMS Station 1 which are recently completed projects in the construction phase review by the United States Green Building Council (USGBC). Additional projects identified in the CIP will also be designed using sustainable design and construction guidelines include the Youth Home, Sheriff’s Training Facility, TWWTP Administration Building.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to Durham County for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2020. This was the eighteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized ACFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program’s requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Manager and the Board of County Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of Durham County’s finances.

Respectfully submitted,



Claudia Hager
Interim County Manager



Susan Tezai
Chief Financial Officer

Durham County Board of County Commissioners



Brenda A. Howerton
Chair



Wendy Jacobs
Vice Chair



Heidi Carter



Nida Allam



Nimasheena Burns

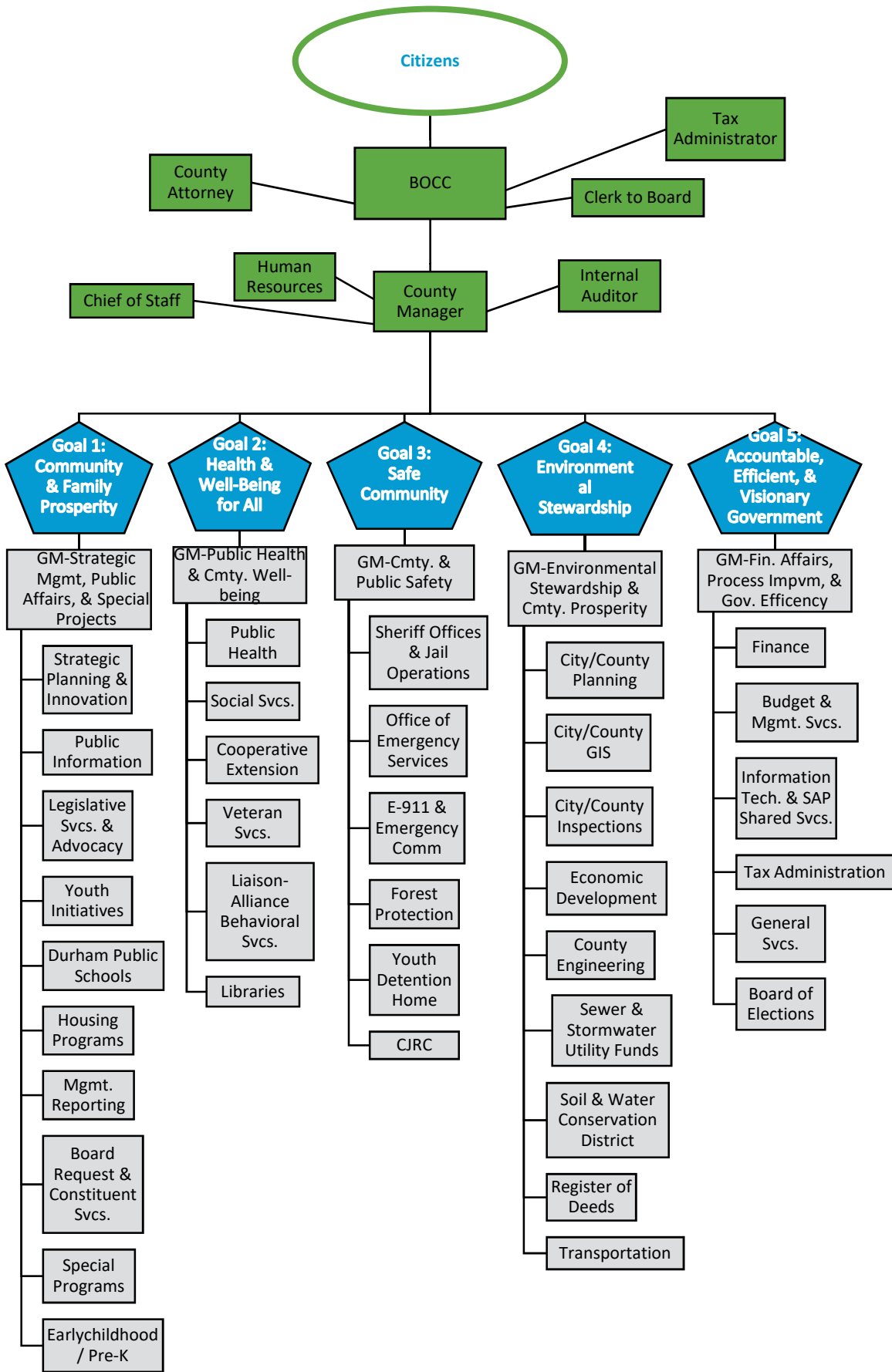
Durham County Administration



Claudia Hager
Interim County Manager



Susan F. Tezai
Chief Financial Officer





Government Finance Officers Association

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Presented to

**County of Durham
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION (TAB)

Report of Independent Auditor

Board of County Commissioners
Durham County, North Carolina
Durham, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Durham County, North Carolina (the "County"), as of and for the year then ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Durham County ABC Board (the "Board"), which represents 100% of the assets, net position, and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Board were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2021, and the respective changes in financial position and the cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and the community health trust fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The introductory section, the other supplementary information, and the statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2022, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Raleigh, North Carolina
January 27, 2022

Management's Discussion and Analysis

As management of Durham County, North Carolina (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages vii-xviii.

Financial Highlights

- The assets and deferred outflows of resources of Durham County exceeded its liabilities and deferred inflows of resources at the close of the 2021 fiscal year by \$160,216,723 (*total net position*). However, of this amount, unrestricted net position has a deficit balance of (\$221,962,274) (*unrestricted net position*) for governmental activities which is primarily because of the debt the County has issued on behalf of the school system, Durham Technical Community College and the Museum of Life and Science to fund capital outlay as required by State law. The assets funded by the County are owned by the Durham Public School System, Durham Technical Community College and the Museum of Life and Science and are capitalized in their financial statements. Therefore, the County, as the issuing government, has incurred a liability without a corresponding increase in assets.
- The government's total net position increased by \$10,291,858, an increase of 6.86 percent, due to increases in both the governmental activities' net position and the business-type activities' net position of just under \$5.58 million and \$4.71 million, respectively.
- As of the close of the 2021 fiscal year, the County's governmental funds reported combined ending fund balances of \$315,008,979, an increase of \$4,021,736 in comparison with the prior year. Approximately 17.9 percent of this total amount, or \$56,444,234, is *restricted or non-spendable*.
- At the end of the current fiscal year, fund balance available for appropriation for the general fund was \$209,878,762 or 41.01 percent of total general fund expenditures, compared to fiscal year 2020 which was \$178,944,755 or 36.25 percent of total general fund expenditures, which reflects an increase of 4.76 percent. The net change in fund balance for fiscal year 2021 in the general fund was an increase of \$32,989,384. The primary reasons for the increases are the revenue collections were 103.48 percent of budget while expenditures were 90.59 percent of budget. The net change in fund balance increased by over \$24.0 million in fiscal year 2021 from fiscal year 2020. The primary reasons for the increase in the net change in fund balance was the increase in the excess revenues over expenditures of over \$13.1 million, plus the decrease in transfers out of over \$8.2 million accompanied by the increase of transfers in by over \$2.7 million.
- The County's total debt increased by \$24,026,795 (2.96 percent) during the 2021 fiscal year. The key factors in this increase were the issuance of new debt (including premium and refunding) in the amount of \$70,399,638 in General Obligation Bonds (GO Bonds) and \$35,536,643 in Bond Anticipation Notes (BANs) and the net increase in the LGERS pension obligation of \$12,894,259, as well as by the increase in the County's total OPEB liability of \$22,355,247, offset by the annual retirement of governmental and business-type activities debt.

- Durham County continues to maintain its AAA bond rating.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Durham County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Durham County.

Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplementary information.

Government-wide financial statements. The *government-wide financial statements* are designed to provide the reader with a broad overview of the County's finances, using the full-accrual basis of accounting, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the total of the County's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include general government, public safety, transportation, economic and physical development, environmental protection, human services, education, cultural and recreational and interest and fiscal charges.

Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include sewer utility and stormwater services offered by Durham County. The final category is the component units. Durham County ABC Board is legally separate from the County, however, the County is financially accountable for the Board by appointing its members. Also, the ABC Board is required to distribute its profits to the County.

The government-wide financial statements can be found on pages 27-29 of this report.

Fund financial statements. The fund financial statements provide a more detailed look at the County's most significant activities. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Durham County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Durham County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for those functions reported as *governmental activities* in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next fiscal year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resource focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The County maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the community health trust fund, the capital projects fund, and the debt service fund, all of which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Durham County adopts an annual budget for its general fund and community health trust fund, as required by General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the general fund and the community health trust fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the Statement of

Revenues, Expenditures and Changes in Fund Balance. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances; and 4) the difference or variance between the final budget and the actual resources and charges.

The basic governmental fund financial statements can be found on pages 31-38 of this report.

Proprietary funds. Durham County has two kinds of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its sewer utility and stormwater operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities, only in more detail. The proprietary fund financial statements provide separate information for the sewer utility which is considered to be a major fund of the County and the stormwater which is considered to be a non-major fund of the County.

The basic proprietary fund financial statements can be found on pages 39-41 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. Durham County has eleven fiduciary funds, two of which are private-purpose trust funds and nine of which are custodial funds.

The basic fiduciary fund financial statements can be found on pages 42-43 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-124 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Durham County's progress in funding its obligation to provide pension benefits and postemployment benefits to its employees. Required supplementary information can be found on pages 125-132 of this report.

Following the required supplementary information, combining statements referred to earlier are provided to show details in connection with non-major governmental funds. Budgetary information for each fund as required by the North Carolina General Statutes and detailed comparative statements, including annually budgeted funds, can also be found in this section. Combining and individual fund statements and schedules can be found on pages 135-173 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred

inflows of resources by \$160,216,723 as of June 30, 2021. Net position is reported in three categories: net investment in capital assets, restricted net position and unrestricted net position.

The County's net position increased by \$10,291,858 for the fiscal year ended June 30, 2021. One of the largest portions in the amount of \$238,134,408 reflects the County's net investment in capital assets (e.g., land, buildings, machinery, and equipment). The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

DURHAM COUNTY'S NET POSITION

	Governmental		Business - type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 397,320,051	\$ 369,680,087	\$ 47,913,417	\$ 42,235,591	\$ 445,233,468	\$ 411,915,678
Capital assets	495,468,268	485,289,325	67,515,808	69,994,795	562,984,076	555,284,120
Total assets	892,788,319	854,969,412	115,429,225	112,230,386	1,008,217,544	967,199,798
Total deferred outflows of resources	88,710,489	55,143,576	681,139	603,106	89,391,628	55,746,682
Long-term liabilities outstanding	822,216,687	797,025,045	14,189,163	15,354,010	836,405,850	812,379,055
Other liabilities	60,855,544	26,810,407	648,481	923,353	61,504,025	27,733,760
Total liabilities	883,072,231	823,835,452	14,837,644	16,277,363	897,909,875	840,112,815
Total deferred inflows of resources	39,446,097	32,874,201	36,477	34,599	39,482,574	32,908,800
Net position:						
Net investment in capital assets	183,610,404	136,546,994	54,524,004	55,060,180	238,134,408	191,607,174
Restricted	97,332,350	68,391,721	10,508,607	2,108,332	107,840,957	70,500,053
Unrestricted	(221,962,274)	(151,535,380)	36,203,632	39,353,018	(185,758,642)	(112,182,362)
Total net position	\$ 58,980,480	\$ 53,403,335	\$ 101,236,243	\$ 96,521,530	\$ 160,216,723	\$ 149,924,865

The second portion of the County's net position in the amount of \$107,840,957 represents resources that are subject to external legal restrictions that limit the County's ability to access and use these funds beyond the purpose for which they were provided. Unexpended bond proceeds, grant funding and statutorily restricted revenues are included in this category. The debt related to the unspent/unexpended bond proceeds is not included in the restricted net position.

The remaining portion of net position is unrestricted net position. This balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. At June 30, 2021, the unrestricted net position is a deficit in the amount of (\$185,758,642). The unrestricted deficit is attributable primarily to the general obligation bonds issued by the County for the public schools, Durham Technical Community College, and the Museum for Life and Science. Even though the debt has been issued to finance the acquisition, construction and renovation for the public schools, Durham Technical Community College and the Museum of Life and Science, the Governmental

Accounting Standards Board has determined that it is not capital debt of the County since it is not financing assets owned by the County. Therefore, this debt is reflected within the unrestricted portion of net position rather than as part of the category net investment in capital assets. In addition, as of fiscal year 2008, the unrestricted net position deficit includes pension liabilities for other postemployment benefits per GASB Statements No. 43 and No. 45. Also, as of fiscal year 2011, the restricted net position now includes Stabilization by State Statute per GASB Statement No. 54 which further increases the unrestricted net position deficit. In addition, as of fiscal year 2015, the County implemented GASB Statements No. 68 and No. 71 reporting the County's proportionate share of the Register of Deeds' Supplemental Pension Fund's net pension asset, Local Government Employees' Retirement System's net pension liability and their respective deferred outflows of resources, deferred inflows of resources and pension expense. As of fiscal year 2017, the County also implemented GASB Statement No. 73 reporting the County's total pension liability for LEOSSA and its respective deferred outflows of resources, deferred inflows of resources and pension expense. As of fiscal year 2018, the County implemented GASB Statement No. 75 reporting the County's total OPEB liability and its respective deferred outflows of resources, deferred inflows of resources and OPEB expense. At the end of the current fiscal year, the County is not able to report positive balances in all three categories of net position for the government as a whole. However, the same did not hold true for the separate governmental and business-type activities. The unrestricted net position for the governmental activities had a deficit balance of (\$221,962,274) while the other two categories of net position, net investment in capital assets and restricted net position, and all three categories of net position of the business-type activities were positive. The unrestricted net position for the business-type activities had a positive balance of \$36,203,632.

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DURHAM COUNTY'S CHANGES IN NET POSITION

	Governmental Activities		Business - type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 36,197,688	\$ 34,442,617	\$ 15,567,670	\$ 11,658,657	\$ 51,765,358	\$ 46,101,274
Operating grants and contributions	76,230,322	54,132,867	-	-	76,230,322	54,132,867
Capital grants and contributions	750,938	1,530,189	22,921	-	773,859	1,530,189
General revenues:						
Taxes	436,226,919	418,664,907	-	-	436,226,919	418,664,907
Investment and interest income	(3,767,330)	8,800,011	(38,941)	382,011	(3,806,271)	9,182,022
Other revenues	1,027,593	788,094	12,977	-	1,040,570	788,094
Total revenues	<u>546,666,130</u>	<u>518,358,685</u>	<u>15,564,627</u>	<u>12,040,668</u>	<u>562,230,757</u>	<u>530,399,353</u>
Expenses:						
General government	101,205,831	89,530,531	-	-	101,205,831	89,530,531
Public safety	98,843,230	96,780,516	-	-	98,843,230	96,780,516
Transportation	291,640	228,549	-	-	291,640	228,549
Economic and physical development	13,107,386	9,416,002	-	-	13,107,386	9,416,002
Environmental Protection	9,573,869	8,349,531	-	-	9,573,869	8,349,531
Human services	105,617,896	101,256,274	-	-	105,617,896	101,256,274
Education	181,869,621	182,574,991	-	-	181,869,621	182,574,991
Cultural and recreational	16,001,339	17,520,440	-	-	16,001,339	17,520,440
Interest and fiscal charges	14,578,173	254,616	-	-	14,578,173	254,616
Sewer utility	-	-	9,864,971	9,705,514	9,864,971	9,705,514
Stormwater	-	-	984,943	-	984,943	-
Total expenses	<u>541,088,985</u>	<u>505,911,450</u>	<u>10,849,914</u>	<u>9,705,514</u>	<u>551,938,899</u>	<u>515,616,964</u>
Increase (decrease) in net position	5,577,145	12,447,235	4,714,713	2,335,154	10,291,858	14,782,389
Net position, beginning	53,403,335	40,956,100	96,521,530	94,186,376	149,924,865	135,142,476
Net position, ending	<u>\$ 58,980,480</u>	<u>\$ 53,403,335</u>	<u>\$ 101,236,243</u>	<u>\$ 96,521,530</u>	<u>\$ 160,216,723</u>	<u>\$ 149,924,865</u>

Because the County funds Durham Public Schools', Durham Technical Community College's and the Museum of Life and Science's capital needs but does not carry the resulting assets on the County's financial statements, the County reports a net deficit on the statement of net position for governmental activities. In spite of this deficit reported in governmental activities, the County's finances are strong as evidenced by:

- Continued diligence in the collection of property taxes by maintaining an overall collection percentage of 99.46 percent for the current levy year.
- Planning and management of revenues and expenses through the use of financial models for capital and debt service.

- Continued low cost of bonded debt that is a direct result of the County’s high bond rating by the rating agencies of Moody’s and Standard and Poor’s. The County considers this unique achievement to be a key factor in keeping the interest costs low on the County’s outstanding debt.
- Management’s proactive stance on monitoring spending across County departments to ensure compliance with the budget.
- A multi-year budget forecast (5 years) for the County’s general fund and debt service fund.

Governmental activities. The governmental activities increased the County’s beginning net position by \$5,577,145 or 54.19 percent of the total increase in the net position of the County. This amount is an increase of 10.44 percent of the governmental activities beginning net position. This is down from a prior year increase of \$12,447,235 or 84.20 percent of the total increase in the net position of the County. However, revenues increased in fiscal year 2021 compared to fiscal year 2020 by over \$28.31 million (5.46 percent). Expenses increased as well, by over \$35.12 million (6.95 percent). In fiscal year 2021, property taxes levied for general purposes and for fire districts increased by over \$8.6 million (2.71 percent) and \$410 thousand (4.66 percent), respectively. This increase was primarily because of the increase in assessed property values as well as the North Carolina Vehicle Tax System (NCVTS) also known as the “Tag and Tax Together System” combined with the County’s continued collection efforts including participation in the North Carolina Local Government Debt Setoff Clearinghouse Program. In addition, local option sales taxes increased for the eleventh consecutive year by over \$10.10 million (11.54 percent) as a result of increased spending and collections, especially collections of sales taxes from online purchases during the pandemic. Investments decreased by over \$12.57 million (142.81 percent), which is primarily because of a decrease in year-over-year change in fair market value of investments by \$3.86 million compared to a prior year increase of almost \$3.63 million, offset in part by an decrease of almost \$1.5 million in fiscal year 2021 in the value of the financial derivative instrument for the County’s SWAP Agreement per GASB Statement No. 53 compared to an increase of almost \$25 thousand in fiscal year 2020, combined with a decrease in accrued interest receivable of slightly over \$604 thousand whereas there was a decrease of slightly over \$297 thousand in accrued interest receivable in the prior fiscal year. The decrease is additionally offset by a decrease in investment earnings of over \$3.25 million.

Charges for services increased for general government by \$2.9 million, but this increase was partially offset by decreased revenue of \$1.2 million for the human services function primarily due to the decrease per the agreement in the Duke lease payment for hospital space of \$1.35 million and an almost \$767 thousand decrease for environmental protection. The increase in the general government charges for services was due mainly to a \$603 thousand decrease in revenue related to the November 2020 election that was not received in 2021 and over \$962 thousand in increased charges for register of deeds. There were additional increases in general charges of \$686 thousand and collection fees of \$174 thousand. Charges for public safety increased by \$947 thousand due to increases in EMS incidents and transports, which resulted in a positive change of \$701 thousand in net emergency services receivables. Slight increases in revenue for economic and physical development and education functions and a decrease in the cultural and recreational function which were insignificant.

The operating grant program revenues for the general government function increased by almost \$6.18 million (68.05 percent) due to increases in state hold harmless revenue for fiscal year 2021 of just over \$4 million and receipt of federal funding of \$739 thousand. Operating grant program revenues for the public safety function increased by \$5.72 million (96.84 percent) due to increased grant funding related to the COVID-19 pandemic, especially with regards to the County jail and emergency management, and emergency medical services which are divisions of the Office of Emergency Services (OES). Effective July 1, 2020, the departments of Emergency Management, Emergency Medical Services and Fire Marshall were consolidated into one department, OES. The human services function increased by over \$9.41 million primarily due to shifting levels of service associated with the ongoing pandemic, while economic development increased by just over \$513 thousand. Increases in the environmental protection and cultural and recreational functions were insignificant.

The capital grant program revenues for the cultural and recreational function decreased by \$400 thousand due to no receipt of funds in fiscal year 2021 from the Durham Library Foundation, a non-profit, for furniture and equipment purchases for the Main Library as those Foundation had contributed funds in the prior fiscal years for renovations. Capital grants and contributions for education decreased by \$410 thousand due to less construction activity that is funded with Public School Building Capital Fund (PSBCF) revenue sources. The increase in the environment protection function was insignificant. The County's finances continue to be strong, sound and stable because of solid, dedicated and committed financial management.

In certain functional areas, increases in the governmental activities' expenses closely paralleled inflation and growth in the demand for services. The COVID-19 pandemic as well as the March 2020 ransomware cyberattack upon the County led to increased levels of spending in other areas, mainly education, general government, and economic and physical development. The County's total governmental activities' expenses increased by over \$35.18 million (6.95 percent).

Education expenses decreased by almost \$705 thousand (0.39 percent). The County expended funds of \$32.07 million during the year for education-related construction primarily for Durham Public Schools (DPS), and Durham Technical Community College (DTCC), which surpasses the over \$22.98 million spent in fiscal year 2020. Funding for DPS increased by \$7.11 million and almost \$1.32 million for other education related to childcare services, primarily Pre-K. Funding slightly decreased by just over \$27 thousand for DTCC. However, the increase in education-related expenses was offset by long-term debt draw repayments in excess refundings.

Human services expenses increased by almost \$4.4 million (4.31 percent) due in large part to increases in public health spending of over \$415 thousand and social services of over \$4.61 million mainly for confronting the COVID-19 pandemic by providing emergency rental assistance, testing, contact tracing, and vaccinations.

Interest and fiscal charges increased by over \$14.32 million (5,625.55 percent) due to the \$15.4 million difference in refunding proceeds and adjustments compared to the reductions in other financing agreements in fiscal year 2021. This increase was offset by a decrease of \$1.3 million in actual interest payments.

Public safety expenses increased by \$2.06 million (2.13 percent) which is mainly due to the County's continuing response to the COVID-19 pandemic and appears largely in the expenditures of the criminal justice partnership and sheriff departments.

General government expenses increased by over \$11.68 million (13.04 percent) due to an increase of \$7.49 million mainly due to several increases: \$2.13 million in board of elections to hold secure voting during the height of the pandemic; \$1.98 million in general services for covid sanitation and additional security; \$1.43 million in information technology spending to recover from and strengthen systems after the March 2020 ransomware cyberattack perpetrated against the County; \$859 thousand for the county manager's office, and \$829 thousand for human resources. Less significant fluctuations in other departments contributed to the remainder of the net increase in general government expenses.

Economic and physical development expenses increased by almost \$3.69 million (39.20 percent) mainly due to increases in cooperative extension policy payments of over \$1.49 million, construction spending of \$6.11 million for the Research Triangle Park Project compared to \$1.17 million in prior year, and other expenditures of \$1.21 million. The increases in expenses were offset by long-term debt draw repayments in excess refundings.

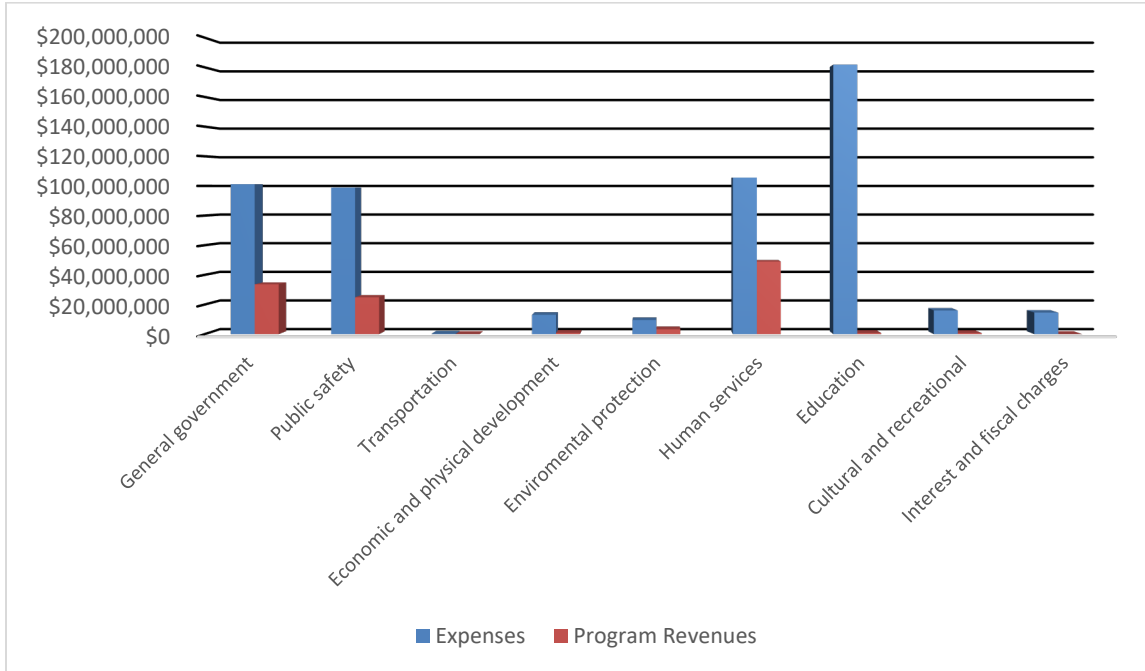
Environmental protection expenses increased by \$1.22 million (14.66 percent) due to increased spending on the Snow Hill Pump Station, and the Alliance backfill renovation projects offset by long-term debt draw repayments in excess refundings.

Cultural and recreational expenses decreased by \$1.52 million (8.67 percent) due to decreased spending on the Museum of Life and Science projects offset by long-term debt draw repayments in excess refundings.

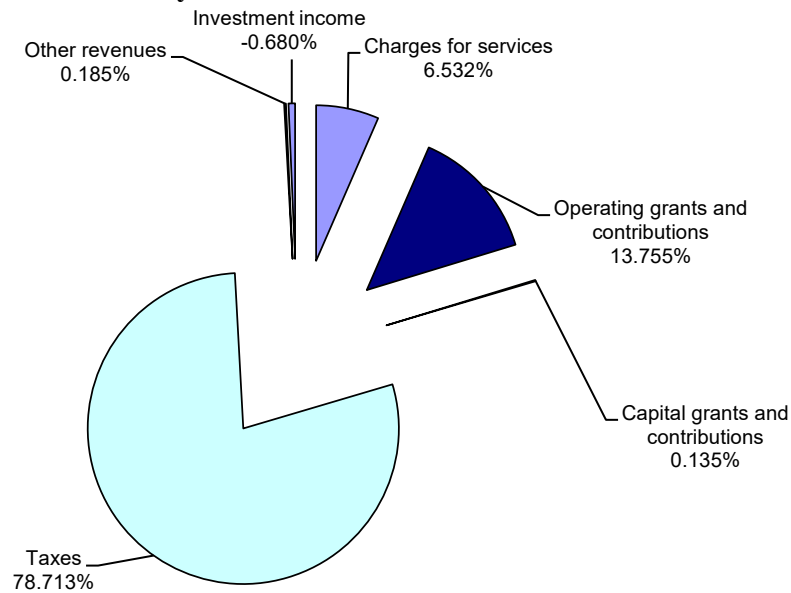
There was an insignificant increase in transportation.

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Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



Business-type activities. In fiscal year 2021, the County moved Stormwater and Erosion Control from the General Fund to a self-funded Enterprise Fund (business-type activity), which has impacted the variances discussed below. Business-type activities increased the County’s net position by

\$4,714,713 accounting for 45.81 percent of the total growth in the government's net position. Key elements of this are as follows:

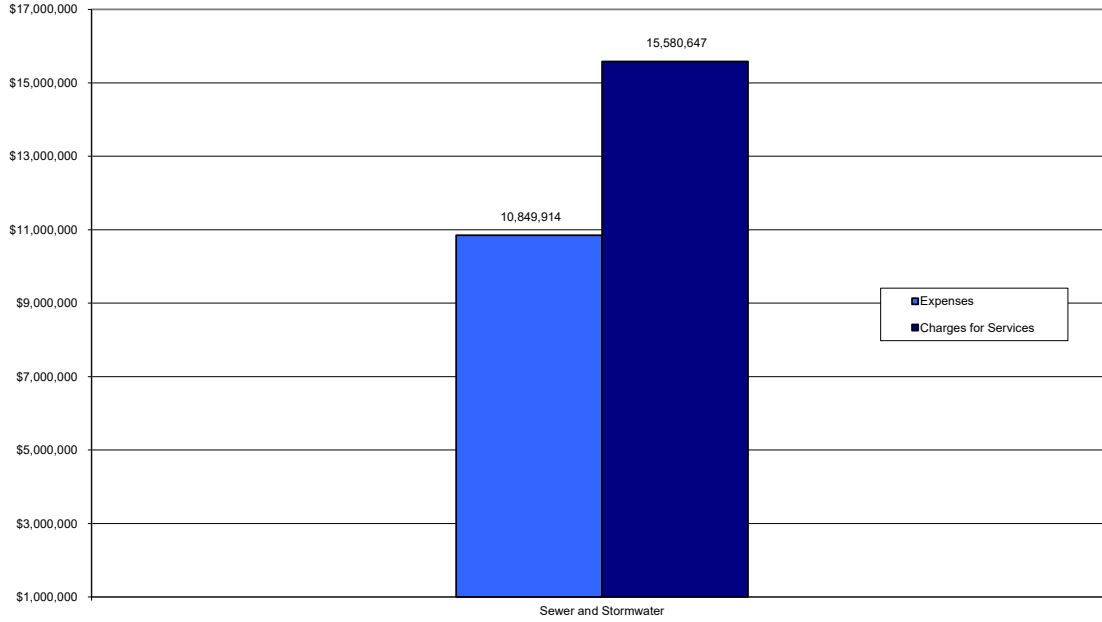
- Expenses increased \$1,144,400 (11.79 percent) primarily because of increases in operating expenses related to increases in maintenance expense of \$172 thousand, personnel services of \$1 million, and depreciation expense of \$31 thousand. These increases were partially offset by reductions in interest and fiscal charges of \$35 thousand and loss on disposal of capital assets of \$23 thousand. The operating margin year-over-year increase was \$197 thousand. There were no debt issuance costs for fiscal year 2021. Depreciation expense remained consistent in fiscal year 2021.
- Charges for services increased by \$3,909,013 (33.53 percent). The sewer rates were increased for fiscal year 2021 in the sewer utility fund. The consumption rate charge was increased by 6.8 percent for all customers, both residential and industrial, effective July 1, 2020. The rate increase was necessary to address anticipated re-investments as well as costs related operations to maintain operational readiness and environmental protection. New or adjusted fees for construction inspection, development review, industrial user, and monitoring of utilities also contributed to the increase. The main driver of the increase is the positive change in sewer connection fees of \$1,682,346 (118.07 percent) related to new development. There was no increase in system development fees, which are paid for new developments to recover a proportional share of the costs of capital facilities constructed to provide service capacity for new customers connecting to the system. Including stormwater in business-type activities provided \$1,639,669 of additional fees for services, construction permits, and inspections.

Investment and interest income decreased by \$420,952 (110.19 percent) primarily because of market fluctuations that affected earnings combined with a reduction in accrued interest receivable.

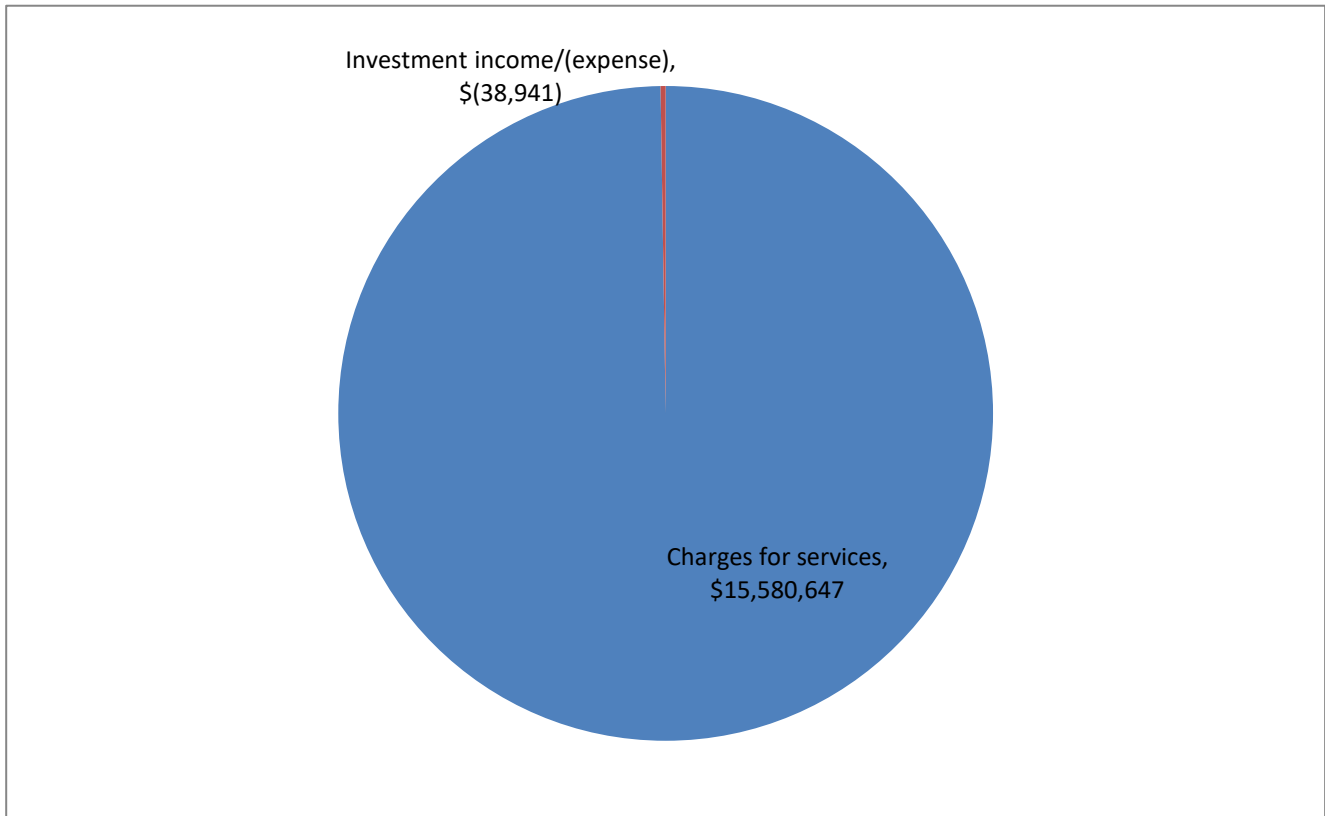
- There were capital contributions for sewer utility for the partial funding of the purchase of capital equipment in the amount of \$5,805 and non-monetary contributed capital to the new business-type fund, stormwater, of capital assets net of accumulated depreciation in the amount of \$17,166 from the governmental activities in fiscal year 2021.

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Expenses and Charges for Service Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the County's Funds

As noted earlier, Durham County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Durham County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *usable* resources. Such information is useful in assessing the County's financing requirements. Specifically, *fund balance available for appropriation* can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$315,008,979, an increase of \$4,021,736 in comparison with the prior year. Approximately 82.08 percent of this total amount (\$258,564,745) constitutes *unrestricted fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *restricted* to indicate that it is not available for new spending because it is 1) non-spendable (\$1,613,780), 2) restricted by revenue source for specific purposes, programs and services (\$3,423,806), or 3) because it is restricted by State Statute (\$51,406,648).

The general fund is the chief operating fund of the County. At the end of the current fiscal year, Durham County's fund balance available for appropriation in the general fund was \$209,878,762, while total fund balance reached \$253,101,874. The Board of County Commissioners of Durham County has determined that the County should maintain an available fund balance of 35 percent of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting cash flow needs of the County. As of June 30, 2021, the County has an available fund balance of 41.01 percent of general fund expenditures, while total fund balance represents 49.45 percent of that same amount. The percentage of available fund balance to total general fund expenditures increased from 36.25 percent for fiscal year 2020 to 41.01 percent for fiscal year 2021, an increase of 4.76 percent. The net change in the general fund balance for fiscal 2021 was an increase of \$32,989,384. The primary reasons for the increase are that the revenue collections were 103.48 percent of budget while expenditures were only 90.59 percent of budget.

Key factors in the increase of the fund balance in the County's general fund during the current fiscal year are as follows:

- The general fund taxes increased by 4.46 percent or \$18,162,739. This increase is for the most part the result of increased collections in the current year levy collections of \$9,970,630 (3.17 percent) combined with an increase in local option sales tax of \$10,100,368 (11.54 percent), offset by a decrease in occupancy tax revenue in the amount of \$1,942,133 (53.61 percent) due to the drop in local tourism and business travel caused by the ongoing COVID-19 pandemic. Other tax revenues did not change materially since prior year. The increase in current year levy taxes was primarily because of the increase in assessed property values as well as continued increased collections for the registered motor vehicles on the North Carolina Vehicle Tax System (NCVTS) also known as the "Tag and Tax Together System" combined with the County's continued collection efforts including participation in the North Carolina Debt Setoff Clearinghouse Program. The increase in the local option sales tax was mainly due to increased spending as well

as continued collections of taxes from online sales. This is the eleventh consecutive year of increased local option sales tax collections, which is excellent.

- Intergovernmental revenues of the general fund increased by 43.68 percent or \$23,110,030. The increase is primarily because of increases in social services, public health, finance and other. Finance increased by \$9.28 million due to the increase in the State Hold Harmless of over \$4.09 million combined with being reported separately in the fiscal year 2021 report. In prior fiscal years, finance was included in the other general government and is being reported separately this fiscal year because of the significant increase. Human services funding for social services of over \$5.78 million for Emergency Rental Assistance Program (ERAP). In addition, public health increased by \$4.08 million of funding due to the pandemic, and other intergovernmental revenues increased by over \$3.87 million primarily due to an increase of over \$3.6 million for emergency management grant funding due to the pandemic.
- Charges for services increased by \$1,394,839 (4.51 percent). This is in part due to decreases of \$603 thousand in elections registration lists charges received in fiscal year 2020 (election year), but not again in the current year and \$460 thousand for public protection. There was also an increase of over \$962 thousand for the Register of Deeds due to increased service levels. General government and emergency medical services charges increased by \$686 thousand and \$666 thousand, respectively due primarily to increased service levels. Changes in other charges for service revenues were immaterial.
- Investment earnings decreased by almost \$2.48 million (54.40 percent) mainly due to market conditions and rent decreased by \$6,289 (0.86 percent) which is insignificant, however, is due to a reduction in rentals of County property for outside events.
- Licenses and permits decreased by \$995,972 (61.37 percent) mainly because of a decrease in construction permits of \$1.15 million; of this amount, \$828 thousand of revenues for stormwater licenses and permits were moved from the general fund to the new enterprise fund for the fiscal year. There were increases in cablevision and franchise fees and other licenses and permits of \$97 and \$53 thousand, respectively. The change in wine and beer license revenue was immaterial.
- Other revenues increased by \$294,899 (40.25 percent) primarily because of an almost \$181 thousand increase in miscellaneous other revenues plus a \$95 thousand increase in proceeds from sale of confiscated property.
- General government expenditures increased by \$7,485,645 (11.96 percent). Increases in Board of Elections (\$2.1 million) due to it being a presidential election year in fiscal year 2021 and the ongoing efforts to carry out a safe and secure election during the COVID-19 pandemic and General Services (\$2.0 million) due to the elevated costs of sanitizing and providing additional security for county properties. The next largest department level increase was for Information Systems and Technology (\$1.4 million) to support improved efficiency and security over County data following the March 2020 ransomware cyberattack. Other increases in expenditures included the human services (over \$829 thousand) and county manager (\$859 thousand) departments. Variances in expenditures for other departments within the general government functional area were less significant.

- Public safety increased by \$1,944,688 (2.59 percent) with the bulk of the change due to increases in criminal justice partnership (\$865 thousand), county sheriff (over \$886 thousand), and emergency services (\$676 thousand), which includes the office of emergency services and the medical examiner, all which have been working with the public health department to respond to the COVID-19 pandemic and therefore is incurring higher personnel and operating expenditures. Expenditures for the County jail and animal control decreased by \$703 thousand and \$149 thousand, respectively.
- Transportation expenditures increased by \$63,091 (27.61 percent) primarily due to the creation of a Transportation Division and one new full-time position. County transportation and elderly transportation services were move into this division, which previously resided in the environmental protection and human services functions, respectively. Funding to the GoTriangle transit program increased slightly by \$7,298.
- Economic and physical development increased by \$1,951,687 (28.67 percent) primarily because of increased cooperative extension (\$1.50 million) efforts to connect the community to needed resources, specifically for the Welcome Baby program, which experienced a 100% rise in participation along with the Food Harvest program in providing community gardening. Other expenditures increased by \$1.2 million, but offset by a decrease in payouts of public funds for local economic development agreements of over \$1.1 million. Other variances were insignificant.
- Human services' expenditures increased by \$4,077,623 (4.46 percent). This increase is due to the increase in public health of \$415 thousand, the increase in social services of \$4.61 million, and the decrease in other human services by just under \$949 thousand. The increases are attributable to the County's ongoing response to the public health emergency caused by the COVID-19 pandemic and efforts to support the medicaid corrective action plan.
- Education increased by \$10,395,214 (6.52 percent) from the prior fiscal year. Of this increase, Durham Public Schools received increased funding for operating and capital expenditures of \$7,107,061 and \$2,000,000, respectively. Durham Technical Community College's funding decreased \$27,359. Other education increased by \$1,315,512 primarily due to spending for childcare services.
- Cultural and recreational increased by \$682,908 (5.01 percent), with an increase for the library system of \$473 thousand due to more demand for online classes and programing to support small businesses as well as over \$210 thousand increase in other cultural and recreational expenditures to support the Durham County Convention Center.
- Environmental protection decreased by \$214,164 (3.50 percent) primarily due to a decrease in expenditures for environmental engineering of over \$359 thousand due in part to the movement of a position and transportation services to the newly created Transportation Division as well as the reduction of utility services expenditures resulting in savings from the Energy Performance Contract. Slightly offsetting the decrease, was an increase in solid waste expenditures of \$105 thousand due to increased costs for residential recycling as more citizens worked and attended school from home. Other expenditures increased by just over \$39 thousand.

The Community Health Trust Fund has a total fund balance of \$104,889. This money is assigned as a financing resource to be used for health-related operating and capital expenditures as directed and approved by the Board of County Commissioners. The net increase in fund balance during the current year in the community health trust fund was \$221 due to investment earnings for the fiscal year. The net increase in fiscal year 2021 represents an absolute change of \$1.38 million when compared to the net decrease in the prior year. This is mainly due to charges for service revenue of \$1.25 million offset by transfers out of same amount to the general fund. The transfer out to the general fund was a decrease of \$1.4 million due to decreased funding availability from the community trust fund for health-related expenditures in the general fund for fiscal year 2021. The policy on managing the funds of the Community Health Trust is that the Board of County Commissioners allocates a percentage of the earnings from the previous calendar year to health-related expenditures and reinvests the balance which allows the fund to grow. However, in fiscal year 2021, because of the needed assistance in funding health related costs, the BOCC voted to waive allocating only a percentage of the earnings from the previous calendar year for fiscal year 2021.

The Capital Projects Fund has a total fund balance of \$20,313,559. This money is assigned as a financing resource to be used for the acquisition, construction or improvement of major capital facilities other than those financed by proprietary funds. The net decrease in fund balance during the current year in the capital projects' fund was \$29,732,836 due to funding for the fiscal year of intergovernmental revenues, investment earnings, transfers in, and the issuance of installment purchases being far less than the expenditures for the acquisition, construction or improvement of major capital facilities for the County, School System, Durham Technical Community College and Museum of Life and Science. The County's activity was recorded to construction in progress in capital assets of the County while the Schools System's, Durham Technical Community College's and the Museum of Life and Science's activity was recorded in their capital assets as they hold title to those assets.

The primary revenue activity was the recognition of other financing sources, such as the issuance of installment purchases of \$35.54 million, and transfers in (\$8.50 million). The fund also recognized intergovernmental revenues (\$751 thousand) and investments (\$58 thousand). For expenditures, there was construction activity in the amount of \$70,613,913. In addition, there were other financing uses in the transfers out of \$3,967,491 from the Capital Projects Fund to the General Fund and the Debt Service Fund. The construction activity was primarily for education, environmental protection, economic and physical development, general government and public safety in amounts of \$32,074,356, \$22,120,954, \$7,281,228, \$4,146,641 and \$3,891,569, respectively. Construction activity also occurred for cultural and recreational in the amount of \$983,969, respectively.

The Debt Service Fund has a total fund balance of \$38,182,041, all of which is financing resources to be used for the retirement of the County's general long-term debt other than debt issued for and serviced by proprietary funds. The net increase in fund balance during the current year in the Debt Service Fund was \$179,023 because the revenues and other financing sources were more than the annual retirement of the principal and interest of the County's general long-term debt, debt issuance costs and other financing uses.

The primary funding activity was the recognition of other financing sources, the issuance of refunding bonds (\$61.81 million), premium on the issuance of the refinancing (\$8.6 million) and transfers in (\$66.1 million). The fund also recognized intergovernmental revenues (\$207 thousand), charges for services (\$460 thousand), and investments (over \$53 thousand). In the expenditures, there were principal and interest for the retirement of general long-term debt in the amounts of \$43.6 million and \$18.3 million, respectively. In addition, there were debt issuance costs for the refunding of bonds of over \$505 thousand. The payment to refund the debt was \$70 million. Other financing uses, transfers out were \$4.61million.

Proprietary funds. Durham County’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, unrestricted net position of the enterprise funds amounted to \$36,203,632. There was an increase in total net position of \$4,714,713. Other factors concerning the finances of this fund have already been addressed in the discussion of Durham County’s business-type activities.

General Fund Budgetary Highlights

The County’s annual balanced budget is prepared on the modified accrual basis of accounting in accordance with the Budget & Fiscal Control Act of North Carolina General Statutes, and includes all appropriations required for debt service. The General Fund is the most significant fund budgeted.

During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services or initiate new programs where timing is critical. Amendments to the General Fund budget totaled \$51,194,273 and can be summarized briefly as follows:

- \$726,312 in increases allocated to general government were primarily to honor commitments from fiscal year 2020; allot additional funds to support health benefits for County employees combined with amended reductions of amounts to other functional areas for pay adjustments related to the hiring freeze that was in effect prior to and during the fiscal year; recognize grant funds to assist with the November 2020 election and needs that arose due to the pandemic to cover additional funding for security expenses, personal protective equipment, and a variety of other pandemic related impacts.
- \$9,658,535 in increases allocated to public safety were primarily to honor commitments from fiscal year 2020, appropriate unspent restricted funds in fiscal year 2021, support a variety of pandemic related expenditures for COVID related temporary housing contract for homeless individuals in Durham County, support for personal protective equipment for frontline Durham County public safety employees, grants supporting COVID related needs for Durham County residents and employees, grants supporting re-entry programs for justice involved individuals to reduce recidivism, support for the transition of the Sheriff’s Office to the Microsoft platform, and support

some necessary security and infrastructure improvements in the County Courthouse and Detention Center.

- \$2,606,558 in increases allocated to economic and physical development were primarily to honor commitments from fiscal year 2020, address food security impacts related to the pandemic, and recognize two grants from the North Carolina Biotechnology Center for Local Economic Development Awards to support local businesses and expanding the County's outreach to improve employment opportunities.
- \$1,535,159 in increases allocated to environmental protection were primarily to honor commitments from fiscal year 2020, acquire land to preserve more environmental spaces, and repair/upgrade a temporary parking area for County employees during the construction of the 300 Block Parking Deck.
- \$31,836,284 in increases allocated to human services were primarily to honor commitments from fiscal year 2020; appropriate unspent restricted funds in fiscal year 2021; recognize extensive grant awards supporting the County's response to the pandemic that included funding for emergency rental assistance to minimize evictions during the time of crisis for many of the citizens; support Public Health's medical response to the pandemic regarding tracing, testing, immunology, vaccinations, staffing needs, and overall planning, and address affordable housing investments and approaches to provide more stability for those in need.
- \$410,245 in increases allocated to cultural and recreational were primarily to honor commitments from fiscal year 2020, appropriate unspent restricted funds in fiscal year 2021, recognize grant funds to support Durham County Library's work on behalf of small businesses and emerging entrepreneurs, and support of the Durham County Convention Center that was impacted significantly by the pandemic.
- \$3,622,431 in increases to education were primarily to honor commitments from fiscal year 2020, cover moving all Durham Public School employees to a living wage of \$15/hour in furtherance of the County's support for all public employees, and aid in providing for safe and more effective learning centers for Durham Public School students due to the pandemic.
- 798,749 in increases to transportation was due to the creation of a Transportation Division that includes one full time position as well as the movement of County transportation services and the elderly transportation services into this functional area that previously resided within environmental protection and human services, respectively.

Of this increase, \$36,697,504 was to be funded from intergovernmental and other revenues. Operating transfers in increased funding by \$1,477,590. The remaining \$13,019,179 was to be budgeted from available fund balance. During the year, revenues exceeded budgetary estimates by \$18,088,399 while other financing sources fell short of budgetary estimates by \$15,646. Expenditures were far less than budgetary estimates with a positive variance of \$45,872,001, thus eliminating the need to draw upon existing fund balance.

Capital Asset and Debt Administration

Capital assets. Durham County's capital assets for its governmental and business-type activities as of June 30, 2021 totaled \$562,984,076 (net of accumulated depreciation). These assets include land, easements, buildings, water systems, improvements, office furniture and equipment, machinery and equipment, computer hardware, computer software, vehicles and construction in progress. The total increase in the County's net capital assets for the current fiscal year was \$7,699,956 (1.39 percent). Governmental activities increased \$10,178,943 (2.10 percent) and business-type activities decreased by \$2,478,987 (3.54 percent).

Major capital asset events during the current fiscal year included the following:

- Construction for the Durham Public School Projects continued in fiscal year 2021 in the amount of \$18,899,332. The County did not capitalize this construction activity because the County does not hold title to these properties.
- Construction for Durham Technical Community College projects for building renovations occurred in fiscal year 2021 in the amount of \$13,175,022. The County did not capitalize this construction activity because the County does not hold title to this property.
- Construction activity for the Main Library upgrade continued in the amount of \$559,599 during fiscal year 2021.
- Construction for the Museum of Life and Science occurred in fiscal year 2021 in the amount of \$327,641. Construction occurred on the Museum of Life and Science exhibit upgrades, classroom expansion, parking deck, and lobby renovations. The County did not capitalize this construction activity because the County does not hold title to this property.
- Construction activity for environmental protection occurred in the amount of \$22,120,954. Of this amount, the County capitalized \$15,023,495. The remaining amount of \$7,097,459 was not capitalized as the County does not hold title to these properties. Of the construction activity that was capitalized for environmental protection, the major activities were in environmental engineering for the Administration Building refurbishment renovation (\$9,534,525) and the 300 Block Parking Deck (\$3,835,290). Other activity occurred in the Alliance Backfill renovations project (\$1,245,521) and the Snow Hill Road Pump Station (\$7,042,059). Additional activity occurred on the DSS main street renovations, judicial annex renovation, open space and farmland preservation, administration II building renovations and public safety and service complex.
- Construction activity for general government occurred in the amount of \$4,146,641. Of this amount, the County capitalized \$3,871,141. The remaining amount of \$275,500 was not capitalized as the County does not hold title to these properties. Of the construction activity that was capitalized for general government, the major activities were the '20 County IT hardware upgrade (\$1,743,637), '19 County IT hardware upgrade (\$516,175), '16 Telecommunication upgrade (\$443,015), and the Audio-visual tech life cycle replacement (\$249,864). Other activity on County-owned projects occurred in the County building envelope upgrade, Stanford L. Warren

Library upgrade, Detention Center elevator upgrade, County stadium improvements, County-owned convenience site upgrades, Duke fiber project, '18 County IT hardware upgrade, and ongoing HVAC replacement.

- Construction activity for public safety occurred in the amount of \$3,891,569. The County capitalized the entire amount which was mainly for the EMS equipment replacement and EMS Station #1 renovations in the amount of \$2,705,406, new Youth home of \$711,817, '20 telecommunication of \$379,354, Sheriff firing range of \$249,227, and the Detention Center renovations in the amount of \$150,589.
- Major capital asset increases net of disposals occurred in the asset classes of machinery and equipment (\$597,187) and office furniture and equipment (\$48,414), in governmental activities.

DURHAM COUNTY'S CAPITAL ASSETS (Net of Depreciation)

	Governmental		Business - type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Land	\$ 8,786,840	\$ 8,786,840	\$ 185,226	\$ 185,226	\$ 8,972,066	\$ 8,972,066
Easements	2,549,931	2,182,288	5,000	5,000	2,554,931	2,187,288
Improvements- water and sewer lines	-	-	11,821,911	12,367,819	11,821,911	12,367,819
Buildings	302,413,658	313,241,725	38,269,660	40,642,095	340,683,318	353,883,820
Water systems	2,210,362	2,258,501	-	-	2,210,362	2,258,501
Office furniture and equipment	109,476	233,423	-	-	109,476	233,423
Machinery and equipment	2,487,732	3,347,923	854,442	980,216	3,342,174	4,328,139
Computer hardware	382,187	651,324	321	321	382,508	651,645
Computer software	268,661	602,412	2,520	7,157	271,181	609,569
Vehicles	4,431,479	5,599,481	47,764	76,200	4,479,243	5,675,681
Construction in progress	171,827,942	148,385,408	16,328,964	15,730,761	188,156,906	164,116,169
Total	\$ 495,468,268	\$ 485,289,325	\$ 67,515,808	\$ 69,994,795	\$ 562,984,076	\$ 555,284,120

Additional information on the County's capital assets can be found in Note D on pages 76-78 of this report.

Long-term debt. At the end of the current fiscal year, Durham County had total debt outstanding of \$566,096,320. Of this amount, \$287,420,103 comprises bonded debt backed by the full faith and credit of the government. Also included is \$5,105,000 of bonded debt secured by a pledge of and lien upon, and payable solely from, the net receipts of the enterprise system, and in certain circumstances, by proceeds of the revenue bonds, investment earnings and certain net insurance and other proceeds. The revenue bonds are additionally secured by and payable from money and securities of certain funds, accounts and sub-accounts held by the trustee under the trust agreement and the first supplemental trust agreement. The balance consists of limited obligation bonds in the amount of \$242,556,522, installment notes in the amount of \$22,845,749, and other financing agreements in the amount of

\$8,168,368. The general obligation bond anticipation notes are also backed by the full faith and credit of the government.

The County’s total debt excluding accrued compensated absences, total OPEB liability, net LGERS pension liability, and LEOSA total pension liability decreased by \$15,226,236 (2.62 percent) during the current fiscal year. The key factors in this decrease were the annual retirement of governmental and business-type activities debt of \$120,315,224 of which \$70 million in GO BANs were defeased offset by the issuance of \$70,399,638 in bonded debt, \$18,102,649 in direct installment placement, and \$17,370,305 in GO BANs.

DURHAM COUNTY’S OUTSTANDING DEBT
 General Obligations, Revenue Bonds, Installment Purchases
 and Other Financing Agreements

	Governmental		Business - type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 287,420,103	\$ 249,550,771	\$ -	\$ -	\$ 287,420,103	\$ 249,550,771
Revenue bonds	-	-	5,105,000	5,890,000	5,105,000	5,890,000
Limited obligation bonds	242,556,522	259,395,917	-	-	242,556,522	259,395,917
Installment notes payable	22,845,749	57,603,931	-	-	22,845,749	57,603,931
Other financing agreements	17,611	27,569	8,151,335	8,854,368	8,168,946	8,881,937
Total	\$ 552,839,985	\$ 566,578,188	\$ 13,256,335	\$ 14,744,368	\$ 566,096,320	\$ 581,322,556

The County maintains bond ratings from Moody’s Investors Service, Inc. and Standard & Poor’s Rating Services of Aaa and AAA, respectively.

State statutes limit the amount of general obligation debt a governmental entity may issue to 8 percent of its total assessed valuation. The current debt limitation for the County is \$3,648,824,487, leaving a legal debt margin of \$3,397,779,487. The net bonded debt per capita is \$894.

Additional information on the County’s long-term debt can be found in Note E on pages 79-89 of this report.

Economic Factors and Next Year’s Budgets and Rates

- The unemployment rate for the County is 4.3 percent as of June 2021, which is a significant decrease from a rate of 7.5 percent as of June 2020 due to the improved economic conditions as communities learned how to live and work safely during the COVID-19 pandemic, and the eventual development of vaccines. The County’s unemployment rate is less than the state’s unemployment rate of 4.6 percent but noticeably lower than the national rate of 5.9 percent as of June 2021.

- The construction activity for non-residential and residential construction was almost \$2.3 billion for calendar year 2020 compared to almost \$1.8 billion for the calendar year 2019.
- The manufacturing sector employment had a significant increase of 22.23 percent (5,143 positions) for calendar year 2020 (28,280) compared to calendar year 2019 (23,137).
- Reported retail sales are reported on total taxable sales based on sales and use tax returns. The total taxable sales for Durham County for 2021 reported were \$8.613 billion compared to \$7.812 billion reported for fiscal year 2020, an increase of approximately \$801 million (10.25 percent). The increase in retail sales is an indication of a thriving economy in the County due to the growth of small and large businesses.
- Economic development announcements for 2020 were over \$1.4 billion, and economic announcements occurring for 2021 amounted to over \$2.7 billion.
- The per capita income for Durham MSA for 2020 is \$56,703, an increase of 4.19 percent over 2019. Raleigh/Cary has a per capita income of \$60,884. The per capita for North Carolina increased from 2019 to 2020 to \$50,305, an increase of 5.32 percent, while the per capita for the nation increased to \$58,510, an increase of 3.58 percent. The source for this information is the Bureau of Economic Analysis (BEA).
- Inflationary trends in the region compare favorably to the national indices.

All these factors were considered in preparing the County's budget for the 2022 fiscal year.

At the end of the current fiscal year, fund balance available for appropriation for the general fund was \$209,878,762 or 41.01 percent of total general fund expenditures, an increase of \$30.9 million or 4.76 percent from the previous fiscal year. The County has appropriated \$24,220,752 million of this amount for spending in the 2022 fiscal year budget. Property taxes in the current fiscal year 2021 levy are based on the assessed values as of January 1, 2019, effective date of the County's last general reappraisal. For fiscal year 2021, the budgeted property tax collection percentage approved by the Board of County Commissioners decreased 0.5% to 99.10% given the financial hardship that citizens have experienced due to the pandemic. Moreover, the County has taken a conservative approach to property valuation and relying on the natural (no tax increase) year-to-year growth of 1.90%, which is anticipated will provide an additional \$4.2 million. The tax rate assessed for the 2021 fiscal year is \$0.7122, which is the same as the prior fiscal year. The tax rate for fiscal year 2022 is \$0.7222, a one cent tax rate increase. Also, there were various fee adjustments in general fund charges for services for the 2022 fiscal year in the public safety functional area for the emergency medical services division of OES for life support service fees and in the economic and physical development functional area for the planning department for rezoning, development agreements, site plans, and flood-plain reviews. Transfers from the special revenue funds are budgeted for the 2022 fiscal year as funding sources for public safety. Also, a transfer from the community health trust fund is budgeted for the 2022 fiscal year as a funding source for health-related spending.

The sewer rates were increased for fiscal year 2022 in the sewer utility fund. The consumption rate charge was increased by 4.76 percent for all customers, both residential and industrial, effective July

1, 2021. The rate increase was necessary to maintain operational expenses, and funds to service debt. Monitoring fees for gallium, pesticides, tellurium, and TSS were increased. There were increases for monthly service fees, sewer main inspection fees, and reclaimed water inspection fees. New fees added included oil/grease/sediment/trap inspections, construction review for commercial/industrial development with single lateral, and development review fees for alternate design application fee for minor and major changes. After completion of the reclaimed water rate study, new fees were approved for reclaimed water consisting of administrative fee, monthly base charge, new account deposit fee, initiation fee, security fee, disconnection and reconnection fees, after-hour service charge and late fees. There was no increase in system development fees, which is paid by new development, to recover a proportional share of the costs of capital facilities constructed to provide service capacity for new customers connecting to the system.

The County moved stormwater services from the general fund to a new stormwater proprietary (enterprise) fund effective July 1, 2020. In doing so, the stormwater rate structures for its fees and charges for services were evaluated and restructured and effective July 1, 2020 to ensure that the user fees would be sufficient to fund these services. There was no increase in the stormwater rates/fees for fiscal year 2022.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Chief Financial Officer, 201 East Main Street, 7th Floor, Durham, NC 27701. You can also visit our website at <http://www.dconc.gov>.

BASIC FINANCIAL STATEMENTS

DURHAM COUNTY, NORTH CAROLINA

**Statement of Net Position
June 30, 2021**

	Governmental Activities	Business Type Activities	Total Primary Government	Durham County ABC Board
Assets				
Cash and cash equivalents / investments	\$ 292,360,304	\$ 35,358,431	\$ 327,718,735	\$ 5,122,532
Cash and cash equivalents / investments - restricted	45,925,702	10,508,607	56,434,309	-
Receivables:				
Accounts receivable	2,371,360	68,764	2,440,124	-
Stormwater receivable	-	58,477	58,477	-
Accrued interest receivable	637,141	66,283	703,424	-
Net property taxes receivable	3,867,337	-	3,867,337	-
Solid waste receivable	55,582	-	55,582	-
Animal taxes receivable	301,502	-	301,502	-
Water services receivable	1,121	-	1,121	-
Net emergency medical services receivable	2,590,543	-	2,590,543	-
WSR loan receivable	2,550,000	-	2,550,000	-
Inventory	1,492,280	-	1,492,280	5,702,728
Due from other governments - federal and state agencies	26,597,154	68,858	26,666,012	-
Due from other governments - local	4,501,478	1,775,595	6,277,073	-
Prepaid expenses	121,500	8,402	129,902	140,014
Investment in joint venture	8,700,323	-	8,700,323	-
Pension assets - ROD Supplemental Plan	1,032,410	-	1,032,410	-
Derivative financial instrument	4,214,314	-	4,214,314	-
Capital assets:				
Nondepreciable:				
Land	8,786,840	185,226	8,972,066	2,286,123
Easements	2,549,931	5,000	2,554,931	-
Construction in progress	171,827,942	16,328,964	188,156,906	4,764,561
Depreciable:				
Land improvements - sewer lines and systems	-	28,179,774	28,179,774	-
Buildings	435,661,661	56,854,766	492,516,427	4,926,206
Water systems	2,406,929	-	2,406,929	-
Office furniture and equipment	1,551,090	-	1,551,090	1,619,532
Machinery and equipment	14,292,442	2,185,304	16,477,746	-
Computer hardware	13,672,966	36,416	13,709,382	-
Computer software	16,526,743	73,157	16,599,900	-
Vehicles	23,038,771	540,466	23,579,237	447,622
Accumulated depreciation	(194,847,047)	(36,873,265)	(231,720,312)	(2,954,839)
Total assets	892,788,319	115,429,225	1,008,217,544	22,054,479
Deferred outflows of resources				
Contributions to pension plan in current fiscal year - ROD	38,321	-	38,321	-
Contributions to pension plan in current fiscal year - LGERS	11,546,037	196,687	11,742,724	-
Contributions to pension plan in current fiscal year - LEOSSA	259,005	-	259,005	-
Contributions to pension plan in current fiscal year - OPEB	3,871,873	-	3,871,873	-
LGERS pension deferrals	18,470,888	219,921	18,690,809	587,895
LEOSSA pension deferrals	3,210,954	-	3,210,954	-
OPEB deferrals	37,280,948	-	37,280,948	39,718
Unamortized loss on refundings	14,032,463	264,531	14,296,994	-
Total deferred outflows of resources	88,710,489	681,139	89,391,628	627,613
Liabilities				
Accounts payable	19,900,211	403,754	20,303,965	2,212,718
Arbitrage rebate payable	-	13,000	13,000	-
Accrued interest payable	2,815,256	38,826	2,854,082	-
Accrued payroll and related amounts withheld	6,225,365	141,982	6,367,347	97,054
Due to other governments - federal and state agencies	25,021	-	25,021	962,543
Due to other governments - local	80,420	-	80,420	1,333,689
Security deposits	31,945	50,919	82,864	-
Retiree and COBRA prepaid benefit contributions	175,737	-	175,737	-
Escrow - register of deeds	378,952	-	378,952	-
ARPA unearned revenue	31,222,637	-	31,222,637	-
Current portion of long-term liabilities:				
Accrued compensated absences due within one year	4,588,973	77,628	4,666,601	-
Bonds and other notes payable due within one year	50,205,675	1,503,033	51,708,708	-
Long-term liabilities due in more than one year:				
Net pension liability - LGERS	53,649,353	748,930	54,398,283	943,384
Total pension liability - LEOSSA	10,182,265	-	10,182,265	-
Total OPEB liability	195,593,637	-	195,593,637	589,076
Accrued compensated absences	5,362,474	106,270	5,468,744	106,979
Bonds and other notes payable	502,634,310	11,753,302	514,387,612	-
Total liabilities	883,072,231	14,837,644	897,909,875	6,245,443

DURHAM COUNTY, NORTH CAROLINA

**Statement of Net Position
June 30, 2021**

	Governmental Activities	Business Type Activities	Total Primary Government	Durham County ABC Board
Deferred inflows of resources				
Prepaid rent	5,095	-	5,095	-
Prepaid taxes	725,439	-	725,439	-
Prepaid - emergency medical services	23,283	-	23,283	-
ROD pension deferrals	268,816	-	268,816	-
LGERS pension deferrals	527,440	36,477	563,917	29,785
LEOSSA pension deferrals	184,040	-	184,040	-
OPEB deferrals	37,711,984	-	37,711,984	-
Total deferred inflows of resources	<u>39,446,097</u>	<u>36,477</u>	<u>39,482,574</u>	<u>29,785</u>
Net position				
Net investment in capital assets	183,610,404	54,524,004	238,134,408	11,089,205
Restricted for:				
Stabilization by State Statute	51,406,648	-	51,406,648	-
Capital projects	11,280,019	10,508,607	21,788,626	1,458,333
Grants and technology	34,402,155	-	34,402,155	-
Fire services	243,528	-	243,528	-
Unrestricted net position	(221,962,274)	36,203,632	(185,758,642)	3,859,326
Total net position	<u>\$ 58,980,480</u>	<u>\$ 101,236,243</u>	<u>\$ 160,216,723</u>	<u>\$ 16,406,864</u>

The notes to the financial statements are an integral part of this statement.

DURHAM COUNTY, NORTH CAROLINA

**Statement of Activities
Year Ended June 30, 2021**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Durham County ABC Board
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
General government	\$ 101,205,831	\$ 18,384,547	\$ 15,250,936	\$ -	\$ (67,570,348)	\$ -	\$ (67,570,348)	\$ -
Public safety	98,843,230	13,282,256	11,623,397	-	(73,937,577)	-	(73,937,577)	-
Transportation	291,640	-	-	-	(291,640)	-	(291,640)	-
Economic and physical development	13,107,386	38,873	799,373	-	(12,269,140)	-	(12,269,140)	-
Environmental protection	9,573,869	3,108,944	174,107	30,693	(6,260,125)	-	(6,260,125)	-
Human services	105,617,896	1,198,229	47,856,947	-	(56,562,720)	-	(56,562,720)	-
Education	181,869,621	1,332	-	720,245	(181,148,044)	-	(181,148,044)	-
Cultural and recreational	16,001,339	183,507	525,562	-	(15,292,270)	-	(15,292,270)	-
Interest and fiscal charges	14,578,173	-	-	-	(14,578,173)	-	(14,578,173)	-
Total governmental activities	<u>541,088,985</u>	<u>36,197,688</u>	<u>76,230,322</u>	<u>750,938</u>	<u>(427,910,037)</u>	<u>-</u>	<u>(427,910,037)</u>	<u>-</u>
Business-type activities:								
Sewer utility	9,864,971	13,928,001	-	5,805	-	4,068,835	4,068,835	-
Stormwater	984,943	1,639,669	-	17,116	-	671,842	671,842	-
Total business-type activities	<u>10,849,914</u>	<u>15,567,670</u>	<u>-</u>	<u>22,921</u>	<u>-</u>	<u>4,740,677</u>	<u>4,740,677</u>	<u>-</u>
Total primary government	<u>\$ 551,938,899</u>	<u>\$ 51,765,358</u>	<u>\$ 76,230,322</u>	<u>\$ 773,859</u>	<u>(427,910,037)</u>	<u>4,740,677</u>	<u>(423,169,360)</u>	<u>-</u>
Component units:								
Durham County ABC Board	\$ 47,223,556	\$ 49,234,979	\$ -	\$ -	-	-	-	2,011,423
Total component units	<u>\$ 47,223,556</u>	<u>\$ 49,234,979</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,011,423</u>
General revenues:								
Taxes:								
Property taxes, levied for general purposes					325,474,847	-	325,474,847	-
Property taxes, levied for fire districts					9,218,291	-	9,218,291	-
Property taxes, levied for other districts purposes					1,477,449	-	1,477,449	-
Local option sales tax					97,605,674	-	97,605,674	-
Occupancy tax					1,680,342	-	1,680,342	-
Gross receipts tax					546,969	-	546,969	-
Vehicle registration tax					223,347	-	223,347	-
Investment and interest income					(3,767,330)	(38,941)	(3,806,271)	1,134
Other revenues					1,027,593	12,977	1,040,570	-
Total general revenues					<u>433,487,182</u>	<u>(25,964)</u>	<u>433,461,218</u>	<u>1,134</u>
Change in net position					5,577,145	4,714,713	10,291,858	2,012,557
Net position, beginning					53,403,335	96,521,530	149,924,865	14,394,307
Net position, ending					<u>\$ 58,980,480</u>	<u>\$ 101,236,243</u>	<u>\$ 160,216,723</u>	<u>\$ 16,406,864</u>

The notes to the financial statements are an integral part of this statement.

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DURHAM COUNTY, NORTH CAROLINA

Balance Sheet
Governmental Funds
June 30, 2021

	General	Community Health Trust Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents / investments	\$ 230,743,255	\$ 104,889	\$ 20,716,630	\$ 38,182,041	\$ 3,046,795	\$ 292,793,610
Cash and cash equivalents / investments - restricted	34,402,155	-	11,280,019	-	243,528	45,925,702
Receivables:						
Accounts receivable	2,371,360	-	-	-	-	2,371,360
Net property taxes receivable	3,735,635	-	-	-	131,702	3,867,337
Solid waste receivable	55,582	-	-	-	-	55,582
Animal taxes receivable	301,502	-	-	-	-	301,502
Water services receivable	1,121	-	-	-	-	1,121
Net emergency medical services receivable	2,590,543	-	-	-	-	2,590,543
WSR loan receivable	-	-	2,550,000	-	-	2,550,000
Inventory	1,492,280	-	-	-	-	1,492,280
Due from other governments - federal and state agencies	25,730,860	-	821,461	-	44,833	26,597,154
Due from other governments - local	4,501,478	-	-	-	-	4,501,478
Due from capital project fund	3,047,554	-	-	-	-	3,047,554
Prepaid expenditures	121,500	-	-	-	-	121,500
Total assets	<u>\$ 309,094,825</u>	<u>\$ 104,889</u>	<u>\$ 35,368,110</u>	<u>\$ 38,182,041</u>	<u>\$ 3,466,858</u>	<u>\$ 386,216,723</u>
Liabilities						
Accounts payable	\$ 10,431,122	-	\$ 9,456,997	-	\$ 12,092	\$ 19,900,211
Accrued payroll and related amounts withheld	6,225,365	-	-	-	-	6,225,365
Due to other governments - federal and state agencies	25,021	-	-	-	-	25,021
Due to other governments - local	80,420	-	-	-	-	80,420
Due to general fund	-	-	3,047,554	-	-	3,047,554
Security deposits	31,945	-	-	-	-	31,945
Retiree and COBRA prepaid benefit contributions	175,737	-	-	-	-	175,737
Escrow - register of deeds	378,952	-	-	-	-	378,952
ARPA unearned revenue	31,222,637	-	-	-	-	31,222,637
Total liabilities	<u>48,571,199</u>	<u>-</u>	<u>12,504,551</u>	<u>-</u>	<u>12,092</u>	<u>61,087,842</u>
Deferred inflows of resources						
Prepaid rent	5,095	-	-	-	-	5,095
Prepaid taxes	708,991	-	-	-	16,448	725,439
Prepaid - emergency medical services	23,283	-	-	-	-	23,283
Net property taxes receivable	3,735,635	-	-	-	131,702	3,867,337
Solid waste receivable	55,582	-	-	-	-	55,582
Animal taxes receivable	301,502	-	-	-	-	301,502
Water services receivable	1,121	-	-	-	-	1,121
Net emergency medical services receivable	2,590,543	-	-	-	-	2,590,543
WSR loan receivable	-	-	2,550,000	-	-	2,550,000
Total deferred inflows of resources	<u>7,421,752</u>	<u>-</u>	<u>2,550,000</u>	<u>-</u>	<u>148,150</u>	<u>10,119,902</u>
Fund balances						
Non-spendable:						
Inventories	1,492,280	-	-	-	-	1,492,280
Prepaid expenditures	121,500	-	-	-	-	121,500
Restricted:						
Stabilization by State Statute	41,609,332	-	9,797,316	-	-	51,406,648
Tax technology	106,135	-	-	-	-	106,135
Sheriff	450,338	-	-	-	-	450,338
Fire marshal	-	-	-	-	243,528	243,528
Public health programs	205,029	-	-	-	-	205,029
Social services programs	1,470,549	-	-	-	-	1,470,549
Library programs	55,154	-	-	-	-	55,154
Criminal justice programs	55,172	-	-	-	-	55,172
Environmental protection programs	115,017	-	-	-	-	115,017
Register of deeds	600,947	-	-	-	-	600,947
Special Butner	8,703	-	-	-	-	8,703
Soil and water programs	112,473	-	-	-	-	112,473
Education	-	-	761	-	-	761
Committed:						
Risk management	5,685,992	-	-	-	-	5,685,992
Public health	151	-	-	-	-	151
Debt service	15,863,379	-	-	-	-	15,863,379
Sheriff inmate	603,246	-	-	-	-	603,246
Education: Article 46	2,577,261	-	-	-	-	2,577,261
OPEB	51,464,558	-	-	-	-	51,464,558
Self-insured health benefits	1,147,703	-	-	-	-	1,147,703
Reappraisal reserve	962,012	-	-	-	-	962,012
LEO Special Separation Allowance	1,955,619	-	-	-	-	1,955,619
Assigned, reported in:						
General fund	24,220,752	-	-	-	-	24,220,752
Community health trust fund	-	104,889	-	-	-	104,889
Capital projects fund	-	-	10,515,482	-	-	10,515,482
Debt service	-	-	-	38,182,041	-	38,182,041
Assigned, reported in nonmajor:						
Special revenue	-	-	-	-	3,063,088	3,063,088
Unassigned, general	102,218,572	-	-	-	-	102,218,572
Total fund balances	<u>253,101,874</u>	<u>104,889</u>	<u>20,313,559</u>	<u>38,182,041</u>	<u>3,306,616</u>	<u>315,008,979</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 309,094,825</u>	<u>\$ 104,889</u>	<u>\$ 35,368,110</u>	<u>\$ 38,182,041</u>	<u>\$ 3,466,858</u>	<u>\$ 386,216,723</u>

The notes to the financial statements are an integral part of this statement.

DURHAM COUNTY, NORTH CAROLINA

**Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
June 30, 2021**

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - governmental funds	\$ 315,008,979
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	504,168,591
Other long-term assets used in governmental activities are not a current financial resource and, therefore, are not reported in the funds.	5,246,724
Deferred outflows of resources used in governmental activities represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then, and therefore, are not reported in the funds.	88,710,489
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the funds.	8,932,779
Deferred inflows of resources used in governmental activities represents an acquisition of net position that applies to a future period and so will not be recognized as a revenue until then, and therefore, are not reported in the funds.	(38,692,280)
Long-term liabilities, including bonds payable and other postemployment benefits, are not due and payable in the current period and, therefore, are not reported in the funds.	(824,394,802)
Net position of governmental activities	<u>\$ 58,980,480</u>

The notes to the financial statements are an integral part of this statement.

DURHAM COUNTY, NORTH CAROLINA

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2021

	General	Community Health Trust Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 425,405,583	\$ -	\$ -	\$ -	\$ 10,670,984	\$ 436,076,567
Licenses and permits	626,990	-	-	-	-	626,990
Intergovernmental revenues	76,023,039	-	750,938	207,283	-	76,981,260
Investments	2,080,025	221	57,537	53,142	5,555	2,196,480
Rent	723,085	-	-	-	-	723,085
Charges for services	32,352,251	1,250,000	-	459,865	-	34,062,116
Other revenues	1,027,593	-	-	-	-	1,027,593
Total revenues	538,238,566	1,250,221	808,475	720,290	10,676,539	551,694,091
Expenditures						
Current:						
General government	70,094,306	-	4,146,641	-	-	74,240,947
Public safety	76,925,873	-	3,891,569	-	7,681,311	88,498,753
Transportation	291,640	-	-	-	-	291,640
Economic and physical development	8,759,492	-	7,281,228	-	1,290,361	17,331,081
Environmental protection	5,911,482	-	22,120,954	-	-	28,032,436
Human services	95,511,667	-	-	-	-	95,511,667
Education	169,786,429	-	32,074,356	-	-	201,860,785
Cultural and recreational	14,324,854	-	983,969	-	-	15,308,823
Debt service:						
Principal retirement	-	-	-	43,574,785	-	43,574,785
Interest and fiscal charges	-	-	501	18,337,415	-	18,337,916
Debt issuance costs	-	-	114,695	505,108	-	619,803
Total expenditures	441,605,743	-	70,613,913	62,417,308	8,971,672	583,608,636
Excess (deficiency) of revenues over (under) expenditures	96,632,823	1,250,221	(69,805,438)	(61,697,018)	1,704,867	(31,914,545)
Other financing sources (uses)						
Transfers in	6,562,915	-	8,503,450	66,082,092	-	81,148,457
Transfers out	(70,206,354)	(1,250,000)	(3,967,491)	(4,605,689)	(1,118,923)	(81,148,457)
Issuance of installment purchases	-	-	35,536,643	-	-	35,536,643
Premium on issuance of refinancing	-	-	-	8,594,638	-	8,594,638
Issuance of refunding bonds	-	-	-	61,805,000	-	61,805,000
Payment to refunded debt escrow agent	-	-	-	(70,000,000)	-	(70,000,000)
Total other financing sources (uses)	(63,643,439)	(1,250,000)	40,072,602	61,876,041	(1,118,923)	35,936,281
Net change in fund balances	32,989,384	221	(29,732,836)	179,023	585,944	4,021,736
Fund balance - beginning	220,112,490	104,668	50,046,395	38,003,018	2,720,672	310,987,243
Fund balance - ending	\$ 253,101,874	\$ 104,889	\$ 20,313,559	\$ 38,182,041	\$ 3,306,616	\$ 315,008,979

The notes to the financial statements are an integral part of this statement.

DURHAM COUNTY, NORTH CAROLINA

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Year Ended June 30, 2021**

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 4,021,736
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current year.	9,735,630
Deferred outflows of resources used in governmental activities represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then, and therefore, are not reported in the funds.	33,602,430
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(4,137,016)
Deferred inflows of resources used in governmental activities represents an acquisition of net position that applies to a future period and so will not be recognized as a revenue until then, and therefore, are not reported in the funds.	(42,153,772)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	4,508,137
Change in net position of governmental activities	<u>\$ 5,577,145</u>

The notes to the financial statements are an integral part of this statement.

DURHAM COUNTY, NORTH CAROLINA

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2021**

	Budgeted Amounts			Positive (Negative) Variance
	Original	Final	Actual	
Revenues				
Taxes				
Current levy	\$ 310,832,181	\$ 310,832,181	\$ 324,169,377	\$ 13,337,196
Prior years' levy	300,004	300,004	272,176	(27,828)
Tax penalties and interest	420,000	420,000	752,610	332,610
Advertising and selling	20,000	20,000	28,646	8,646
Payments in lieu of taxes	-	-	55,692	55,692
Local option sales tax	83,439,212	83,439,212	97,605,674	14,166,462
Animal tax	-	-	4,183	4,183
Occupancy tax	3,323,264	3,323,264	1,680,342	(1,642,922)
Gross receipts tax	500,000	500,000	546,969	46,969
Vehicle registration tax	300,000	300,000	223,347	(76,653)
Solid waste tax	25,000	25,000	40,510	15,510
White goods tax	17,000	17,000	26,057	9,057
Total taxes	<u>399,176,661</u>	<u>399,176,661</u>	<u>425,405,583</u>	<u>26,228,922</u>
Intergovernmental revenues				
Beer and wine tax	190,000	190,000	180,870	(9,130)
Social services	29,911,413	48,570,725	35,640,639	(12,930,086)
Public health	8,066,840	13,898,581	11,844,409	(2,054,172)
Library	442,940	541,940	525,562	(16,378)
Finance	-	8,875,611	9,283,235	407,624
ABC Board	2,400,000	2,400,000	2,400,000	-
Other	7,705,876	10,637,716	16,148,324	5,510,608
Total intergovernmental revenues	<u>48,717,069</u>	<u>85,114,573</u>	<u>76,023,039</u>	<u>(9,091,534)</u>
Charges for services				
Register of deeds	5,600,000	5,600,000	7,403,227	1,803,227
General government charges	6,493,947	6,493,947	7,404,082	910,135
Collection fees	1,609,925	1,609,925	2,067,974	458,049
Public protection	1,646,500	1,646,500	1,295,772	(350,728)
Environmental protection	474,425	474,425	17,552	(456,873)
Solid waste fees	2,403,325	2,403,325	2,427,881	24,556
Facilities fees	240,000	240,000	179,314	(60,686)
Library fees and charges	200,500	200,500	56,576	(143,924)
Public health	461,380	461,380	395,934	(65,446)
Social services	7,050	7,050	3,728	(3,322)
Office of emergency services	11,106,165	11,106,165	11,094,131	(12,034)
Other charges	7,850	7,850	6,080	(1,770)
Total charges for services	<u>30,251,067</u>	<u>30,251,067</u>	<u>32,352,251</u>	<u>2,101,184</u>
Investment and rental income				
Investment earnings	3,520,000	3,520,000	2,080,025	(1,439,975)
Rent	735,116	735,116	723,085	(12,031)
Total investment and rental income	<u>4,255,116</u>	<u>4,255,116</u>	<u>2,803,110</u>	<u>(1,452,006)</u>
Licenses and permits				
Cablevision and franchise fees	475,000	475,000	511,264	36,264
Wine and beer licenses	20,000	20,000	17,276	(2,724)
Other licenses and permits	22,500	22,500	98,450	75,950
Total licenses and permits	<u>517,500</u>	<u>517,500</u>	<u>626,990</u>	<u>109,490</u>

The notes to the financial statements are an integral part of this statement.

DURHAM COUNTY, NORTH CAROLINA

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2021 (continued)**

	Budgeted Amounts			Positive (Negative) Variance
	Original	Final	Actual	
Revenues (continued)				
Other revenues				
Miscellaneous	\$ 315,250	\$ 315,250	\$ 543,889	\$ 228,639
Confiscated property				
federal investigation	40,000	40,000	134,904	94,904
Inmate welfare	120,000	120,000	128,247	8,247
Sale of surplus property and materials	-	-	20,504	20,504
Other	60,000	360,000	200,049	(159,951)
Total other revenues	535,250	835,250	1,027,593	192,343
Total revenues	483,452,663	520,150,167	538,238,566	18,088,399
Expenditures				
General administration				
Board of county commissioners	748,485	809,863	785,615	24,248
County manager	2,803,654	3,809,013	3,519,687	289,326
Finance	5,059,110	6,017,325	3,919,834	2,097,491
Tax	7,482,207	8,803,551	7,543,827	1,259,724
Legal	2,707,633	3,414,147	3,344,016	70,131
Court facilities	342,977	394,929	338,279	56,650
Human resources	18,456,786	8,482,052	8,293,924	188,128
Elections	2,420,983	4,743,176	4,597,693	145,483
Risk management and insurance	3,883,844	4,567,190	4,092,853	474,337
General services	13,473,295	16,515,937	16,006,185	509,752
Geographic information systems	519,091	519,091	519,091	-
Information systems and technology	11,262,521	13,679,209	12,083,087	1,596,122
Register of deeds	2,074,624	2,508,169	2,266,500	241,669
Other	6,180,263	3,878,133	2,783,715	1,094,418
Total general administration	77,415,473	78,141,785	70,094,306	8,047,479
Economic and physical development				
Planning	1,461,777	1,461,777	1,461,777	-
Cooperative extension	1,770,899	3,178,875	2,899,210	279,665
Soil and water conservation	662,034	822,863	747,028	75,835
Open space management	77,175	264,267	86,205	178,062
Industrial extension	1,100,000	1,400,000	1,292,337	107,663
Other	2,048,592	2,599,253	2,272,935	326,318
Total economic and physical development	7,120,477	9,727,035	8,759,492	967,543
Human services				
Public health	29,455,749	39,106,500	30,173,363	8,933,137
Mental health	6,336,751	6,336,751	6,336,753	(2)
Social services	56,706,661	79,494,439	58,539,366	20,955,073
Other	1,279,430	677,185	462,185	215,000
Total human services	93,778,591	125,614,875	95,511,667	30,103,208
Education				
Durham public schools				
Current	149,807,778	151,707,778	151,707,778	-
Capital	3,370,000	3,370,000	3,370,000	-
Durham technical community college				
Current	7,525,299	7,525,299	7,525,299	-
Capital	347,500	347,500	347,500	-
Other education	5,515,021	7,237,452	6,835,852	401,600
Total education	166,565,598	170,188,029	169,786,429	401,600

The notes to the financial statements are an integral part of this statement.

DURHAM COUNTY, NORTH CAROLINA

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 General Fund
 Year Ended June 30, 2021 (continued)

	Budgeted Amounts		Actual	Positive (Negative) Variance
	Original	Final		
Expenditures (continued)				
Public safety				
Criminal justice partnership	\$ 5,733,972	\$ 6,565,882	\$ 5,728,830	\$ 837,052
County sheriff	21,499,964	24,682,509	24,343,378	339,131
County jail	18,067,366	19,038,007	19,359,114	(321,107)
Youth home	1,547,971	1,683,461	1,766,645	(83,184)
Animal control	2,042,229	2,259,614	2,096,061	163,553
Emergency communications center	1,514,937	1,514,937	1,453,272	61,665
Office of emergency services	20,625,951	24,843,429	21,891,523	2,951,906
Medical examiner	250,000	353,086	287,050	66,036
Total public safety	<u>71,282,390</u>	<u>80,940,925</u>	<u>76,925,873</u>	<u>4,015,052</u>
Transportation				
Airport authority	12,500	12,500	12,500	-
Go Triangle	400,000	400,000	223,347	176,653
County transportation	-	798,749	55,793	742,956
Total transportation	<u>412,500</u>	<u>1,211,249</u>	<u>291,640</u>	<u>919,609</u>
Environmental protection				
Solid waste	2,724,249	2,719,623	2,426,306	293,317
Environmental engineering	2,379,714	3,908,040	3,406,675	501,365
Other	57,528	68,987	78,501	(9,514)
Total environmental protection	<u>5,161,491</u>	<u>6,696,650</u>	<u>5,911,482</u>	<u>785,168</u>
Cultural and recreational				
Library	12,729,110	12,929,355	12,297,013	632,342
Other	1,817,841	2,027,841	2,027,841	-
Total cultural and recreational	<u>14,546,951</u>	<u>14,957,196</u>	<u>14,324,854</u>	<u>632,342</u>
Total expenditures	<u>436,283,471</u>	<u>487,477,744</u>	<u>441,605,743</u>	<u>45,872,001</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>47,169,192</u>	<u>32,672,423</u>	<u>96,632,823</u>	<u>63,960,400</u>
Other financing sources (uses)				
Transfers in	5,100,971	6,578,561	6,562,915	(15,646)
Transfers out	(70,206,354)	(70,206,354)	(70,206,354)	-
Appropriated fund balance	17,936,191	30,955,370	-	(30,955,370)
Total other financing uses	<u>(47,169,192)</u>	<u>(32,672,423)</u>	<u>(63,643,439)</u>	<u>(30,971,016)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>\$ -</u>	<u>32,989,384</u>	<u>\$ 32,989,384</u>
FUND BALANCE - BEGINNING OF YEAR			220,112,490	
FUND BALANCE - END OF YEAR			\$ 253,101,874	

The notes to the financial statements are an integral part of this statement.

DURHAM COUNTY, NORTH CAROLINA

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Community Health Trust Fund
Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Positive (Negative) Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ -	\$ -	\$ 221	\$ 221
Charges for services	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>-</u>
Total revenues	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,221</u>	<u>221</u>
Other financing sources (uses)				
Transfers out	<u>(1,250,000)</u>	<u>(1,250,000)</u>	<u>(1,250,000)</u>	<u>-</u>
Total other financing uses	<u>(1,250,000)</u>	<u>(1,250,000)</u>	<u>(1,250,000)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>\$ -</u>	221	<u>\$ 221</u>
FUND BALANCE - BEGINNING OF YEAR			<u>104,668</u>	
FUND BALANCE - END OF YEAR			<u>\$ 104,889</u>	

The notes to the financial statements are an integral part of this statement.

DURHAM COUNTY, NORTH CAROLINA

Statement of Net Position
Proprietary Funds
June 30, 2021

	Enterprise Funds		
	Sewer Utility Fund	Nonmajor	Total
		Stormwater Fund	
Assets			
Current assets			
Cash and cash equivalents / investments	\$ 34,579,378	\$ 779,053	\$ 35,358,431
Cash and cash equivalents / investments - restricted	10,508,607	-	10,508,607
Receivables:			
Stormwater fees receivable	-	58,477	58,477
Accounts receivable	68,764	-	68,764
Accrued interest receivable	65,133	1,150	66,283
Total receivables	133,897	59,627	193,524
Due from other governments - federal and state agencies	67,493	1,365	68,858
Due from other governments - local	1,775,595	-	1,775,595
Prepaid expenses	8,402	-	8,402
Total current assets	47,073,372	840,045	47,913,417
Noncurrent assets			
Capital assets:			
Land	185,226	-	185,226
Easements	5,000	-	5,000
Land improvements - sewer and water lines	28,179,774	-	28,179,774
Building treatment plant	56,854,766	-	56,854,766
Machinery and equipment	2,177,234	8,070	2,185,304
Vehicles	444,257	96,209	540,466
Computer hardware	36,416	-	36,416
Computer software	73,157	-	73,157
Construction in progress	16,328,964	-	16,328,964
Total capital assets	104,284,794	104,279	104,389,073
Noncurrent asset (PF only)	-	-	-
Less accumulated depreciation and amortization	(36,778,670)	(94,595)	(36,873,265)
Vehicles			
Net capital assets	67,506,124	9,684	67,515,808
Total noncurrent assets	67,506,124	9,684	67,515,808
Total assets	114,579,496	849,729	115,429,225
Deferred outflows of resources			
Contributions to pension plan in current fiscal year	155,098	41,589	196,687
Pension deferrals - LGERS	207,409	12,512	219,921
Unamortized loss on refundings	264,531	-	264,531
Total deferred outflows of resources	627,038	54,101	681,139
Liabilities			
Current liabilities			
Current portion of accrued compensated absences	65,948	11,680	77,628
Current portion of long-term debt	1,503,033	-	1,503,033
Current portion of unamortized bond premium	-	-	-
Accounts payable	393,548	10,206	403,754
Arbitrage rebate payable	13,000	-	13,000
Accrued interest payable	38,826	-	38,826
Accrued payroll and related amounts withheld	107,131	34,851	141,982
Security deposits	-	50,919	50,919
Total current liabilities	2,121,486	107,656	2,229,142
Noncurrent liabilities			
Accrued compensated absences	64,810	41,460	106,270
Net pension liability - LGERS	667,776	81,154	748,930
Long-term debt	11,753,302	-	11,753,302
Total noncurrent liabilities	12,485,888	122,614	12,608,502
Total liabilities	14,607,374	230,270	14,837,644
Deferred inflows of resources			
Pension deferrals - LGERS	36,080	397	36,477
Total deferred inflows of resources	36,080	397	36,477
Net position			
Net investment in capital assets	54,514,320	9,684	54,524,004
Restricted for capital projects	10,508,607	-	10,508,607
Restricted for pension	-	-	-
Unrestricted	35,540,153	663,479	36,203,632
Total net position	\$ 100,563,080	\$ 673,163	\$ 101,236,243

The notes to the financial statements are an integral part of this statement.

DURHAM COUNTY, NORTH CAROLINA

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

Year Ended June 30, 2021

	Enterprise Funds		
	Sewer Utility Fund	Nonmajor	
		Stormwater Fund	Total
Operating revenues			
Charges for services	\$ 10,820,804	\$ 804,336	\$ 11,625,140
Total operating revenues	<u>10,820,804</u>	<u>804,336</u>	<u>11,625,140</u>
Operating expenses			
Personnel services	2,526,584	701,706	3,228,290
Utilities	524,078	-	524,078
Maintenance and other	3,220,890	267,735	3,488,625
Depreciation	3,246,004	15,502	3,261,506
Total operating expenses	<u>9,517,556</u>	<u>984,943</u>	<u>10,502,499</u>
Operating income	<u>1,303,248</u>	<u>(180,607)</u>	<u>1,122,641</u>
Nonoperating revenue (expense)			
Investment and interest income	(40,261)	1,320	(38,941)
Sewer connection fees	3,107,197	-	3,107,197
Construction permits	-	828,333	828,333
Inspection fees	-	7,000	7,000
Interest and fiscal charges	(347,415)	-	(347,415)
Miscellaneous	12,976	1	12,977
Total nonoperating revenue (expense)	<u>2,732,497</u>	<u>836,654</u>	<u>3,569,151</u>
Income before transfers and contributions	4,035,745	656,047	4,691,792
Capital contributions	<u>5,805</u>	<u>17,116</u>	<u>22,921</u>
Change in net position	4,041,550	673,163	4,714,713
Beginning net position	<u>96,521,530</u>	<u>-</u>	<u>96,521,530</u>
Total net position, ending	<u>\$ 100,563,080</u>	<u>\$ 673,163</u>	<u>\$ 101,236,243</u>

The notes to the financial statements are an integral part of this statement.

DURHAM COUNTY, NORTH CAROLINA

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2021

	Enterprise Funds		
	Sewer Utility Fund	Nonmajor Stormwater Fund	Total
Operating activities			
Cash received from sales	\$ 10,727,764	\$ 744,494	\$ 11,472,258
Cash paid to employees	(2,386,859)	(586,265)	(2,973,124)
Cash paid for operating plant	(4,129,317)	(257,529)	(4,386,846)
Net cash provided (used) by operating activities	4,211,588	(99,300)	4,112,288
Noncapital financing activities			
Sewer connection fees received	3,107,197	-	3,107,197
Construction permits received	-	828,333	828,333
Inspection fees received	-	7,000	7,000
Security deposits	-	50,919	50,919
Insurance reimbursement	12,976	-	12,976
Miscellaneous received	-	1	1
Net cash provided (used) by noncapital financing activities	3,120,173	886,253	4,006,426
Capital and related financing activities			
Principal payments on long-term debt	(1,456,146)	-	(1,456,146)
Interest paid	(339,085)	-	(339,085)
Intergovernmental revenues	5,805	-	5,805
Acquisition and construction costs of capital assets	(757,332)	(8,070)	(765,402)
Net cash provided (used) by capital and related financing activities	(2,546,758)	(8,070)	(2,554,828)
Investing activities			
Investment income and dividends	45,809	170	45,979
Net cash provided (used) by investing activities	45,809	170	45,979
Net increase (decrease) in cash and cash equivalents/investments	4,830,812	779,053	5,609,865
Cash and cash equivalents/investments			
Beginning of year	40,257,173	-	40,257,173
End of year	\$ 45,087,985	\$ 779,053	\$ 45,867,038
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 1,303,248	\$ (180,607)	\$ 1,122,641
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	3,246,004	15,502	3,261,506
Pension expense	257,467	69,039	326,506
Change in assets, deferred outflows of resources, and liabilities:			
Accounts receivable	30,253	(58,477)	(28,224)
Due from other governments - federal and state agencies	76,400	(1,365)	75,035
Due from other governments - local	(199,693)	-	(199,693)
Accounts payable	(384,349)	10,206	(374,143)
Compensated absences and accrued payroll	37,356	87,991	125,347
Deferred outflows of resources for pensions	(155,098)	(41,589)	(196,687)
Total adjustments	<u>2,908,340</u>	<u>81,307</u>	<u>2,989,647</u>
Net cash provided (used) by operating activities	\$ 4,211,588	\$ (99,300)	\$ 4,112,288
Supplemental Schedule of Noncash Capital and Related Financing Activities:			
Capital contributions	\$ -	\$ 17,116	\$ 17,116

The notes to the financial statements are an integral part of this statement.

DURHAM COUNTY, NORTH CAROLINA

Statement of Fiduciary Net Position Fiduciary Funds June 30, 2021

	Private-purpose Trust Funds	Custodial Funds
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 50,894	\$ 1,920,916
Accounts receivable	-	181,877
Taxes receivable for other governments, net	-	2,242,977
Due from governmental agencies	-	1,448,197
Total assets	<u>50,894</u>	<u>5,793,967</u>
Liabilities		
Accounts payable and accrued liabilities	-	6,458
Due to public schools	-	154,394
Due to governmental agencies	-	3,951,687
Total liabilities	<u>-</u>	<u>4,112,539</u>
Net position		
Held in trust for:		
Individuals, organizations, and other governments	<u>50,894</u>	<u>1,681,428</u>
Total net position	<u>\$ 50,894</u>	<u>\$ 1,681,428</u>

The notes to the financial statements are an integral part of this statement.

DURHAM COUNTY, NORTH CAROLINA

Statement of Changes in Fiduciary Net Position Fiduciary Fund Year Ended June 30, 2021

	Private-purpose Trust Funds	Custodial Funds
Additions		
Employee contributions	\$ 1,134	\$ -
Donations	120	-
Investment income	20	61,871
Collections for public schools	-	648,784
Tax collections for other governments	-	207,937,426
Collections on behalf of children	-	609,245
Collections on behalf of sheriff	-	747,193
Collections on behalf of inmates	-	778,664
Total additions	1,274	210,783,183
Deductions		
Payments on behalf of children	-	578,420
Payments on behalf of sheriff	-	614,118
Payments on behalf of inmates	-	716,165
Collection distributions to public schools	-	566,493
Tax distributions to other governments	-	206,769,295
Administrative costs	-	2,495,913
Interest costs	-	34,171
Total deductions	-	211,774,575
Change in net position	1,274	(991,392)
Total net position - beginning, as previously reported	49,620	-
Adjustments (Note O):		
Prior period restatement	-	2,672,820
Total net position - beginning, as restated	49,620	2,672,820
Total net position - ending	\$ 50,894	\$ 1,681,428

The notes to the financial statements are an integral part of this statement.

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Durham (the “County”) was established in 1881 by the North Carolina General Assembly under North Carolina State Law [General Statute (G.S.) 153A-10]. The County is governed by a five-member board of commissioners and provides the following services: public safety, cultural and recreational, human services, economic and physical development, environmental protection, education and general administration.

The accounting policies of the County conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles in the United States. The following is a summary of the more significant accounting policies:

1. Reporting Entity

The County is one of the 100 counties established in North Carolina under State Law [G.S. 153A-10]. The County was incorporated in 1881 and covers an area of 299 square miles and has operated under the Commissioner-Manager form of government since 1930. As required by GAAP, these financial statements present the County and its component unit, a legally separate entity for which the County is financially accountable. The discretely presented component unit below is reported in a separate column in the County’s government-wide financial statements to emphasize that it is legally separate from the County.

Discretely Presented Component Unit

Durham County Board of Alcoholic Control (ABC Board)

The ABC Board operates retail liquor stores within the County and investigates violations of laws pertaining to retail liquor sales. The five members of the ABC Board’s governing board are appointed by the Board of County Commissioners. The ABC Board is required by State Statute to distribute gross receipts remaining after distributions provided for therein to the General Fund of the County. The ABC Board, which has a June 30 year-end, is presented as a business-type activity.

Complete financial statements for the ABC Board may be obtained at its administrative office.

Durham County ABC Board
2634 Durham Chapel Hill Boulevard, Suite #10
Durham, North Carolina 27707

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Durham County Industrial Facility and Pollution Control Financing Authority

Durham County Industrial Facility and Pollution Control Financing Authority (the “Authority”) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority is governed by a seven-member board, all of whom are appointed by the County Commissioners. The County can remove any board member of the Authority with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the financial statements. The Authority does not issue separate financial statements.

2. Government-wide and Fund Financial Statements

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government net position (the County) and its component unit (the ABC Board). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, interfund services provided and used are not eliminated in the process of consolidation.

Fund Financial Statements: The fund financial statements provide information about the County’s funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary funds distinguish operating from nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues, primarily charges for services, result from exchange transactions associated with the principal activities of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Operating expenses include professional and other services costs; personnel, utilities and maintenance; and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and federal and State grants. The primary expenditures are for public safety, economic and physical development, environmental, human services, education, cultural and recreational and general governmental services

Community Health Trust Fund. This fund accounts for the financial resources acquired through the leasing of Durham Regional Hospital to Duke University and the earnings of these financial resources and ensures the financial resources are used for health-related operating and capital expenditures.

Capital Projects Fund. This fund accounts for the financial resources that are restricted, committed or assigned for capital outlays, including the acquisition, construction or improvement of major capital facilities and other capital assets other than those financed by proprietary funds or for assets that will be held in trust for individuals, private organizations or other governments. The capital projects fund is also used to accumulate funds to finance a capital improvement plan. The capital projects fund budget is adopted project ordinances on a project basis which are multi-year.

Debt Service Fund. This fund accounts for the accumulation of resources that are restricted, committed, or assigned for principal and interest related costs for all general long-term debt other than debt issued for and serviced by proprietary funds.

The County reports the following major enterprise fund:

Sewer Utility Fund. This fund is used to account for and report the revenues and expenses related to the provision of sewer service.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Additionally, the County reports the following fund and fund types:

Non-major Funds. The County also reports *Other Governmental Funds*, which are individually nonmajor, in total. The Bethesda Fire District, Lebanon Fire District, Parkwood Fire District, Redwood Fire District, New Hope Fire District, Eno Fire District, Bahama Fire District, Bethesda Service District, Durham County Fire and Rescue Service District, and Special Park District and are all special revenue fund types. Special revenue funds account for and report the proceeds of specific revenue sources that are restricted, committed or assigned for specified purposes other than debt service or capital projects. These funds appear on the Combining Balance Sheet for Nonmajor Special Revenue Funds and the activity is shown on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances for Nonmajor Special Revenue Funds. Stormwater is reported as a non-major proprietary fund.

Fiduciary:

Private-purpose Trust Funds. Private-purpose trust funds are used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other governments. The County maintains the following private-purpose trust funds:

George R. Linder Memorial Private-purpose Trust Fund. This private-purpose trust fund is used to account for resources legally held in trust for use of acquiring public speakers/lecturers for the Library and functions sponsored by the Library. The fund also receives gift donations to purchase books in the honor of individuals.

Vic Pearson Memorial Emergency Medical Services (EMS) Private-purpose Trust Fund. This private-purpose trust fund is used to account for resources legally held in trust for use of assisting EMS employees and/or their families after serious injuries, sickness and/or deaths to them or immediate family members.

Custodial Funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains the following custodial funds:

Child Support Trust Fund. The Child Support Trust Fund is used to account for certain escrow monies held in trust by the Department of Social Services on behalf of children that are held for three months or less.

Sheriff's Evidence Trust Fund. The Sheriff's Evidence Trust Fund is used to account for funds held on behalf of the Sheriff's Office as a result of seized evidence.

Jail Inmate Trust Fund. The Jail Inmate Trust Fund is used to account for funds held in trust on

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

behalf of jail inmates.

Sheriff's Trust Fund. The Sheriff's Trust Fund is used to account for funds collected for the civil division held on behalf of the Sheriff's Office until disbursed to plaintiffs.

Durham Public Schools Fund. The Durham Public School Fund is used to account for and report the late list penalty assessed on the late listing of property taxes that are billed and collected by the County but that are not revenues to the County.

Town of Chapel Hill Tax Fund. The Town of Chapel Hill Tax Fund is used to account for and report ad valorem and vehicle property taxes that are billed and collected by the County but that are not revenues to the County.

City of Durham Tax Fund. The City of Durham Tax Fund is used to account for and report ad valorem and vehicle property taxes that are billed and collected by the County but that are not revenues to the County.

City of Raleigh Tax Fund. The City of Raleigh Tax Fund is used to account for and report ad valorem and vehicle property taxes that are billed and collected by the County but that are not revenues to the County.

Town of Morrisville Tax Fund. The Town of Morrisville Tax Fund is used to account for and report ad valorem and vehicle property taxes that are billed and collected by the County but that are not revenues to the County.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods,

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes and sales tax distributions. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales tax distributions collected and held by the State at year-end on behalf of the County are recognized as revenue within 90 days of year-end, and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the County, are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

4. Budgetary Data Control

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Community Health Trust, Fire Tax and Service Tax Special Revenue Funds, the Debt Service Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Projects Funds and the Enterprise Capital Projects Funds.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the function level for all annually budgeted funds and at the project level for the multi-year funds. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

The County Manager is authorized to transfer budgeted amounts within a function up to 15% cumulatively and up to \$20,000 between functions of the same fund with a report to the Board of County Commissioners (BOCC) at the next regularly scheduled meeting. Any revisions that alter the total expenditures of any function which exceed \$20,000 whether by transfer or additional appropriated fund balance within a fund, all transfers between funds, and all transfers from the contingency account must be approved by the BOCC. The General Fund and the Community Health Trust Fund original budget and the amended final budget are reported in the basic financial statements. The original and the amended final budget for all other governmental major funds and nonmajor funds, the schedule of expenditures compared with project authorizations for the capital projects fund and the Non-GAAP Basis for the major and nonmajor proprietary funds are reported in the Combining and Individual Fund Statements and Schedules elsewhere in this report.

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following summarizes the supplementary appropriations made for the major governmental funds other than the capital projects fund during fiscal year 2021:

	Original Budget	Total Amendments	Revised Budget
General	\$ 506,489,825	\$ 51,194,273	\$ 557,684,098
Community Health Trust	\$ 1,250,000	\$ -	\$ 1,250,000
Debt Service	\$ 68,135,847	\$ 75,405,620	\$ 143,541,467

All annual appropriations lapse at each fiscal year-end.

5. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

Pooled cash and investments are maintained and used by all funds except the Child Support, Sheriff, Jail Inmate, Evidence and Vic Pearson Private-purpose Trust Fund. The Child Support, Sheriff, Jail Inmate, Evidence and Vic Pearson trust accounts are maintained in demand deposit accounts.

Cash and Cash Equivalents

All cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Durham County ABC Board considers all highly liquid investments purchased with an original maturity of three months or less, to be cash and cash equivalents.

Deposits and Investments

All deposits of the County and the ABC Board are made in board-designated official depositories and are secured as required by North Carolina General Statute 159-31. The County and the ABC Board may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the County and the ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts and certificates of deposit.

All of the County's and the ABC Board's deposits are either covered by federal depository insurance or are collateralized by using one of two options. Under the Dedicated Method, all deposits over the federal depository insurance coverage are collateralized with securities held by the County's or the ABC Board's agent in the entity's name.

Under the Pooling Method, all uninsured deposits are collateralized with a pool of securities held

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and the ABC Board, these deposits are considered to be held by their agent in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the ABC Board or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the ABC Board under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows.

However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depositor using the Pooling Method.

At June 30, 2021, the County's deposits had a carrying amount of \$103,773,072 and a bank balance of \$105,411,037. Of the carrying amount, \$1,971,810 was related to fiduciary funds. Of the bank balance, \$750,000 was covered by federal depository insurance, and \$104,661,037 was covered by collateral held under the Pooling Method.

At June 30, 2021, the ABC Board's deposits had a carrying amount of \$5,091,442 and a bank balance of \$6,536,909. All of the bank balance was insured by federal depository insurance or collateralized under the Pooling Method. North Carolina General Statute 159-30 authorizes the County and the ABC Board to invest in obligations of the U.S. Treasury; obligations of any agency of the United States of America, provided the payment of interest and principal of such obligations is fully guaranteed by the United States of America; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust, a SEC-registered money market mutual fund allowable by G.S. 159-30(c)(8). It is the County's policy to hold investments to maturity in order to realize full book value and interest earnings.

The County's and the ABC Board's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. Investments with a maturity of one year or less at acquisition are reported at amortized cost.

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As of June 30, 2021, the County had the following investments and maturities:

Investment Type	Fair Value	Valuation Measurement Method	Maturities		
			Less than 6 Months	6-12 Months	1-5 Years
US Government Agencies	\$ 101,708,420	Fair Value - Level 2	\$ 10,015,080	\$ 7,999,740	\$ 83,693,600
Commercial Paper	9,992,161	Fair Value - Level 2	9,992,161	-	-
NC Capital Management Trust - Government Portfolio	168,081,415	Fair Value - Level 1	168,081,415	NA	NA
Certificate of Deposit	2,500,000	Fair Value - Level 1	2,500,000	-	-
Total	\$ 282,281,996		\$ 190,588,656	\$ 7,999,740	\$ 83,693,600

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

* The NCCMT Government Portfolio is a 2a-7 fund maintaining an AAAm rating from S&P. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

Interest Rate Risk:

As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits at least half of the County's investment portfolio to maturities of 12 months or less. Also, the County's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of not more than three years.

Credit Risk:

The County has no formal policy regarding credit risk but maintains internal management procedures that limit the County's investments to the provisions of North Carolina General Statute 159-30 that restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The County invests in commercial paper bearing the highest credit rating, as determined by nationally recognized statistical rating organizations (NRSROs) and banker's acceptances where the accepting bank or its holding company are incorporated in North Carolina. As of June 30, 2021, the County's investments in commercial paper were rated A1 by Standard & Poor's, F1 by Fitch Ratings, and P1 by Moody's Investors Service. In addition, all of the County's commercial paper carries a long-term debt rating of A or better. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2021. The County's investments in US agencies (Federal Home Loan Bank, Federal Farm Credit Bank, Fannie Mae and Freddie Mac) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Custodial Credit Risk:

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The County's formal policy indicates that the County shall utilize a third-party custodial agent for book entry transactions, all of which shall be a trust department authorized to do trust work in North Carolina who has an account with the Federal Reserve. Certificated securities shall be in the custody of the Chief Financial Officer.

Concentration of Credit Risk:

The County places no limit on the amount that the County may invest in any one issuer. More than 36 percent of the County's investments are in the Federal Farm Credit Bank and Federal Home Loan Mortgage Corp. These investments are 19% and 18% respectively, of the County's total investment portfolio. All securities owned by the County at June 30, 2021 were in a segregated safekeeping account in the County's name in the Trust Department of First Citizens Bank.

Interest rate swap:

Effective July 30, 2004, the County entered into a floating-to-floating or basis swap on \$125,810,000 of its outstanding fixed-rate Series 2000, 2001, 2002 A&B and 2004 A&B General Obligation Bonds. Effective September 1, 2009, the swap was modified to increase the notional amount to \$186,365,000 of its outstanding fixed-rate Series 2000, 2001, 2002 A&B, 2004 A&B, 2006 A&B, 2008A&B General Obligation Bonds and 2009A Certificates of Participation. Effective July 1, 2011, the swap was modified to increase the notional amount to \$216,051,000 of its outstanding fixed-rate Series 2000, 2001, 2002 A&B, 2004 A&B, 2006 A&B, 2008 A&B, 2010 A&B General Obligation Bonds and 2009 A&B Certificates of Participation.

The notional amount of the Swap Agreement is equal to the par value of selected associated bonds. The objective of the swap was to create economics (generate present value savings) similar to a 65% of LIBOR synthetic fixed-rate financing without the County having to issue actual refunding bonds. The Swap Agreement 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 0.952%. The agreement matures March 1, 2031. The derivatives contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The basis swap agreement is an investment derivative under GASB Statement No. 53.

Fair value:

As of June 30, 2021, the swap had a positive fair value totaling \$4,214,314, estimated using the zero-coupon method. This method calculated the future net settlement payments required by the swaps, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments were then discounted using the spot rates implied by

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swaps. The positive fair value is reported as an asset, derivative financial instrument, with the accumulated increase in the fair value of the hedging derivative reported as deferred inflows of resources in the Statement of Net Position. The fair value decreased by \$1,495,205 in fiscal year 2021. The changes in fair value are reported in investment income in the Statement of Activities.

<u>Associated Bond Issues</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Termination Date</u>	<u>Variable Rate Paid</u>	<u>Variable Rate Received</u>	<u>Fair Value</u>	<u>Counterparty Credit Rating</u>
Series 2000, 2001, 2002 A&B, 2004 A&B, 2006 A&B, 2008 A&B 2009 A Certificates of Participation General Obligation Bonds and Certificates of Participation	\$216,051,000	7/1/11	3/1/31	Divisor	LIBOR	\$4,214,314	Aa1/AA-/AA+

* Divisor equals .065 from Effective Date - 3/1/09 and 0.604 thereafter

Risks:

The County is exposed to the following risks in connection with the swap:

Credit risk:

As of June 30, 2021, the County was exposed to credit risk, or economic loss due to a counterparty default on its outstanding swap in the amount of \$4,214,314 because the swap had a positive fair value. However, should the relationship between the tax-exempt and taxable interest rates change and the fair values of the swap become negative, the County would not be exposed to credit risk in the amount of the derivative's fair value. Both County and the counterparty's payment obligations under the swap are guaranteed by Aa1/AA-(S&P)/AA+ (Fitch) rated Bank of New York Mellon.

Termination risk:

The County or the counterparty may terminate the swap if the other party and its Credit Support Provider, Bank of New York Mellon, fail to perform under the terms of the contract. If at the time of termination, the swap has a negative fair value, the County would be liable to the counterparty for a payment equal to the swap's fair value.

The ABC Board did not have any investments as of June 30, 2021.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Receivables

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. Allowances are based on collection experience and management's evaluation of the current status of existing receivables.

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables at the government-wide level at June 30, 2021, were as follows:

	<u>Accounts</u>	Accrued <u>Interest</u>	<u>Taxes</u>	Solid <u>Waste</u>	Emergency Medical <u>Services</u>	Community Development Mortgage <u>Loans</u>	Due from Other <u>Governments</u>	<u>Total</u>
Governmental activities:								
General	\$ 2,467,157	\$ 582,617	\$ 4,122,214	\$ 55,582	\$ 60,187,067	\$ 313,629	\$ 30,232,338	\$ 97,960,604
Capital projects	2,550,000	54,524	-	-	-	-	821,461	3,425,985
Debt Service	-	-	-	-	-	-	-	-
Other governmental	-	-	135,074	-	-	-	44,833	179,907
Total receivables	5,017,157	637,141	4,257,288	55,582	60,187,067	313,629	31,098,632	101,566,496
Allowance for doubtful accounts	(94,676)	-	(389,951)	-	(57,596,524)	(313,629)	-	(58,394,780)
Total governmental activities	<u>\$ 4,922,481</u>	<u>\$ 637,141</u>	<u>\$ 3,867,337</u>	<u>\$ 55,582</u>	<u>\$ 2,590,543</u>	<u>\$ -</u>	<u>\$ 31,098,632</u>	<u>\$ 43,171,716</u>
Business-type activities:								
Sewer utility	\$ 68,764	\$ 65,133	\$ -	\$ -	\$ -	\$ -	\$ 1,843,088	\$ 1,976,985
Stormwater	58,477	1,150	-	-	-	-	1,365	60,992
Total receivables	127,241	66,283	-	-	-	-	1,844,453	2,037,977
Allowance for doubtful accounts	-	-	-	-	-	-	-	-
Total business-type activities	<u>\$ 127,241</u>	<u>\$ 66,283</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,844,453</u>	<u>\$ 2,037,977</u>

The Community Development Mortgage Loans Receivable consists of certain proceeds from bonds that have been used to make non-interest-bearing loans to qualifying individuals in accordance with the County's Community Development Program. These loans contain various provisions, including deferral periods and forgiveness of indebtedness if certain conditions are met. Due to the uncertainty of collectability, the full amount of the outstanding loans receivable balance as of June 30, 2021 of \$313,629 has been included in the allowance for doubtful accounts.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meet this criterion – unamortized loss on bond refundings, pension related deferrals (ROD, LGERS, LEOSSA, and OPEB) and contributions made to the pension plan in the current fiscal year (ROD, LGERS, LEOSSA, and OPEB).

In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County had a number of items that meet the criterion for this category – prepaid rent, prepaid taxes, net property taxes receivable, solid waste receivable, animal taxes receivable, water services receivable, net emergency medical services receivable, WSR loan receivable, OPEB deferrals, and other pension related deferrals (ROD, LGERS, and LEOSSA).

8. Inventories and Prepaid Items

Inventories of the County are valued at cost using the first-in, first-out (FIFO) method. Inventories of the ABC Board are valued at the lower of cost (FIFO) or market. The County's General Fund inventory consists of expendable supplies held for consumption that are recorded as expenditures when consumed rather than when purchased. The General Fund inventories reported on the Balance Sheet are offset by a restricted fund balance, which indicates that it does not constitute a resource available for appropriation even though it is a component of net current assets. The inventory of the ABC Board consists of liquor and wine held for sale. The cost of the ABC Board inventory is recorded as an expense as it is sold.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These outlays are accounted for using the consumption method.

9. Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as tangible and non-consumable with an acquisition cost of \$5,000 or more or intangible with an acquisition cost or fair market value, if donated or gifted, of \$50,000 or more and an estimated life in excess of one year. Purchased or constructed capital assets are recorded at original cost at the time of acquisition or completion. Donated capital assets received prior to July 1, 2015 are recorded at their estimated

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value.

The County maintains school construction activity funded through sources provided by the County in the Capital Projects Fund until completion of the projects. However, the County does not hold title to these Durham County Board of Education properties, and the construction has not been included in capital assets. The properties are reflected as capital assets in the financial statements of the Durham County Board of Education.

The County maintains museum construction activity funded through sources provided by the County in the Capital Projects Fund until completion of the projects. However, the County does not hold title to this Museum of Life and Science property, and the construction has not been included in the capital assets. The property is reflected as a capital asset in the financial statements of the Museum of Life and Science.

The County maintains community college construction activity funded through sources provided by the County in the Capital Projects Fund until completion of the projects. However, the County does not hold title to this Durham Technical Community College property, and the construction has not been included in the capital assets. The property is reflected as a capital asset in the financial statements of Durham Technical Community College.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of business type activities is included as part of the capitalized value of the assets constructed as per GASB Statement No. 62. Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Estimated Useful Lives</u>
Buildings	40 years
Office furniture and equipment	7 years
Machinery and equipment	5 years
Vehicles	5 years
Computer hardware	3 years
Computer software	3 years
Leasehold improvement	Life of the lease
Sewer system	50 years
Water system	50 years
Construction in progress (CIP)	N/A
Capital leases	Life of the lease
Easements	Indefinite, to be monitored for impairment

The ABC Board's capital assets are stated at cost and are being depreciated over their estimated useful lives on a straight-line basis as follows: PY

<u>Description</u>	<u>Estimated Useful Lives</u>
Buildings	25 – 40 years
Vehicles	3 – 5 years
Furniture and equipment	5 – 12 years
Leasehold improvements	5 – 20 years

The ABC Board defines capital assets as assets with an individual cost in excess of \$500 and an estimated life in excess of one year.

Leasehold improvements are depreciated over the terms of the lease agreement.

Upon disposition of an asset of the County and the ABC Board, the cost of the asset and the related accumulated depreciation are removed from the books. Any gain or loss on disposition is reflected in the earnings for the period.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Long-term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are expensed in the reporting period in which they are incurred.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources. In addition, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Compensated Absences

Permanent employees of the County can earn vacation leave at the rate of 11 days per year for the first two years up to a maximum of 25 days per year after twenty-five years. There is no requirement that vacation leave be taken, but the maximum permissible accumulation is 30 days. At the end of each calendar year, the accumulated vacation leave in excess of 225 hours for employees who work a 37.5 hour workweek, 240 hours for employees who work a 40 hour work week, 252 hours for employees who work a 42 hour workweek, and 336 hours for employees who work a 56 hour workweek as of the first full pay period in January is converted to sick leave. The maximum amount of vacation leave that can be carried forward to January 1 is 225, 240, 252, and 336 hours, respectively. At termination, employees are paid for any accumulated vacation leave up to the maximum amount. Accumulated vacation leave and salary related payments at June 30, 2021 amounted to \$10,135,345. Of this amount, \$9,951,447 is recorded as a liability in the government-wide financial statements for governmental activities, and \$183,898 is recorded as a liability in the proprietary fund financial statements and the government-wide financial statements for business-type activities. ABC Board employees may accumulate up to 30 days earned vacation and such leave is fully vested when earned. The ABC Board's accumulated earned vacation and related expenses at June 30, 2021 amounted to \$106,979. The current portion of the ABC Board's accumulated vacation pay is not considered to be material.

Permanent employees of the County earn sick leave at the rate of 12 days per year. There is no limit on the accumulation of sick leave for either the County or the ABC Board. Accumulated sick leave for the County at June 30, 2021 amounted to \$34,371,778 in total. Upon separation from the County or the ABC Board, there is no compensation for earned sick leave. Therefore, sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

used in the determination of length of service for retirement benefit purposes. Accumulated sick leave with the County used as retirement credit is limited to one month for every 20 days of sick leave. Since neither the County nor the ABC Board has any obligation for accumulated sick leave until it is actually taken, no accruals for sick leave have been made.

12. Encumbrances

As required by North Carolina General Statutes, encumbrance accounting is employed in the governmental funds. The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. These amounts are included in the Stabilization by State Statute amount in restricted fund balance. Amounts outstanding at June 30, 2021 are as follows:

	Major Funds			Nonmajor Funds
General Fund	Community Health Trust	Capital Projects Fund	Debt Service Fund	Other Governmental Funds
\$ 5,958,080	\$ -	\$ 8,975,855	\$ -	\$ -

13. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through State Statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.
- Prepaid expenditures – portion of fund balance that is not an available resource because it represents payments to vendors that are applicable to future accounting periods.

Restricted Fund Balance – This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law.

- Restricted for Stabilization of State Statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. This statute restricts appropriation of fund balance in any fund to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances and deferred revenues arising from cash receipts as these amounts stand at the close of the fiscal year preceding the budget year. This restriction is only applied to annually budgeted governmental funds.
- Restricted for tax technology – portion of fund balance that is restricted by revenue source for tax technology purposes.
- Restricted for sheriff – portion of fund balance that is restricted by revenue source for sheriff and law enforcement purposes.
- Restricted for fire marshal – portion of fund balance that is restricted by revenue source for fire and emergency management purposes.
- Restricted for public health programs – portion of fund balance that is restricted by revenue source for public health programs.
- Restricted for social services programs – portion of fund balance that is restricted by revenue source for social services programs.
- Restricted for library programs – portion of fund balance that is restricted by revenue source for library programs.
- Restricted for criminal justice programs – portion of fund balance that is restricted by revenue source for criminal justice programs.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Restricted for environmental protection programs – portion of fund balance that is restricted by revenue source for environmental protection programs.
- Restricted for register of deeds – portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds Office.
- Restricted for Special Butner – portion of fund balance that is restricted by revenue source for the Special Butner area of Durham County.
- Restricted for soil and water programs – portion of fund balance that is restricted by revenue source for soil and water purposes.
- Restricted for education – portion of fund balance restricted by revenue source that can be used only for school capital or school debt service for Durham Public Schools.

Committed Fund Balance – Portion of fund balance that can only be used for specific purpose imposed by majority vote by quorum of Durham County’s governing body, the Board of County Commissioners (highest level of decision-making authority). Note that only the highest-level action that constitutes the most binding constraint can be considered a commitment for fund balance classification purposes. The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

- Committed for risk management – portion of fund balance that can only be used for catastrophic occurrences.
- Committed for public health – portion of fund balance that can only be used for public health purposes.
- Committed for debt service – portion of fund balance that can only be used for debt service.
- Committed for sheriff inmate – portion of fund balance that can only be used for supporting items or services that directly benefit the inmates.
- Committed for education; article 46 – portion of fund balance that can only be used for education purposes.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Committed for OPEB – portion of fund balance that can only be used for Other Post-Employment Benefits (OPEB).
- Committed for self-insured health benefits – portion of fund balance that can only be used for the County’s self-insured benefits (medical and dental).
- Committed for reappraisal reserve – portion of fund balance that will continue to be used for real property reappraisal.
- Committed for LEO special separation allowance – portion of fund balance that will be used for the Law Enforcement Officers’ Special Separation Allowance obligations.

Assigned Fund Balance – portion of fund balance that has been assigned by the County’s governing body for specific purposes. Per the County’s Fund Balance Policy, only the County’s governing body, the Board of County Commissioners, can authorize the assignment of fund balance. The Board has not delegated this level of authority.

- Subsequent year’s expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed.
- For remaining unrestricted and uncommitted fund balance for all governmental funds other than the general fund.

The following schedule presents the assigned fund balances at June 30, 2021:

	General Fund	Community Health Trust Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Special Revenue Funds
Assigned Fund Balance:					
Assigned for subsequent year	\$24,220,752	\$ -	\$ -	\$ -	\$ -
Assigned for health related purposes	-	104,889	-	-	-
Assigned for capital projects	-	-	10,515,482	-	-
Assigned for fire districts	-	-	-	-	2,774,314
Assigned for economic development purposes	-	-	-	-	288,774
Assigned for debt service	-	-	-	38,182,041	-
	<u>\$24,220,752</u>	<u>\$ 104,889</u>	<u>\$ 10,515,482</u>	<u>\$ 38,182,041</u>	<u>\$ 3,063,088</u>

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unassigned Fund Balance – portion of fund balance that is the residual classification for amounts not restricted, committed or assigned to specific purposes within the General Fund. In governmental funds other than the General Fund, it includes any residual negative balances which may not be classified as restricted or committed in those funds.

Durham County has guidelines established whereby the Chief Financial Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local funds, and County funds.

Durham County has an adopted fund balance policy. Included in the policy for purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Chief Financial Officer may deviate from this priority after consultation with the County Manager. In addition, per the policy, the goal for the unassigned fund balance of the General Fund is 16% of total actual prior fiscal expenditures and the goal of total fund balance available as a percentage of expenditures is 35%. Once the 35% level has been achieved, the amount over 35% shall be used to fund the annual OPEB contribution to meet the OPEB obligation, pay-as-you-go capital projects or other non-reoccurring expenditures. In addition, the OPEB portion of the total fund balance for the general fund shall not exceed 25% of the total fund balance to ensure that the committed for OPEB portion of fund balance remains reasonably proportionate to the total fund balance for the general fund as a whole to include unassigned fund balance. Management has been instructed to conduct business in such a manor to achieve these goals. As of June 30, 2021, the County's unassigned fund balance as a percentage of expenditures and the total fund balance available as a percentage of expenditures were 19.97% and 41.01%, respectively.

14. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

15. Interest rate swap

The County enters into interest rate swap agreements to modify interest rates on outstanding debt. The amounts of the derivative instrument, the change in the derivative instrument and the net interest expenditures and/or revenues resulting from these agreements are recorded in the financial statements.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

16. Defined Benefit Pension Plans

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS) and the Register of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

B. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between total *fund balance for the governmental funds* and *net position for governmental activities* as reported in the government-wide statement of net position. The net adjustment of \$(256,028,499) consists of the following:

1. “Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.”

Capital assets (net of depreciation)	\$495,468,268
Investment in joint venture	<u>8,700,323</u>
Net adjustment to increase total fund balance for the governmental funds to arrive at net position for governmental activities	<u>\$504,168,591</u>

2. “Other long-term assets used in governmental activities are not a current financial resource and, therefore, are not reported in the funds.”

Derivative financial instrument	\$ 4,214,314
Pension asset – ROD	<u>1,032,410</u>
Net adjustment to increase total fund balance for the governmental funds to arrive at net position for governmental activities	<u>\$ 5,246,724</u>

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

B. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(continued)

3. “Deferred outflows of resources used in governmental activities represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then, and therefore, are not reported in the funds.”

Pension deferrals – LGERS	\$ 30,016,925
Pension deferrals – ROD	38,321
Pension deferrals – LEOSSA	3,469,959
OPEB deferrals	41,152,821
Unamortized loss on debt refundings	<u>14,032,463</u>

Net adjustment to increase total fund balance for the governmental funds to arrive at net position for governmental activities \$ 88,710,489

4. “Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.”

Property taxes receivable (net)	\$ 3,867,337
Solid waste receivable	55,582
Animal taxes receivable	301,502
Emergency medical services receivable (net)	2,590,543
Water services receivable	1,121
WSR loan receivable	2,550,000
Investments (fair market value)	<u>(433,306)</u>

Net adjustment to increase total fund balance for the governmental funds to arrive at net position for governmental activities \$ 8,932,779

5. “Deferred inflows of resources used in governmental activities represents an acquisition of net position that applies to a future period and so will not be recognized as a revenue until then, and therefore, are not reported in the funds.”

Pension deferrals – LGERS	\$ (527,440)
Pension deferrals – ROD	(268,816)
Pension deferrals – LEOSSA	(184,040)
OPEB deferrals	<u>(37,711,984)</u>

Net adjustment to decrease total fund balance for the governmental funds to arrive at net position for governmental activities \$ (38,692,280)

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

**B. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(continued)**

6. “Long-term liabilities, including bonds payable and other postemployment benefits, are not due and payable in the current period and, therefore, are not reported in the funds.”

Bonds and other notes payable due within one year	\$ (50,205,675)
Bonds and other notes payable	(502,634,310)
Total OPEB liability	(195,593,637)
Net pension liability – LGERS	(53,649,353)
Total pension liability – LEOSSA	(10,182,265)
Accrued compensated absences	(9,951,447)
Accrued interest payable	<u>(2,815,256)</u>
 Subtotal	 (825,031,943)
 Less: accrued interest receivable	 <u>637,141</u>
 Net adjustment to decrease total fund balance for the governmental funds to arrive at net position for governmental activities	 <u>\$(824,394,802)</u>

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

B. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(continued)

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances for the governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. The total adjustment of \$(1,555,409) is comprised of the following:

1. “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current year.”

Capital outlay	\$25,958,328
Less: depreciation expense	(15,779,385)
Plus: decrease in investment in joint venture	<u>(443,313)</u>

Net adjustment to increase net changes in fund balances for the governmental funds to arrive at changes in net position of governmental activities	<u>\$ 9,735,630</u>
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2. “Deferred outflows of resources used in governmental activities represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then, and therefore, are not reported in the funds.”

Pension deferrals – LGERS	\$ 3,473,452
Pension deferrals – ROD	(11,433)
Pension deferrals – LEOSSA	2,548,474
Pension deferrals – OPEB	28,114,989
Contributions to the pension plan current fiscal year – LGERS	1,660,284
Contributions to the pension plan current fiscal year – ROD	(7,968)
Contributions to the pension plan current fiscal year – LEOSSA	(224,315)
Contributions to the pension plan current fiscal year – OPEB	5,166
Reclass of contributions to the pension plan for stormwater – LGERS to the new stormwater proprietary fund	35,517
Amortization on loss of debt refunding	<u>(1,991,736)</u>

Net adjustment to decrease net changes in fund balances for the governmental funds to arrive at changes in net position of governmental activities	<u>\$ 33,602,430</u>
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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

B. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(continued)

3. “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.”

Increase in deferred revenue of taxes (net)	\$ 221,102
Increase in deferred revenue of emergency medical services receivable (net)	701,150
Decrease in deferred revenue of animal tax receivable	(4,183)
Increase in deferred revenue of solid waste receivable	17,268
Decrease in derivative financial instrument	(1,495,205)
Increase in water services receivable	512
Increase in pension asset – ROD	286,414
Decrease in investment earnings (fair market value)	<u>(3,864,074)</u>

Net adjustment to decrease net changes in fund balances for the governmental funds to arrive at changes in net position of governmental activities \$ (4,137,016)

4. “Deferred inflows of resources used in governmental activities represents an acquisition of net position that applies to a future period and so will not be recognized as a revenue until then, and therefore, are not reported in the funds.”

Increase in pension deferrals – LGERS	\$ (110,313)
Increase in pension deferrals – ROD	(131,601)
Decrease in pension deferrals – LEOSSA	94,555
Increase in deferrals – OPEB	(11,821,303)
County’s portion of collective pension expense – LGERS	(19,166,788)
County’s portion of collective pension expense – ROD	97,091
County’s portion of collective pension expense – LEOSSA	(1,187,145)
County’s portion of collective OPEB expense	<u>\$ (9,928,268)</u>

Net adjustment to increase net changes in fund balances for the governmental funds to arrive at changes in net position of governmental activities \$ (42,153,772)

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

B. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(continued)

5. “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.”

Principal repayments	\$ 43,574,785
Increase in debt (net)	(27,341,643)
Increase in OPEB liability	(22,355,247)
Increase in pension liability – LGERS	(12,644,196)
Increase in pension liability – LEOSSA	(3,340,058)
Decrease in accrued interest payable	154,717
Increase in accrued compensated absences	(590,344)
Decrease in accrued interest receivable	(604,531)
Increase in premium due to issuance of debt	(8,594,638)
Payments in excess of refunding	30,149,591
Amortization of bond premium	<u>6,099,701</u>
Net adjustment to decrease net changes in fund balances for the governmental funds to arrive at changes in net position of governmental activities	<u>\$ 4,508,137</u>

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

C. PROPERTY TAXES

Property Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes, in the current fiscal year 2021 levy, are based on the assessed values as of January 1, 2019, effective date of the county's last general reappraisal. A general reappraisal (revaluation) of all real property is required to be performed at least once every eight years to establish market value, however the statutes allow for a shorter reappraisal cycle. The next general reappraisal (revaluation) will be effective January 1, 2026.

Property taxes, other than taxes for special districts and agency funds, are levied under the "single tax levy" concept whereby all tax revenues are recorded as revenues of the General Fund.

As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Legislation was enacted during the 2017 General Assembly Session establishing the requirements and procedures to conduct gap billing. Gap billing of property taxes occurs when there are one or more months (a gap) in billed property taxes between the expiration of a vehicle's registration and the renewal of that registration or the issuance of a new registration. The vehicle is an unregistered vehicle during the gap in registration. In February 2018, Durham County Tax Administration began monthly mailing of property tax notices for those situations and is responsible for the collection of those taxes.

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

D. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

Governmental Activities:

	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Nondepreciable capital assets:				
Land	\$ 8,786,840	\$ -	\$ -	\$ 8,786,840
Easements	2,182,288	367,643	-	2,549,931
Construction in progress	148,385,408	23,442,534	-	171,827,942
Total nondepreciable capital assets	<u>159,354,536</u>	<u>23,810,177</u>	<u>-</u>	<u>183,164,713</u>
Depreciable capital assets:				
Buildings	435,841,161	128,300	(307,800)	435,661,661
Water Systems	2,406,929	-	-	2,406,929
Office furniture and Equipment	1,502,676	48,414	-	1,551,090
Machinery and Equipment	13,695,255	771,983	(174,796)	14,292,442
Computer Hardware	13,660,677	29,323	(17,034)	13,672,966
Computer Software	16,568,652	113,303	(155,212)	16,526,743
Vehicles	23,000,978	1,388,778	(1,350,985)	23,038,771
Total depreciable capital assets	<u>506,676,328</u>	<u>2,480,101</u>	<u>(2,005,827)</u>	<u>507,150,602</u>
Less accumulated depreciation for:				
Buildings	122,599,436	10,814,543	(165,976)	133,248,003
Water Systems	148,428	48,139	-	196,567
Office furniture and Equipment	1,269,253	172,361	-	1,441,614
Machinery and Equipment	10,347,332	1,555,995	(98,617)	11,804,710
Computer Hardware	13,009,353	298,460	(17,034)	13,290,779
Computer Software	15,966,240	447,054	(155,212)	16,258,082
Vehicles	17,401,497	2,442,833	(1,237,038)	18,607,292
Total accumulated depreciation	<u>180,741,539</u>	<u>15,779,385</u>	<u>(1,673,877)</u>	<u>194,847,047</u>
Total depreciable capital assets, net	<u>325,934,789</u>	<u>(13,299,284)</u>	<u>(331,950)</u>	<u>312,303,555</u>
Governmental activities capital assets, net	<u>\$ 485,289,325</u>	<u>\$ 10,510,893</u>	<u>\$ (331,950)</u>	<u>\$ 495,468,268</u>

During 2021, the County incurred \$18,899,332 of expenses for public school construction. The County maintains school construction activity funded through sources provided by the County in the Capital Projects Fund until completion of the projects. However, the County does not hold title to these Durham County Board of Education properties. Durham County does not own infrastructure and, therefore, does not report infrastructure.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

D. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 10,444,017
Public safety	3,564,802
Environmental protection	1,033,775
Economic and physical development	13,311
Human Services	378,489
Educational	202,024
Cultural and recreational	142,967
Total depreciation expense	<u>\$ 15,779,385</u>

Business-type Activities/Sewer Utility Fund:

	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Nondepreciable capital assets:				
Land	\$ 185,226	\$ -	\$ -	\$ 185,226
Easements	5,000	-	-	5,000
Construction In Progress	15,730,761	598,203	-	16,328,964
Total nondepreciable capital assets	<u>15,920,987</u>	<u>598,203</u>	<u>-</u>	<u>16,519,190</u>
Depreciable capital assets:				
Land Improvements: Water and Sewer Lines	28,179,774	-	-	28,179,774
Buildings	56,854,766	-	-	56,854,766
Machinery and Equipment	2,018,104	167,200	-	2,185,304
Computer Hardware	36,416	-	-	36,416
Computer Software	73,157	-	-	73,157
Vehicles	444,257	-	96,209	540,466
Total depreciable capital assets	<u>87,606,474</u>	<u>167,200</u>	<u>96,209</u>	<u>87,869,883</u>
Less accumulated depreciation for:				
Land Improvements: Water and Sewer Lines	15,811,955	545,908	-	16,357,863
Buildings	16,212,671	2,372,435	-	18,585,106
Machinery and Equipment	1,037,888	292,974	-	1,330,862
Computer Hardware	36,095	-	-	36,095
Computer Software	66,000	4,637	-	70,637
Vehicles	368,057	45,552	79,093	492,702
Total accumulated depreciation	<u>33,532,666</u>	<u>3,261,506</u>	<u>79,093</u>	<u>36,873,265</u>
Total depreciable capital assets, net	<u>54,073,808</u>	<u>(3,094,306)</u>	<u>17,116</u>	<u>50,996,618</u>
Business-type activities capital assets, net	<u>\$ 69,994,795</u>	<u>\$ (2,496,103)</u>	<u>\$ 17,116</u>	<u>\$ 67,515,808</u>

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

D. CAPITAL ASSETS (continued)

Capital assets activity for the ABC Board for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Nondepreciable capital assets:				
Land	\$ 2,274,417	\$ 502,069	\$ (490,363)	\$ 2,286,123
Work in Process	1,049,263	4,146,133	(430,835)	4,764,561
Total nondepreciable capital assets	<u>3,323,680</u>	<u>4,648,202</u>	<u>(921,198)</u>	<u>7,050,684</u>
Depreciable capital assets:				
Buildings and improvements	5,534,980	877,165	(1,485,939)	4,926,206
Furniture and Equipment	2,063,258	931,137	(1,374,863)	1,619,532
Vehicles	305,710	191,492	(49,580)	447,622
Total depreciable capital assets	<u>7,903,948</u>	<u>1,999,794</u>	<u>(2,910,382)</u>	<u>6,993,360</u>
Less accumulated depreciation for:				
Buildings and improvements	2,478,057	169,733	(933,904)	1,713,886
Furniture and Equipment	1,710,406	148,542	(698,336)	1,160,612
Vehicles	90,356	39,565	(49,580)	80,341
Total accumulated depreciation	<u>4,278,819</u>	<u>357,840</u>	<u>(1,681,820)</u>	<u>2,954,839</u>
Total depreciable capital assets, net	<u>3,625,129</u>	<u>1,641,954</u>	<u>(1,228,562)</u>	<u>4,038,521</u>
Business-type activities capital assets, net	<u>\$ 6,948,809</u>	<u>\$ 6,290,156</u>	<u>\$ (2,149,760)</u>	<u>\$ 11,089,205</u>

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

E. LONG-TERM OBLIGATIONS

The following is a summary of transactions affecting the County's long-term obligations for the year ended June 30, 2021:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 218,045,000	\$ 61,805,000	\$ 28,805,000	\$ 251,045,000	\$ 30,335,000
Limited obligation bonds	233,895,000	-	14,465,000	219,430,000	14,455,000
Direct installment notes program	54,611,118	35,536,643	70,000,000	20,147,761	-
Unamortized bond premium	57,006,688	8,594,638	6,099,701	59,501,625	5,096,632
Direct installment placement financing*	2,992,813	-	294,825	2,697,988	309,084
Net OPEB obligation	173,238,390	22,355,247	-	195,593,637	-
Accrued compensated absences	9,361,103	22,640,167	22,049,823	9,951,447	4,588,974
Net pension liability (LGERS)	41,005,157	12,644,196	-	53,649,353	-
Total pension liability (LEOSSA)	6,842,207	3,340,058	-	10,182,265	-
Other financing agreement	27,569	-	9,958	17,611	9,958
Total	\$ 797,025,045	\$ 166,915,949	\$ 141,724,307	\$ 822,216,687	\$ 54,794,648

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type activities					
State revolving loans	\$ 8,585,989	-	\$ 671,146	\$ 7,914,843	\$ 671,146
Revenue bonds	5,890,000	-	785,000	5,105,000	800,000
Unamortized bond premium	268,379	-	31,887	236,492	31,887
Accrued compensated absences	110,775	73,123	-	183,898	77,628
Net pension liability (LGERS)	498,867	251,492	1,429	748,930	-
Total	\$ 15,354,010	\$ 324,615	\$ 1,489,462	\$ 14,189,163	\$ 1,580,661

*Note: Due to the implementation of GASB Statement No. 88 as of fiscal year 2020, what was previously reported as "Installment notes payable" is now reported as "Direct installment notes draw programs" and "Direct installment note placement financing."

Installment purchases

In March 2017, the County entered a \$72,200,000 direct installment financing draw program to finance the reconstructing and renovations of the prior judicial building and the judicial annex building of the County. The judicial building was initially pledged as the collateral on the direct installment financing

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

E. LONG-TERM OBLIGATIONS (continued)

draw program. However, once the renovations of the judicial building were initially completed (now the County’s Administration II Building), the County issued debt to repay that portion of the direct installment financing draw program in the amount of \$43,500,000 and changed the collateral for the remainder of the draw program to the County’s judicial annex building. Thereby, reducing the amount of the direct installment financing draw program to \$28,700,000.

In June 2020, the County entered a \$75,000,000 direct installment financing draw program to finance projects that had recently been funded in the previous draw program of \$28,700,000 for the projects that had not yet been completed under that draw program and included new projects in this draw program. Of the \$75,000,000, \$60,000,000 was tax-exempt and \$15,000,000 was taxable. The collateral for this draw program was the Health and Human Services Complex.

In April of 2021, the County entered into a \$225,000,000 direct installment financing draw program to finance projects that had recently been funded in the previous draw program of \$75,000,000 for the projects that had not yet been completed under that draw program and included new projects in this draw program. Of this amount, \$210,000,000 was tax-exempt and \$15,000,000 was taxable. The collateral for this draw program is the Health and Human Services Complex and the new Northern High School site. With the current draw program, the County is authorized to borrow up to \$225,000,000. Of this amount, \$20,147,761 is currently outstanding as of June 30, 2021.

When the County enters into a direct installment financing draw program, the County funds the expenditures up front and draws the amount expended on a monthly basis from the financing institution to reimburse County funds per the agreement for the agreed upon project or projects being financed. After the period as per the agreement, the County issues debt at a fixed rate to repay/refund the financing institution for what was expended and funded in the financing draw program.

In September 2012, the County entered into a \$4,549,999 direct installment placement contract to finance energy and water conservation measures to reduce energy and water consumption and/or energy-related operating cost. The direct financing placement contract required principal and interest payments beginning in fiscal year 2015 with a fixed interest rate of 2.285%. As of June 30, 2021, the debt amount remaining is \$2,697,988.

Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	\$309,084	\$59,916
2023	323,732	52,768
2024	338,712	45,288
2025	354,541	37,459
2026	370,735	29,265
2027-2029	<u>1,001,184</u>	<u>34,815</u>
Total	<u>\$2,697,988</u>	<u>\$259,511</u>

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

E. LONG-TERM OBLIGATIONS (continued)

For governmental activities and business-type activities, the compensated absences are liquidated by the General Fund, Sewer Utility Fund and Stormwater Fund, respectively.

For governmental activities and business-type activities, the total OPEB liability and total pension LEOSSA liability are liquidated by the General Fund while the net LGERS pension liability is liquidated by the General Fund, and Sewer Utility Fund and Stormwater Fund, respectively.

The County is subject to the Local Government Bond Act of North Carolina which limits the amount of net bonded debt the County may have outstanding to eight percent (8%) of the appraised value of property subject to taxation less property valued for abatement. At June 30, 2021, such statutory limit for the County was \$3,648,824,487 providing a legal debt margin of \$3,397,779,487.

Defeasance of debt

In fiscal year 2010, the County defeased various bond issues by creating irrevocable trust funds. New debt was issued and the proceeds were used to purchase U.S. government securities that were placed in the trust funds. The investments and related fixed earnings are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed from the County's liabilities. As of June 30, 2010, the amount of the defeased debt outstanding and removed from the County's liabilities amounted to \$48,609,998. The carrying values of the Refunding Bonds, Series 2009, which refunded 2000 Public Improvement Bonds and 2002B Public Improvement Bonds, were adjusted for the loss from defeasance (net of amortization) of \$4,239,510. As of June 30, 2021, the loss from defeasance (net of amortization) was \$344,872. This advance refunding was undertaken to reduce the total debt service payments over the next 12 years by \$3,013,418 and resulted in an economic gain of \$2,499,031.

In fiscal year 2011, the County defeased various bond issues by creating irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and related fixed earnings are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed from the County's liabilities. As of June 30, 2011, the amount of defeased debt outstanding and removed from the County's liabilities amounted to \$64,055,000. Gains and losses from debt refunding must be deferred and amortized over the lesser of the original remaining life of the old debt or the life of the new debt. In addition, gains or losses related to debt refunding are to be used in determining the carrying value of the new debt issued to finance debt refunding. The carrying values of the Refunding Bonds, Series 2011, which refunded 2004A&B Public Improvement Bonds and 2006A&B Public Improvement Bonds, have been adjusted for the loss of defeasance (net of amortization) of \$6,286,444. As of June 30, 2021, the loss from defeasance (net of amortization) was \$1,089,157. This advance refunding was undertaken to reduce the total debt service payments over the next 12 years by \$4,064,220 and resulted in an economic gain of \$2,832,738.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

E. LONG-TERM OBLIGATIONS (continued)

In fiscal year 2012, the County issued \$64,670,000 of general obligation bonds at a total interest cost of 1.19%. A portion of these bonds were issued with the purpose to defease \$16,480,000 of the principal amount outstanding of the Public Improvements 2002 Series A bonds and 2002 Series B bonds for a net aggregate difference in debt service between the refunding debt and the refunded debt in the amount of \$270,400. There was no gain or loss on the defeasance of this debt.

In fiscal year 2012, the County issued \$63,780,000 of fixed rate limited obligation bonds (LOBs). A portion of these bonds were issued with the purpose to defease \$55,985,000 of variable rate 2009B Certificates of Participation for a net aggregate difference in debt service between the refunding debt and the refunded debt in the amount of \$0. There was no gain or loss on the defeasance of this debt.

In fiscal year 2013, the County issued \$112,470,000 of fixed rate LOBs. All of these bonds were issued with the purpose to defease \$125,000,000 of variable rate 2010 Certificates of Participation for a net aggregate difference in debt service between the refunding debt and the refunded debt in the amount of \$2,399. There was no gain or loss on the defeasance of this debt.

In fiscal year 2014, the County issued \$51,200,000 of general obligation bonds at a total interest cost of 2.87%. All of these bonds were issued with the purpose to defease \$51,200,000 of variable rate 2011 Bond Anticipation Notes (BANs) for a net aggregate difference in debt service between the refunding debt and the refunded debt in the amount of \$460,669. There was no gain or loss on the defeasance of this debt.

In fiscal year 2016, the County defeased various bond issues by creating irrevocable trust funds. New debt was issued and the proceeds were used to purchase U.S. government securities that were placed in the trust funds. The investments and related fixed earnings are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed from the County's liabilities. As of June 30, 2016, the amount of the defeased debt outstanding and removed from the County's liabilities amounted to \$31,690,000. The carrying values of the Refunding Bonds, Series 2016, which refunded 2008A Public Improvement Bonds and 2008B Public Improvement Bonds, were adjusted for the loss from defeasance (net of amortization) of \$3,071,981. As of June 30, 2021, the loss from defeasance (net of amortization) was \$1,397,519. This advance refunding was undertaken to reduce the total debt service payments over the next 11 years by \$3,315,659 and resulted in an economic gain of \$2,543,844.

In fiscal year 2016, the County defeased various bond issues by creating irrevocable trust funds. New debt was issued and the proceeds were used to purchase U.S. government securities that were placed in the trust funds. The investments and related fixed earnings are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed from the County's liabilities. As of June 30, 2016, the amount of the defeased debt outstanding and removed from the County's liabilities amounted to \$37,095,000. The carrying values of the Refunding Bonds, Series 2016, which refunded 2009A certificate of participation (COPs) were adjusted for the loss from defeasance (net of amortization) of

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

E. LONG-TERM OBLIGATIONS (continued)

\$4,346,426. As of June 30, 2021, the loss from defeasance (net of amortization) was \$2,750,154. This advance refunding was undertaken to reduce the total debt service payments over the next 15 years by \$4,824,160 and resulted in an economic gain of \$3,777,918.

In fiscal year 2017, the County defeased various bond issues by creating irrevocable trust funds. New debt was issued and the proceeds were used to purchase U.S. government securities that were placed in the trust funds. The investments and related fixed earnings are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed from the County's liabilities. As of June 30, 2017, the amount of the defeased debt outstanding and removed from the County's liabilities amounted to \$103,895,000. The carrying values of the Refunding Bonds, Series 2017, which refunded variable rate 2016 Bond Anticipation Notes, 2014 Public Improvement Bonds, 2012 Refunded Public Improvement Bonds, and 2010B Build America Bonds were adjusted for the loss from defeasance (net of amortization) of \$11,127,770. As of June 30, 2021, the loss from defeasance (net of amortization) was \$8,450,761. This advance refunding was undertaken to reduce the total debt service payments over the next 20 years by \$5,896,895 and resulted in an economic gain of \$4,615,584.

In fiscal year 2020, the County issued \$100,280,000 of fixed rate limited obligation bonds. All of these bonds were issued with the purpose to defease \$23,310,000 of 2012 Certificates of Participation and \$67,495,000 certificates of participation for a net aggregate difference in debt service between the refunding debt and the refunded debt in the amount of \$1,161. There was no gain or loss on the defeasance of this debt.

General obligation bonds

Durham County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the County. The County pledges full faith and credit and taxing power as security for general obligation bonds. General obligation bonds were issued for governmental activities in the amount of \$61,805,000 in fiscal year 2021.

Interest requirements for the general obligation bonds are payable semi-annually at annual rates varying from 2.00% to 5.23%. General Fund revenues are used to repay general long-term debt obligations.

Two-thirds (2/3s) bonds

Durham County issues 2/3s bonds to provide funds for the acquisition and construction of major capital facilities. 2/3s bonds are similar to general obligation bonds in that they also are direct obligations of the County. The County pledges full faith and credit and taxing power as security for 2.3s bonds. There were no 2/3s bonds issued in fiscal year 2021.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

E. LONG-TERM OBLIGATIONS (continued)

Certificates of participation

Durham County issues COPs for the acquisition and construction of major capital facilities. There were no COPs issued in fiscal year 2021.

Limited Obligation Bonds

Durham County issues LOBs for the acquisition and construction of major capital facilities. Limited obligation bonds are direct obligations and pledge the full faith and credit of the government.

LOBs issued in fiscal year 2013 are collateralized with the County's Justice Plaza (e.g., Justice Center, Jail and Parking Deck). The amount of debt outstanding for this issuance as of June 30, 2021 was \$14,990,000.

LOBs issued in fiscal years 2012 and 2016 were refundings for COPs 2009A and COPs 2009B, respectively, that are collateralized with the County's Health and Human Services Building. The amount of debt outstanding for these issuances as of June 30, 2021 were \$11,760,000 and \$28,685,000, respectively.

LOBs issued in fiscal year 2019 are collateralized with the County's Administrative II Building. The amount of debt outstanding for this issuance as of June 30, 2021 was \$49,370,000.

LOBs issued in fiscal years 2020 partially refunded LOBs issued in fiscal years 2012 and 2013 that are collateralized with the County's Health and Human Services Building and the County's Justice Plaza (e.g., Justice Center, Jail and Parking Deck). The amount of debt outstanding for this issuance as of June 30, 2021 was \$98,365,000.

LOBs issued in fiscal year 2020 are collateralized with the County's Administrative I Building. The amount of debt outstanding for this issuance as of June 30, 2021 was \$16,260,000.

Bond anticipation notes

Durham County issues general obligation bond anticipation notes (BANs) for the acquisition and construction of major capital facilities. The BANs have been issued for governmental activities. The County has authorized the issuance of the BANs up to \$70,000,000 outstanding at any time. The BANs are general obligations of the County, and the County has pledged its faith and credit to the payment of principal and interest on the BANs. In addition, the County has entered into a Standby Note Purchase Agreement which expires when the BANs will mature on June 12, 2022 and is subject to prior redemption at the option of the County. The BANs will be replaced by general obligation bonds. Interest requirements are payable monthly on the amount outstanding with the interest rates based upon market conditions.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

E. LONG-TERM OBLIGATIONS (continued)

During the fiscal year, the County had borrowed up to the \$70,000,000 in BANs and issued long-term fixed rate debt and paid off the \$70,000,000 in BANs. The County also issued a new draw-down program in April of 2021 in the amount of \$225,000,000 that also assumed the amount drawn to date of the \$75,000,000 IFC and that IFC/draw-program was closed. With the current draw program, the County is authorized to borrow up to \$225,000,000 of IFCs. Of this amount, \$20,147,761 is currently outstanding as of June 30, 2021.

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

E. LONG-TERM OBLIGATIONS (continued)

General obligation bonds, installment purchases, certificate of participation bonds, revenue bonds and other financing agreements outstanding at June 30, 2021 are as follows:

<u>Purpose:</u>	Interest Rates	Date Issued	Date Series Matures	Amount of Original Issue	Outstanding June 30, 2021
<u>Governmental activities:</u>					
Refunding, series 2009	2.00% to 5.00%	11/9/2009	4/1/2022	\$ 43,272,209	\$ 5,250,000
Refunding 2011	3.00% to 5.00%	6/8/2011	11/1/2022	61,750,000	11,070,000
Public improvement, series 2012	3.00% to 5.00%	4/25/2012	4/1/2032	64,670,000	2,870,000
Public improvement refunding, series 2014	2.00% to 5.00%	6/3/2014	4/1/2034	44,635,000	13,385,000
Public improvement refunding, series 2015	3.00% to 5.00%	7/9/2015	10/1/2026	29,340,000	25,815,000
Public improvement refunding, series 2016	3.00% to 5.00%	9/26/2016	10/1/2036	96,460,000	89,905,000
Public improvement, series 2017	3.23%	3/16/2017	10/1/2026	3,800,000	2,280,000
Public improvement refunding, series 2019	3.00% to 5.00%	3/5/2019	6/1/2039	44,220,000	39,790,000
Public improvement refunding, series 2021	1.25% to 5.00%	2/23/2021	6/1/2040	61,805,000	60,680,000
Limited obligation bonds, 2012	2.00% to 5.00%	3/29/2012	6/1/2032	63,780,000	11,760,000
Limited obligation bonds, 2013	1.50% to 5.00%	3/28/2013	6/1/2043	112,470,000	14,990,000
Limited obligation bonds, 2016 refunding	4.00% to 5.00%	4/1/2016	12/1/2030	34,590,000	28,685,000
Limited obligation bonds, 2019	3.00% to 5.00%	9/6/2018	10/1/2038	54,860,000	49,370,000
Limited obligation bonds, 2020A	2.375% to 5.00%	1/23/2020	6/1/2040	17,120,000	16,260,000
Limited obligation bonds, 2020B refunding	1.688% to 3.085%	1/23/2020	12/1/2042	100,280,000	98,365,000
Bond anticipation notes	Variable Rate	3/23/2017	3/23/2020	633,295	20,147,761
Installment purchase, utility performance	2.285%	9/18/2012	9/18/2028	4,549,000	2,697,988
Other financing agreements					
Housing finance agency	0.00%	10/1/2002	5/30/2023	196,859	17,611
Total governmental activities					<u>\$ 493,338,360</u>
<u>Business-type activities:</u>					
Refunding revenue bonds, 2012					
sewer plant expansion/improvements	2.49%	8/23/2012	6/11/2027	13,985,000	5,105,000
Enterprise state revolving loan I	2.22%	10/7/2012	5/1/2032	-	1,527,995
Enterprise state revolving loan II	2.22%	1/28/2011	5/1/2033	-	6,386,848
Total business-type activities					<u>\$ 13,019,843</u>

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

E. LONG-TERM OBLIGATIONS (continued)

The annual requirements as of June 30, 2021 to amortize outstanding debt and funds available for draw under installment purchase contracts including interest payments, exclusive of accrued compensated absences are as follows:

Governmental activities:

Year Ending June 30,	General Obligation Bonds		Limited Obligation Bonds		Installment Note Payable*		Other Financing Agreements		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 30,335,000	\$ 9,872,763	\$ 14,455,000	\$ 7,604,739	\$ 309,084	\$ 59,916	\$ 9,958	\$ -	\$ 45,109,042	\$ 17,537,418
2023	22,330,000	8,470,839	14,470,000	7,075,947	323,732	52,768	7,653	-	37,131,385	15,599,554
2024	20,010,000	7,482,840	14,495,000	6,400,390	338,712	45,288	-	-	34,843,712	13,928,518
2025	20,020,000	6,258,466	14,425,000	5,710,219	354,541	37,459	-	-	34,799,541	12,006,144
2026	19,920,000	5,386,717	14,280,000	5,243,197	370,735	29,265	-	-	34,570,735	10,659,179
2027-2031	73,560,000	16,064,768	69,935,000	18,662,019	1,001,184	34,814	-	-	144,496,184	34,761,602
2032-2036	43,905,000	5,729,456	40,905,000	9,044,366	-	-	-	-	84,810,000	14,773,822
2037-2041	20,965,000	1,035,263	29,615,000	3,082,858	-	-	-	-	50,580,000	4,118,121
2042-2046	-	-	6,850,000	210,706	-	-	-	-	6,850,000	210,706
	<u>\$ 251,045,000</u>	<u>\$ 60,301,112</u>	<u>\$ 219,430,000</u>	<u>\$ 63,034,441</u>	<u>\$ 2,697,988</u>	<u>\$ 259,511</u>	<u>\$ 17,611</u>	<u>\$ -</u>	<u>\$ 473,190,599</u>	<u>\$ 123,595,064</u>

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

E. LONG-TERM OBLIGATIONS (continued)

Business-type activities:

Year Ending June 30,	General Obligation Bonds		Limited Obligation Bonds		State Revolving Loan		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ -	\$ -	\$ -	\$ -	\$ 671,146	\$ 175,709	\$ 800,000	\$ 127,115	\$ 1,471,146	\$ 302,824
2023	-	-	-	-	671,146	160,810	820,000	107,195	1,491,146	268,005
2024	-	-	-	-	671,146	145,911	840,000	86,777	1,511,146	232,688
2025	-	-	-	-	671,146	131,011	860,000	65,861	1,531,146	196,872
2026	-	-	-	-	671,146	116,112	880,000	44,447	1,551,146	160,559
2027-2031	-	-	-	-	3,355,729	357,067	905,000	22,534	4,260,729	379,602
2032-2036	-	-	-	-	1,203,383	38,531	-	-	1,203,383	38,531
2037-2041	-	-	-	-	-	-	-	-	-	-
2042-2046	-	-	-	-	-	-	-	-	-	-
2047-2051	-	-	-	-	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,914,842</u>	<u>\$ 1,125,151</u>	<u>\$ 5,105,000</u>	<u>\$ 453,930</u>	<u>\$ 13,019,842</u>	<u>\$ 1,579,081</u>

*NOTE: The installment note payable principal amount on the above schedule amortizing outstanding debt as of June 30, 2021 does not include outstanding bond anticipation notes (BANs) or that are included in the summary of transactions affecting the County's long-term obligations for the year ended and in the outstanding debt with interest rates, date of issue, maturity dates, original issue amount and amount outstanding at year end. The BANs are not included in the above schedule because there is no annual payment. The County is authorized to utilize a draw-down program whereby funds are drawn to reimburse the County for capital project expenditures over a three year period. At the end of the three years (or less), the County issues fixed rate debt to pay off this debt. With the current draw program, the County is authorized to borrow up to \$250,000,000. Of this amount, \$20,147,761 is currently outstanding as of June 30, 2021.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

E. LONG-TERM OBLIGATIONS (continued)

Revenue bonds

The County also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service.

In fiscal year 2003, \$24,515,000 of revenue bonds was issued to finance the construction project to expand the existing wastewater treatment facilities. In fiscal year 2013, \$13,985,000 of refunded revenue bonds were issued to refund the 2003 revenue bonds outstanding. The bonds are payable through 2027. The total principal and interest remaining to be paid on the bonds is \$5,558,929. Principal and interest paid for the year and total customer revenues were \$930,710 and \$9,780,847, respectively. Interest requirements for the revenue bonds are also payable annually at a fixed rate of 2.49%. These debt obligations are secured by a pledge of and lien upon, and payable solely from, the net receipts of the enterprise system and, in certain circumstances, by proceeds of the revenue bonds, investment earnings and certain net insurance and other proceeds. The revenue bonds are additionally secured by and payable from money and securities of certain funds, accounts and sub-accounts held by the trustee under the trust agreement and the first supplemental trust agreement. Sewer Utility Fund revenues are used to repay sewer utility long-term obligations. There were no revenue bonds issued in fiscal year 2021.

The ABC Board's did not have any long-term debt as of June 30, 2021.

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

F. COMMITMENTS

1. Leases

The County leases office space and equipment rentals under operating leases. Total costs for such leases were \$522,502 for the year ended June 30, 2021. The future minimum rental payments due under the leases at June 30, 2021 are as follows:

YEAR ENDING JUNE 30,	<u>COUNTY</u>	<u>ABC BOARD</u>
2022	\$ 513,100	\$ 343,486
2023	410,355	341,183
2024	277,646	314,625
2025	216,791	259,266
2026	195,212	261,654
TOTAL	<u>\$ 1,613,104</u>	<u>\$ 1,520,214</u>

Leased Facilities

Pursuant to agreements executed between the County, Duke Regional Hospital (formerly Durham Regional Hospital, effective July 1, 2013) and Duke, effective July 1, 1998, the County began leasing its Hospital facilities to Duke under the terms of an operating lease expiring on June 30, 2019. The cost of leased facilities to the County was \$63,605,860, and the accumulated depreciation and carrying value as of June 30, 2021 were \$36,568,782 and \$27,037,078 respectively. Under the terms of the original agreement, annual minimum lease payments remitted to the County for use of the facility were \$2,600,000. These funds were accounted for in the Community Health Trust Fund.

In addition, under the terms of the original agreement, the County was to receive \$1,500,000 annually for the support of emergency medical services previously provided by the Hospital and assumed by the County under the agreements. These funds are accounted for in the General Fund. In addition, Duke agreed to remit \$2,100,000 to the Lincoln Community Health Center (LCHC), formerly a component unit of the Hospital, for the provision of health services to the citizens of the County. The County has treated this agreement as an operating lease.

A revision to the agreement was entered into on June 29, 2007. Under the terms of the revised agreement, Duke agreed to release its interest in the portion of Durham Regional Hospital commonly known as the Oakleigh Building and the adjacent lot to the Oakleigh Building to be used as a mental health and substance abuse treatment facility by the mental health services of the County. Additionally, a one-time payment of \$500,000 was paid to the County upon the full execution of the amendment, and the annual minimum lease payments to be remitted to the County for use of the facility were reduced to \$3,200,000 effective for fiscal year 2009. Also, effective fiscal year 2009, Duke paid the County \$100,000 annually over a ten-year period for the support of mental health services. There were no changes regarding emergency medical services or medical services provided at LCHC.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

F. COMMITMENTS (continued)

On November 24, 2008, a second amendment to the lease agreement and a first amendment to the operating agreement were approved by the Board of County Commissioners, Durham County Hospital Corporation and Duke University Health System. Under the terms of the revised agreement, beginning January 1, 2009, the term of the lease agreement was extended for an additional 40-year term until June 30, 2049, with the term automatically extending each year for one additional year. Under this agreement, the County was paid an additional \$375,000 for fiscal year 2009. From July 1, 2009 until June 30, 2018, the County received payments of \$3,950,000 per year. For fiscal year 2021, the County received payment in the amount of \$1,250,000. From July 1, 2019 through fiscal year 2031, the County has and will receive \$1,250,000 annually. From July, 1, 2031 through the remainder of the lease term, the County will not receive any further payments for the sublease of the Premises.

Also, under the terms of the revised agreement, in support of emergency medical services, an additional \$350,000 payment was paid to the County during fiscal year 2009. In fiscal year 2020 and 2021, the County received \$3,856,506 and \$2,638,659 for these services, respectively. Through the remainder of the lease terms, payments made to the County will be adjusted for inflation using the CPI Index Adjustment. Under the revised agreement, Duke paid an additional \$375,000 to Lincoln Community Health Center for fiscal year 2009. LCHC received payments of \$3,376,610 and \$3,481,263 for fiscal years 2020 and 2021, respectively. Through the remainder of the lease terms, payments made to the LCHC would be adjusted for inflation using the CPI Index Adjustment. If LCHC ceases to exist without a successor entity that operates in the same manner, payment will be made to the County to support public health initiative for the citizens of Durham County.

2. Industrial Extension Policy

The Industrial Extensions Policy (IEP) provides for the expenditure of public funds for the promotion of local economic development when the BOCC considers such development serves a public purpose. The BOCC considers the promotion of local economic development when it assists in the creation of a more stable economy by providing displaced workers with continuing employment opportunities, attracting better paying and more highly skilled jobs, diversifying the local economy and creating a broader tax base from which Durham County can draw funding for other programs that benefit the general health, safety and welfare of the citizens. Any industrial enterprise seeking to qualify for economic development investment funds must provide the County with a written statement which includes specific information as outlined in the policy. They then must receive approval from the BOCC prior to the undertaking of construction. The Board evaluates each enterprise on a case-by-case basis prior to making a decision whether to provide economic development investment funds. Any enterprise desiring to use economic development investment funds must enter into a performance agreement with Durham County.

The determination of whether satisfactory progress has been made shall be the sole discretion of Durham County based upon the performance guidelines set out in the performance agreement. The BOCC views the promotion of the local economic development as an investment in the future of Durham County.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

F. COMMITMENTS (continued)

The annual requirements to amortize reimbursements payable under this policy at June 30, 2021 are as follows:

YEAR ENDING JUNE 30,	Governmental activities	
	PRINCIPAL	INTEREST
2022	\$2,290,147	-
2023	2,155,617	-
2024	2,169,717	-
2025	1,662,017	-
2026	1,347,017	-
2027-2031	3,088,655	-
2031-2035	1,059,492	-
	\$ 13,772,622	\$ -

Interest requirements related to the Industrial Extensions Policy are nominal.

3. School Facilities

In 2019, the Board of County Commissioners (BOCC) revised the approved Capital Improvement Plan (CIP) for fiscal years 2020 – 2029 that included new Durham Public school projects totaling \$410,000,000 funded through voter-approved general obligation bond referendums in November 2016 and proposed for November 2020. Total construction in progress for fiscal year 2021 for these projects was \$18,899,332 while total combined construction in progress since inception was \$258,996,898.

4. Construction

The total ten-year estimated and funded project costs of the CIP through June of 2029 is \$947,036,833. The plan continues to serve as a blueprint to meet the growing facility needs of the County. The funding sources for the CIP include: General Obligation Bonds, Limited Obligation Bonds (LOB's), Bank Financing, County contributions (PayGo), Revenue Bonds (Enterprise Fund), and other miscellaneous revenues.

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

F. COMMITMENTS (continued)

The CIP allocated funding for fiscal year 2021 in the amount of \$83,220,979. Funds provided approximately \$27,362,687 for capital projects of general governmental activities, \$860,000 for business-type activities, \$37,734,212 for public safety, \$500,000 for cultural and recreational, \$500,000 for environmental protection activities, and \$16,264,080 for Human Services activities.

As part of the ten-year CIP for fiscal years 2017-2026, a general obligation bond referendum totaling \$170,000,000 was approved by Durham County citizens as a funding source. The referendum funded \$90,000,000 for school facilities, \$20,000,000 for community colleges, \$44,297,262 for library facilities, \$14,067,705 for museum facilities, and \$1,635,033 for issuance costs. As of fiscal year-end, \$120,000,000 of the November 2016 voter approved general obligations bonds was issued.

On June 22, 2020, the Board approved a revised, updated ten-year CIP effective for fiscal years 2020-2029.

5. Capital commitments

The County had commitments at June 30, 2021 of \$1,140,992 for the expansion of the wastewater treatment plant and construction of sewer distribution systems.

Funding for the active projects for governmental activities and business-type activities include general obligation bonds, 2/3's bonds, certificates of participation (COPS), limited obligation bonds (LOBs), revenue bonds, general contributions, sewer utility contributions and other miscellaneous revenues.

6. Other commitments

Reimbursement for expenditures incurred from improvements to property of the Durham Public School System, Durham Technical Community College and various not-for-profit organizations are made upon request by the school systems, Community College and organizations. Because Durham County is not a party to the contracts, the unexecuted balances of such contracts are considered obligations of the Durham Public School System, Durham Technical Community College and various not-for-profit organizations. Additional payments, if any, to be made by Durham County, will be from future appropriations.

The County participates in a number of Federal and State of North Carolina awards and grant awards programs. The disbursement of funds under these programs are subject to a single audit in conformity with the provisions of the Single Audit Act, requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and North Carolina state law for state funds.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

F. COMMITMENTS (continued)

The amounts, if any, of expenditures which may be disallowed by the granting agencies resulting from such audit cannot be determined at this time, although the County expects they would be immaterial.

G. INTERFUND BALANCES AND ACTIVITIES

The following is a schedule of interfund receivable and payable balances as of June 30, 2021:

Due to:

General Fund from Capital Projects Fund	
Amount due per BOCC approved interfund loan	<u>\$ 3,047,554</u>

Due from:

Capital Projects Fund to General Fund	
Amount due per BOCC approved interfund loan	<u>\$ 3,047,554</u>

The due to General Fund from Capital Projects Fund is because of an interfund loan approved by the BOCC for advance funding to begin construction activity on capital projects until the proceeds from the issuance of debt are received at which time reimbursement will take place.

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

G. INTERFUND BALANCES AND ACTIVITIES (continued)

Transfers:

The following is a summary of transfers for the year ended June 30, 2021:

	Transfers in:			Total
	General Fund	Capital Projects Fund	Debt Service Fund	
Transfers out:				
General fund	\$ -	\$ 4,708,155	\$ 65,498,199	\$ 70,206,354
Community health trust fund	1,250,000	-	-	1,250,000
Capital projects fund	3,567,198	-	400,293	3,967,491
Debt service fund	810,394	3,795,295	-	4,605,689
Nonmajor governmental funds	935,323	-	183,600	1,118,923
Total transfers	\$ 6,562,915	\$ 8,503,450	\$ 66,082,092	\$ 81,148,457

Transfers from the General Fund to the Capital Projects Fund and the Debt Service Fund are for funding general government construction projects per Durham County’s Capital Improvement Plan and general government debt payments, respectively.

Transfers from the Community Health Trust Fund to the General Fund are for funding health-related expenditures.

Transfers from the Capital Projects Fund to the General Fund and the Debt Service Fund are for unspent unrestricted funds to support future general government construction projects and unspent funds, unrestricted and restricted, to support general government debt payments, respectively.

Transfers from the Debt Service Fund to the General Fund and the Capital Projects Fund are for funding non-capitalizable costs related to a capital project and public safety security and the construction of new capital projects, respectively.

Transfers from Nonmajor Governmental Funds to the General Fund and the Debt Service Fund are for funding public safety expenditures and public safety debt service expenditures, respectively.

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

1. North Carolina Local Governmental Employees' Retirement System

Plan Description. The County and the ABC Board are participating employers in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters and rescue squad workers). Disabled members may qualify for disability benefits at earlier ages. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad workers who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55 or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County and ABC employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's required contribution rate for the year ended June 30, 2021, was 10.90% of compensation for law enforcement officers and 10.15% for general employees and firefighters. The ABC Board's required contribution rate for the year ended June 30, 2021, was 10.25% for general employees. The ABC Board eliminated the law enforcement department, effective May 1, 2019, therefore there were no employer contributions for law enforcement officers for the year ended June 30, 2021. Required contribution rates were actuarially determined such that, employer contributions, when combined with employee contributions, are expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$11,742,724 for the year ended June 30, 2021. Contributions to the pension plan from the ABC Board were \$248,025 for the years ended June 30, 2021.

Refunds of Contributions – County employees who have terminated service as contributing members of LGERS, may file an application for a refund of their contributions. By state law, refunds to members include 4% interest per year, regardless of the number of years of retirement service credit. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to any other retirement or survivor benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the County reported a liability of \$54,398,283 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions used in the valuation. The County's proportionate share of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2021, (measured as of June 30, 2020) the County's proportionate share was 1.522%, which was an increase of 0.002% from its proportion reported as of June 30, 2020 (measured as of June 30, 2019).

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

For the year ended June 30, 2021, the County recognized pension expense of \$19,493,294. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 6,869,546	\$ -
Changes of Assumptions	4,048,298	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	7,655,098	-
Changes in Proportion and Differences between County Contributions on Proportionate Share of Contributions	117,867	563,917
County Contributions Subsequent to the Measurement Date	11,742,724	-
Total	\$ 30,433,533	\$ 563,917

\$11,742,724 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2022	\$ 5,076,375
2023	6,861,148
2024	3,923,852
2025	2,265,517
2026	-
Thereafter	-
	\$ 18,126,892

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary Increases	3.50 to 8.10% *
Investment Rate of Return	7.00% **

*includes inflation and productivity of 3.50%

**includes inflation

The plan actuary currently uses mortality rates based on the *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study as of December 31, 2014.

Future and ad hoc cost of living adjustment (COLA) amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 (adopted as of June 30, 2019) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary and is part of the asset, liability, and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower, 6.00%, or 1-percentage-point higher, 8.00%, than the current rate:

	<u>1% Decrease 6.00%</u>	<u>Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
County's Proportionate Share of the Net Pension Liability (Asset)	\$ 110,368,150	\$ 54,398,283	\$ 7,883,352

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Financial Report (ACFR) for the State of North Carolina.

2. Law Enforcement Officers’ Special Separation Allowance

Plan Description. The County administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the County’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2019, the valuation date, the Separation Allowance’s membership consisted of:

Retirees Receiving Benefits	25
Active Plan Members	<u>194</u>
Total	<u><u>219</u></u>

Basis of Accounting. The County presents the Separation Allowance in the financial statements using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meet the following criteria which are outlined in GASB Statements No. 73:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers, non-employer contributing entities, the plan administrator, and plan members.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

Actuarial Assumptions. Costs in the December 31, 2019 valuation were determined using the Entry Age Normal Actuarial Cost Method. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases*	3.25 to 7.75%
Discount Rate	1.93%

*includes inflation

The discount rate used to measure the total pension liability is the S&P Municipal Bond 20-Year High Grade Rate as of December 31, 2020.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ending December 31, 2019.

Mortality Assumption. All mortality rates use Pub-2010 amount-weighted tables.

Mortality Projection. All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

Deaths after Retirement (Healthy). Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

Deaths after Retirement (Disabled Members at Retirement). Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

Deaths after Retirement (Survivors of Deceased Members). Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward 3 years. Rates for female members are Set Forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

Deaths prior to Retirement. Mortality rates are based on the Safety Mortality Table for Employees.

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions on a pay-as-you-go basis. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administrative costs of the separation allowance are financed through investment earnings. In the year ended June 30, 2021 the County paid \$500,447 as the benefit became due.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the County reported a total pension liability of \$10,182,265. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was rolled forward to December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the County recognized pension expense of \$1,187,145.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual		
Experience	\$ 769,112	\$ 57,761
Changes of Assumptions and Other Inputs	2,441,842	126,279
Benefit Payments and Administrative Expenses		
Subsequent to the Measurement Date	259,005	-
Total	\$ 3,469,959	\$ 184,040

The County paid \$259,005 in benefit payments, which included \$1,346 in administrative expenditures, reported subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows and deferred outflows of resources related to pensions will be recognized as a decrease to pension expense as follows:

Year Ended June 30:	
2022	\$ 679,610
2023	679,416
2024	677,335
2025	634,677
2026	355,876
Thereafter	-
	\$ 3,026,914

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 1.93% as well as

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower, 0.93%, or 1-percentage-point higher, 2.93% than the current rate:

	1% Decrease 0.93%	Discount Rate 1.93%	1% Increase 2.93%
Total Pension Liability	\$ 10,981,526	\$ 10,182,265	\$ 9,447,029

**Schedule of Changes in the Total Pension Liability of the
 Law Enforcement Officers' Special Separation Allowance**

	2021
Beginning Balance	\$ 6,842,207
Service Cost	292,259
Interest on the Total Pension Liability	215,088
Change of Benefit Terms	-
Differences between Expected and Actual Experience in the Measurement of the Total Pension Liability	621,465
Changes of Assumptions and Other Inputs	2,700,061
Benefit Payments	(488,815)
Other Changes	-
Ending Balance of the Total Pension Liability	\$ 10,182,265

Changes of assumptions and benefit terms. Changes of assumptions and other inputs reflect a change in the discount rate from 3.26% at December 31, 2019 to 1.93% at December 31, 2020. There are no changes in assumed inflation rate, assumed wage inflation or benefit terms since the prior measurement date.

3. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (the Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes the pension trust fund financial

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

statements for Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh North Carolina, 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12 E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent (5%) of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2021 were \$965,858, which consisted of \$562,999 from the County and \$402,859 from the law enforcement officers. The ABC Board terminated its law enforcement department effective May 1, 2019, therefore there were no contributions for the year ended June 30, 2021. The County's required contributions and the officers' voluntary contributions represented 5% and 3.58%, respectively, of the covered payroll.

4. Registers of Deeds' Supplemental Pension Fund

Plan Description. Durham County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, cost-sharing multiple-employer defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Governmental Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees. The Registers of Deeds' Supplemental Pension Fund is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$38,321 for the year ended June 30, 2021.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the County reported an asset of \$1,032,410 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2020, the County's proportion was 4.505%, which was an increase of 0.726% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense (revenue) of \$ (97,091). At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ 21,037
Changes of Assumptions	-	-
Net Difference between Projected and Actual Earnings		
on Pension Plan Investments	-	88,339
Changes in Proportion and Differences between		
County Contributions and Proportionate Share of Contributions	-	159,440
County Contributions subsequent to the Measurement Date	38,321	-
Total	\$ 38,321	\$ 268,816

\$38,321 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2022	\$ (95,081)
2023	(111,614)
2024	(39,867)
2025	(22,254)
2026	-
Thereafter	-
	\$ (268,816)

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary Increases	3.50 to 7.75% *
Investment Rate of Return	3.75% **

*includes inflation and productivity of 3.50%

**includes inflation

The plan currently uses mortality tables that vary by age, gender, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study as of December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2021, is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2021 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to follow the current funding policy. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75%, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower, 2.75% ,or 1-percentage-point higher, 4.75%, than the current rate:

	1% Decrease 2.75%	Discount Rate 3.75%	1% Increase 4.75%
County's Proportionate Share of the Net Pension Liability (Asset)	\$ (876,898)	\$ (1,032,410)	\$ (1,163,988)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report (ACFR) for the State of North Carolina.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability (asset) for LGERS and RODSPF was measured as of December 31, 2019, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of December 31, 2020, with an actuarial valuation date of December 31, 2019. The County's proportion of the net pension liability (asset) was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. The following information is related to the County's proportionate share and pension expense (revenue):

	LGERS	LEOSSA	RODSPF	Total
Proportionate share of net pension liability (asset)	\$ 54,398,283	\$ -	\$ (1,032,410)	\$ 53,365,873
Proportion of the net pension liability (asset)	1.522%	N/A	(4.505%)	N/A
Total pension liability	\$ -	\$ 10,182,265	\$ -	\$ 10,182,265
Pension expense(revenue)	\$ 19,493,294	\$ 1,187,145	\$ (97,091)	\$ 20,583,348

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

At June 30, 2021 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>RODSPF</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>				
Differences between Expected and Actual Experience	\$6,869,546	\$ 769,112	\$ -	\$7,638,658
Changes of Assumptions	4,048,298	2,441,842	-	6,490,140
Net Difference between Projected and Actual Earnings on Pension Plan Investments	7,655,098	-	-	7,665,098
Changes in Proportion and Differences between County Contributions and Proportionate Share of Contributions	117,867	-	-	117,867
County Contributions/Benefit Payments and Administration Costs Subsequent to the Measurement Date*	11,742,724	259,005	38,321	12,040,050
*Contributions are for LGERS and RODSPF, Benefit and Administration Costs are for LEOSSA				
<u>Deferred Inflows of Resources</u>				
Differences between Expected and Actual Experience	\$ -	\$ 57,761	\$ 21,037	\$ 78,798
Changes of Assumptions	-	126,279	-	126,279
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	88,339	88,339
Changes in Proportion and Differences between County Contributions and Proportionate Share of Contributions	563,917	-	159,440	723,357

5. Firefighters' and Rescue Squad Workers' Pension Fund

Plan Description. All regular and volunteer firemen whose qualifications are certified by the Board of County Commissioners are eligible to participate in the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF). The State of North Carolina contributes, on behalf of the County, to the Firefighters' and Rescue Squad Workers' Pension Fund, a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. FRSWPF provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees. The FRSWPF is included in the Annual Comprehensive Financial Report (ACFR) of the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for FRSWPF. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. FRSWPF provides retirement and survivor benefits. The present retirement benefit is \$170 per month. Members are eligible to receive the monthly benefit at age 55 with 20 years of fully credited service as a firefighter or rescue squad worker, regardless of whether the member has terminated paid employment. Disabled members may be able to receive benefits after

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

attaining age 55, under certain provisions. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member and contributions paid on the member's behalf into the fund. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

Contributions. Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The County does not contribute to the fund. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2020, the State contributed \$18,652,000 to the plan. Durham County's proportionate share of the State's contribution is \$5,370.

Refunds of Contributions – Members who are no longer eligible or choose not to participate in the fund may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to any other retirement or survivor benefit provided by FRSWPF.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the County reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the County through its appropriations to the FRSWPF. The total portion of the net pension liability that was associated with the County and supported by the State was \$10,419. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. As the County is not projected to make any future contributions to the plan, its proportionate share at June 30, 2021 and at June 30, 2020 was 0%.

For the year ended June 30, 2021, the County recognized pension expense of \$4,171 and revenue of \$4,171 for support provided by the State. At June 30, 2021, the County reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary Increases	Not Applicable
Investment Rate of Return	7.00% *

*includes inflation

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term investment returns, and the asset allocation policy, refer to the discussion of actuarial assumptions for the LGERS plan in Section 1 of this note.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from State appropriations will continue to follow current funding policy. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued ACFR for the State of North Carolina.

6. Supplemental Retirement Income Plan for Non-Law Enforcement Personnel

Plan Description. The County provides pension benefits for all its non-law enforcement employees, working more than twenty hours per week, through a defined contribution plan administered by Prudential. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. The Board of County Commissioners (BOCC) has established the plan which requires the County to contribute each month an amount equal to 5% of each employee's salary, and all amounts contributed are vested immediately. Employees are not required to contribute to the plan. The BOCC has the authority to establish and amend the plan's provisions and the authority to establish and amend the contribution requirements to the plan.

Funding Policy. The County's contributions were calculated using a covered payroll amount of \$103,154,564. Total contributions for the year ended June 30, 2021 were \$8,724,416 which consisted of \$5,179,701 from the County and \$3,544,715 from the non-law enforcement personnel. The County's required contribution and the non-law enforcement personnel's voluntary contribution represented 8.41% of the covered payroll amount.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

7. Other Post-Employment Benefits

Plan Description. Under the terms of a County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (HCB Plan). For employees hired on or after July 1, 2006, this plan provides post-employment healthcare benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (LGERS) and have at least thirty years of continuous service with the County. Also, the plan provides post-employment healthcare benefits to employees hired on or after July 1, 2006 who are at least age 60 with twenty-five years or more of continuous service. Prior to July 1, 2006, employees qualified for the same level of benefits after at least twenty years of continuous service with the County.

If the service-hour requirement is met, the County pays the full cost of standard coverage for these benefits until the retiree reaches age 65 or until the retiree is eligible to receive Medicare benefits, whichever comes first. The cost is prorated for employees that do not meet the service-hour requirement. At the time coverage is terminated, and the County pays full cost of a Medicare supplemental policy. Retirees with at least ten years of service can purchase coverage at the County's group rates for themselves. Retirees can purchase coverage for their dependents at the County's group rate for healthcare, dental and vision until they become Medicare eligible. In addition, all employees with ten or more years of service will receive a death benefit in the amount of \$10,000 at no cost to the retiree. The BOCC may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at June 30, 2020, the date of the latest actuarial valuation:

Inactive Members or Beneficiaries	
Currently Receiving Benefits	714
Inactive Members Entitled to but not yet Receiving Benefits	-
Active Members	<u>1,877</u>
Total Membership	<u>2,591</u>

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

Benefits Provided. The County pays a portion of the cost of the healthcare benefits for qualified retirees. The County pays 100% of the cost of the Accountable Care Organization (ACO) plan coverage healthcare benefit for qualified retirees. These benefits are provided under a County resolution that can be amended by the BOCC. Retirees with at least ten years of service who do not qualify for coverage to be paid by the County pay monthly for themselves at the County group rate. Dependent coverage is also paid monthly at the County’s group rates. For retirees that qualify for coverage to be paid by the County, the monthly rates for healthcare are:

**Health Insurance - Retirees with
20 or more Years of Service**

Retiree Only	\$ -
Retiree & Children	533.80
Retiree & Spouse	796.98
Retiree & Family	1,441.67

For retirees with at least ten years of service who are not eligible for cost coverage by the County, the monthly rates for healthcare are:

**Health Insurance - Retirees with
at less than 20 years of Service**

Retiree Only	\$ 819.47
Retiree & Children	1,353.27
Retiree & Spouse	1,616.45
Retiree & Family	2,261.14

Retirees can participate in the County’s dental plan at the County’s group rates for themselves and dependents. The monthly cost of coverage is:

Dental Insurance

Retiree Only	\$ 53.28
Retiree & Children	110.52
Retiree & Spouse	120.40
Retiree & Family	150.98

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

Retirees can also participate in the County’s vision plan at the County’s group rates for themselves and dependents. The monthly rates are:

Vision Insurance

Retiree Only	\$ 9.98
Retiree & Children	16.13
Retiree & Spouse	15.40
Retiree & Family	24.18

In addition, all employees with ten or more years of service will receive a death benefit in the amount of \$10,000 at no cost to the retiree.

Retired Employees' Years of Continuous Service	Date Hired	
	Prior to July 1, 2006	On or after July 1, 2006
10 to 19 Years of Continuous Service	A death benefit in the amount of \$10,000.	A death benefit in the amount of \$10,000.
20 to 24 Years of Continuous Service	County pays full cost of retiree's medical insurance until they become Medicare-eligible. At that time such coverage is terminated and the County pays full cost of Medicare Supplement Policy.	A death benefit in the amount of \$10,000.
Employees who are 60 with 25 Years or more of Continuous Service	County pays full cost of retiree's medical insurance until they become Medicare-eligible. At that time such coverage is terminated and the County pays full cost of Medicare Supplement Policy. A death benefit in the amount of \$10,000.	County pays full cost of retiree's medical insurance until they become Medicare-eligible. At that time such coverage is terminated and the County pays full cost of Medicare Supplement Policy. A death benefit in the amount of \$10,000.
Employees with at least 30 or more Years of Continuous Service	County pays full cost of retiree's medical insurance until they become Medicare-eligible. At that time such coverage is terminated and the County pays full cost of Medicare Supplement Policy. A death benefit in the amount of \$10,000.	County pays full cost of retiree's medical insurance until they become Medicare-eligible. At that time such coverage is terminated and the County pays full cost of Medicare Supplement Policy. A death benefit in the amount of \$10,000.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

Funding Policy. For the current year, the County did not contribute to an irrevocable trust but rather set aside funding for the HCB Plan in the fund balance of the General Fund. The total committed fund balance for OPEB as of fiscal year end for the General Fund was \$51,464,558. The County at this time has chosen to fund the healthcare benefits on a pay-as-you-go basis. The County's total OPEB liability of \$195,593,637 was measured as of June 30, 2020 and was determined based on an actuarial valuation as of June 30, 2020.

Actuarial Methods and Assumptions. The total OPEB liability is based upon an actuarial valuation performed as of the valuation date, June 30, 2020. The total OPEB liability as of the June 30, 2020 measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurements unless otherwise specified:

Inflation	2.50%
Real Wage Growth	1.00%
Wage Inflation	3.50%
Salary Increases, including Wage Inflation	
General Employees	3.50 to 7.75%
Firefighters	3.50 to 7.75%
Law Enforcement Officers	3.50 to 7.35%
Municipal Bond Index Rate	
Prior Measurement Date	3.50%
Measurement Date	2.21%
Healthcare Cost Trends	
Pre-Medicare	7.00% *
Medicare	5.25% *

*Listed rate is for 2020, decreasing to an ultimate rate of 4.50% by 2030 for Pre-Medicare and 2024 for Medicare.

The County selected a Municipal Bond Index Rate Equal to the Bond Buyer 20-Year General Obligation Bond Index published at the last Thursday of June by The Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the total OPEB liability.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

Demographic actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014, adopted by the LGERS Board.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

The remaining actuarial assumptions used the June 30, 2020 valuation, which were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

Changes in the Total OPEB Liability

Total OPEB Liability as of June 30, 2019		\$ 173,238,390
Changes for the Year:		
Service Cost at the End of the Year*		5,754,256
Interest on Total OPEB Liability and Cash Flows		6,197,657
Change in Benefit Terms		-
Difference between Expected and Actual Experience		(20,384,708)
Changes of Assumptions or Other Inputs		34,654,749
Net Benefit Payments		(3,866,707)
Other		-
Net Changes		\$ 22,355,247
Total OPEB Liability as of June 30, 2020		\$ 195,593,637

*Includes interest for the year

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower, 1.21%, or 1-percentage point higher, 3.21%, than the current discount rate, 2.21%:

	1% Decrease 1.21%	Discount Rate 2.21%	1% Increase 3.21%
Total OPEB Liability	\$ 235,245,413	\$ 195,593,637	\$ 165,043,455

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease Pre-Medicare 6.00% Medicare 4.25%	Discount Rate Pre-Medicare 7.00% Medicare 5.25%	1% Increase Pre-Medicare 8.00% Medicare 6.25%
Total OPEB Liability	\$ 163,844,775	\$ 195,593,637	\$ 237,628,679

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the County recognized OPEB expense of \$9,928,268. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ 25,577,088
Changes of Assumptions and Other Inputs	37,280,948	12,134,896
Benefit Payments and Administrative Expenses Subsequent to the Measurement Date	3,871,873	-
Total	\$ 41,152,821	\$ 37,711,984

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

\$3,871,873 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date, June 30, 2020, will be recognized as a decrease of the total pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2022	\$ (2,023,645)
2023	(2,023,645)
2024	(2,023,645)
2025	357,543
2026	3,335,654
Thereafter	1,946,702
	<hr/>
	\$ (431,036)
	<hr/> <hr/>

8. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer State-administered cost-sharing plan funded on a one-year term cost basis. Employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to his/her death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000.

All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. Contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. For the fiscal year ended June 30, 2021 the County made contributions to the State for death benefits of \$67,332. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.05% and 0.14% of covered payroll, respectively. The net position of the Death Benefit Plan is not available for future benefit payments but will be used to reduce future contribution requirements.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2021

I. RISK MANAGEMENT

Durham County’s risk management is a coordinated and ongoing effort to assess and respond to risks which affect the achievement of the County’s Strategic Plan. This is achieved through risk identification, assessment, and mitigation strategies to protect the County employees, assets, and operations from loss. The County accounts for and finances the risks of loss in the General Fund.

Benefits Plan – The County has a partially self-funded benefits plan. The County funds a core plan (health, dental, vision, life insurance and dependent coverage). The County’s health and dental are fully self-funded. The County reports claims expenditures and liabilities in the General Fund. During fiscal year 2021, a total of \$33,011,148 was incurred for benefits and administrative costs of the County’s benefit plan. As of June 30, 2021, the incurred but not reported liability for health and dental was \$3,126,524.

The following is a reconciliation of changes in liabilities for self-insured claims from amounts reported June 30, 2018 to the current fiscal year ended June 30, 2021:

	Dental Claims	Health Claims
Balance June 30, 2019	\$ 225,386	\$ 2,484,285
Claims reported and changes in estimates for FY 2020	1,583,499	18,339,924
Claims paid in FY 2020	(1,612,940)	(18,129,931)
Balance June 30, 2020	195,945	2,694,278
Claims reported and changes in estimates for FY 2021	1,460,913	14,543,583
Claims paid in FY 2021	(1,882,245)	(20,138,998)
Balance June 30, 2021	\$ 225,387	\$ 2,901,137

The County finances property and workers’ compensation exposures using a combination of a deductible/retention and commercial excess insurance. Payments for claims have not exceeded appropriated funds in any of the past three fiscal years. Durham County maintains a committed fund balance for risk management.

In accordance with North Carolina General Statute 159-29, the County’s Chief Financial Officer and Tax Collector are each individually bonded for \$250,000. In addition, the County’s Sheriff and Register of Deeds are each individually bonded \$25,000 and \$50,000, respectively. All other employees, which includes those employees who have access to cash and inventory, are covered under a blanket bond in the amount of \$500,000.

Durham County ABC Board is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

I. RISK MANAGEMENT (continued)

has commercial property, general liability, auto liability, workers' compensation, data breach, flood, wind & hail, public officials liability/employment practice and employee health coverage. The Board also has liquor legal liability coverage. There have been no significant reductions in insurance coverage from the previous year and settlement claims have not exceeded coverage in any of the past three fiscal years. In accordance with G.S. 18B-700(I), each board member and the employees designated as the general manager and finance officer are bonded in the amount of \$50,000, secured by a corporate surety.

J. LITIGATION

The County follows the practice of recording liabilities resulting from claims and legal actions only when they become fixed or estimable in amount. There are currently legal actions against the County which are being vigorously defended, that are not fixed and cannot be estimated in amount; however, the County Attorney estimates that any potential liability resulting from this litigation would not have a material adverse effect on the financial position of the County.

K. JOINTLY GOVERNED ORGANIZATIONS

Triangle J Council of Governments

Durham County, in conjunction with five other counties and thirty municipalities, established the Triangle J Council of Governments ("Council"). The participating governments established the Council to coordinate various funding received from Federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$69,408 to the Council during the fiscal year ended June 30, 2021. There is no on-going financial interest or responsibility by the County.

Triangle Transit Authority

Durham County, in conjunction with other area local governments, is a member of the Research Triangle Regional Public Transportation Authority. Durham County appoints one member to the governing board and jointly appoints a second member with the City of Durham (the "City"). The Authority possesses final decision-making ability and is solely responsible for the management, budget and fiscal operations of the Authority.

L. JOINT VENTURES WITHOUT EQUITY INTEREST

Durham and Wake Counties Research and Production Service District and Advisory Committee

The Durham and Wake Counties Research and Production Service District Advisory Committee is a special taxing district governed by a ten-member board of which the individuals must be recommended by the Research Triangle Park and Tenants Association. The function of the Board is to make

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

L. JOINT VENTURES WITHOUT EQUITY INTEREST (continued)

recommendations to the County Commissioners concerning the budget and tax rate to be set for the Special District/Research Triangle Park area. The District is a joint venture of the two Boards of County Commissioners; however, the County does not have an equity interest in the District. The District may issue bonds or other obligations pursuant to the provisions of the Local Government Bond Act of the North Carolina General Statutes and is empowered to cause taxes to be levied upon all taxable property within its district in Durham and Wake Counties sufficient to meet financial obligations. The County does not approve the budget of the District, nor does the County control the collection or disbursement of District funds. Complete financial statements may be obtained at the Durham and Wake Counties Research and Production Service District Advisory Committee, Post Office Box 12255, Research Triangle Park, North Carolina 27709.

Raleigh-Durham Airport Authority

The Raleigh-Durham Airport Authority is governed by a board appointed to plan and conduct the operations of the Raleigh-Durham International Airport (the “Airport Authority”). The eight-member governing body is jointly appointed by the City of Durham, City of Raleigh, County of Durham and County of Wake, with each member government appointing two members to the Airport Authority Board. The Airport Authority Board selects the management and determines the budget and financing requirements for airport operations. The County and other participating governments each appropriate \$12,500 annually to cover administration expenses incurred by the Airport Authority.

The participating governments have no equity interest in the joint venture, so no equity interest is reflected in the County’s financial statements. Complete financial statements for the Airport Authority may be obtained from the airport’s administrative offices at 1051 Cargo Drive, Raleigh, North Carolina 27623.

Durham Technical Community College

Durham County provides funds to Durham Technical Community College, primarily for capital improvement and maintenance of facilities. In accordance with State law, the County appoints four of the thirteen Board of Trustee members. The County does not designate management or significantly influence operations, and the College is not accountable to the County for its fiscal matters beyond the County’s appropriation to the College. The County’s fiscal year 2021 appropriation of approximately \$7.525 million to the College represents approximately 16.45% of its total current non-operating revenues, with the majority of funding being provided by the State of North Carolina Department of Community Colleges. In addition, the County contributed \$347,500 capital outlay bringing the County’s contribution to Durham Technical Community College capital outlay to 81.75%. The County does not have an equity interest in the joint venture; therefore, no equity interest has been reflected in the County’s financial statements at June 30, 2020. Complete financial statements for the College may be obtained at their administrative offices at 1637 Lawson Street, Durham, North Carolina 27703.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

M. JOINT VENTURES WITH EQUITY INTEREST

Durham Convention and Visitors Bureau

The Durham Convention and Visitors Bureau (the “Bureau”) was established in fiscal year 1989 in conjunction with a County occupancy tax levy to promote and solicit business, conventions, meetings and tourism in Durham County. The governing body of the Bureau is an eleven-member Board of Directors with five members appointed by the City of Durham, five members appointed by the County of Durham and one member jointly appointed.

Funding is derived from the occupancy tax levied upon the rental of rooms, lodging or similar accommodations. Monthly, the County is required to distribute to the Bureau a percentage of the tax collected. The Bureau is a joint venture between the County of Durham and the City of Durham with the County having a 57.5% equity interest and the City having a 42.5% equity interest.

The Durham County Board of Commissioners and the Durham City Council must approve the budget and all amendments.

At June 30, 2021, the County recorded an equity interest in the Bureau of \$134,400 which is included in the investment in joint venture in the statement of net position. Complete financial statements may be obtained at the administrative offices at 101 East Morgan Street, Durham, North Carolina 27701.

Durham Civic Center Authority

The Durham Civic Center Authority (the “Authority”) is a joint venture established by the County and the City and is assigned such powers as necessary, reasonable and practicable for the operation and maintenance of the Civic Center Facility. The Authority consists of seven members who are appointed to three-year terms. Three members are appointed by the County and three members by the City with the seventh member being selected by the six members appointed by the County and City. The members elect from its membership a Chairman and Vice Chairman of the Authority.

Policies, procedures and fees related to the Civic Center operation are recommended by the Authority and approved by the County and City. Employees of the Authority are jointly appointed by the County and City Managers, and any employees so appointed are employees of the City. All budgeting and accounting of the Authority, including collection and disbursement of Authority funds, are a part of the budgeting and accounting system of the City.

On October 9, 1987, the County and City of Durham entered into agreements with a private developer to purchase an eighty-two thousand (82,000) square foot Civic Center. The County and City initially deposited \$17,300,000 (\$3,000,000 by the County and \$14,300,000 by the City) in escrow which together with interest earned was used to purchase the facility. As of June 30, 2006, the County had attained 50% equity interest in the Civic Center by the initial deposit of \$3,000,000 and additional equity purchases of \$8,089,177 per the agreement. Therefore, the County has fulfilled its agreement regarding the Civic Center and no additional equity purchases are due.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

M. JOINT VENTURES WITH EQUITY INTEREST (continued)

In January 2004, the City of Durham refunded debt that included the Civic Center Authority's long-term debt. Therefore, the Civic Center Authority's long-term debt consists of \$1,110,123 in general obligation bonds issued by the City of Durham, maturing in varying installments from 1997 to 2008 with interest at 2.00% to 4.00%. The debt is being serviced from property tax revenues of the City and amounts for additional equity purchases made by the County. The County's net investment in the Authority is reported in the investment in joint venture in the statement of net position. At June 30, 2021, the County's equity interest in the Authority was \$8,565,923.

The County also shares with the City in funding all costs arising out of the management, operation, maintenance and repair of the Civic Center. In 2021, the amount funded by the County was approximately \$260,000. Complete financial statements for the Authority may be obtained from the City of Durham's administrative offices at 101 City Hall Plaza, Durham, North Carolina 27701.

The total investment in joint venture for Durham County recorded in the statement of net position for governmental activities for the above two ventures at June 30, 2021 is \$8,700,323.

N. COVID-19 PANDEMIC

Late third quarter of fiscal year 2020, a new strain of the coronavirus (COVID-19), temporarily forced Durham County government to halt operations while onsite safety precautions and enhanced remote-work capabilities were enacted. However, during 2021 the County grew its fund balance for the General Fund. While future financial impacts are unknown and could be negative, the County is on pace for realizing projected revenue from its primary revenue source for fiscal year 2022.

O. CHANGE IN ACCOUNTING PRINCIPLE

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments and provides guidance on how to report fiduciary activities within the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement also describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The use of agency funds was eliminated. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

As part of implementing the statement, the County performed a comprehensive review of its fiduciary relationships and applied the criteria within the guidance. As a result, previously reported liabilities were restated as custodial net position, net of liability, for the child support trust, sheriff's evidence

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

O. CHANGE IN ACCOUNTING PRINCIPLE (continued)

trust, jail inmate trust, sheriff's trust fund, Durham Public School fund, Town of Chapel Hill tax fund, City of Durham tax fund, City of Raleigh tax fund, and Town of Morrisville tax fund. As a result, net position for the fiduciary funds increased by \$2,672,820.

P. SUBSEQUENT EVENTS

On August 10, 2021, the County closed on the issuance of general obligation bond anticipation notes (BANs) for the acquisition and construction of major capital facilities. The BANs have been issued for governmental activities. The County has authorized the issuance of the BANs up to \$50,000,000 outstanding at any time. The BANs are general obligations of the County, and the County has pledged its faith and credit to the payment of principal and interest on the BANs. In addition, the County has entered into a Bond Purchase and Advance Agreement which expires when the BANs mature on August 10, 2024 and is subject to prior redemption at the option of the County. The BANs will be replaced by general obligation bonds. Interest requirements are payable monthly on the amount outstanding with the interest rates based upon market conditions.

The County has evaluated subsequent events through January 27, 2022 in connection with the preparation of these financial statements which is the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION
(TAB)**

DURHAM COUNTY, NORTH CAROLINA

**Local Governmental Employees' Retirement System
 Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)
 Last Eight Fiscal Years***

	2021	2020	2019	2018	2017	2016	2015	2014
County's Proportion of the Net Pension Liability (Asset)	1.522%	1.520%	1.576%	1.552%	1.581%	1.503%	(1.430)%	1.397%
County's Proportionate Share of the Net Pension Liability (Asset)	\$ 54,398,283	\$ 41,504,024	\$ 37,395,464	\$ 23,705,697	\$ 33,574,721	\$ 6,748,246	\$ (8,435,963)	\$ 16,834,393
County's Covered Payroll	\$ 110,735,269	\$ 105,137,402	\$ 93,103,342	\$ 97,510,119	\$ 97,483,272	\$ 89,938,408	\$ 84,777,497	\$ 80,776,038
County's Proportion of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	49.12%	39.48%	40.17%	24.31%	34.44%	7.50%	(9.95)%	20.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

*The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.
 Information is not available for years prior to 2014.

DURHAM COUNTY, NORTH CAROLINA

**Local Governmental Employees' Retirement System
Schedule of the County's Contributions
Last Eight Fiscal Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 11,742,724	\$ 10,019,489	\$ 8,217,794	\$ 7,905,425	\$ 7,204,103	\$ 6,610,387	\$ 6,377,809	\$ 6,003,706
Contributions in Relation to the Contractually Required Contribution	<u>11,742,724</u>	<u>10,019,489</u>	<u>8,217,794</u>	<u>7,905,425</u>	<u>7,204,103</u>	<u>6,610,387</u>	<u>6,377,809</u>	<u>6,003,706</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 114,415,107	\$ 110,735,269	\$ 105,137,402	\$ 93,103,342	\$ 97,510,119	\$ 97,483,272	\$ 89,938,408	\$ 84,777,497
Contributions as a Percentage of Covered Payroll	10.26%	9.05%	7.82%	8.49%	7.39%	6.78%	7.09%	7.08%

Information is not available for years prior to 2014.

DURHAM COUNTY, NORTH CAROLINA

**Register of Deeds' Supplemental Pension Fund
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)
Last Eight Fiscal Years***

	2021	2020	2019	2018	2017	2016	2015	2014
County's Proportion of the Net Pension Liability (Asset) %	4.505%	3.780%	3.082%	3.134%	3.113%	3.014%	2.897%	2.772%
County's Proportionate Share of the Net Pension Liability (Asset)	\$(1,032,410)	\$ (745,996)	\$ (510,441)	\$ (535,035)	\$ (581,930)	\$ (698,462)	\$ (656,716)	\$ (592,253)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	173.62%	164.11%	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

*The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30. Information is not available for years prior to 2014.

DURHAM COUNTY, NORTH CAROLINA

**Register of Deeds' Supplemental Pension Fund
Schedule of the County's Contributions
Last Eight Fiscal Years***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 38,321	\$ 46,289	\$ 35,914	\$ 26,373	\$ 27,235	\$ 25,427	\$ 24,117	\$ 23,656
Contributions in Relation to the Contractually Required Contribution	<u>38,321</u>	<u>46,289</u>	<u>35,914</u>	<u>26,373</u>	<u>27,235</u>	<u>25,427</u>	<u>24,117</u>	<u>23,656</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*Information is not available for years prior to 2014.

DURHAM COUNTY, NORTH CAROLINA

**Firefighters' and Rescue Squad Workers' Pension Fund
Schedule of the County's Proportionate Share of the Net Pension Liability
Last Seven Fiscal Years***

	2021	2020	2019	2018	2017	2016	2015
County's Proportion of the Net Pension Liability %	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
County's Proportionate Share of the Net Pension Liability \$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the County	10,419	10,632	15,342	22,117	43,304	26,131	9,735
Total	\$ 10,419	\$ 10,632	\$ 15,342	\$ 22,117	\$ 43,304	\$ 26,131	\$ 9,735
County's Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
County's Proportion of the Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.58%	92.43%	89.69%	89.35%	84.94%	91.40%	93.42%

*The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30. Information is not available for years prior to 2014.

DURHAM COUNTY, NORTH CAROLINA

**Law Enforcement Officers' Special Separation Allowance
Schedule of Changes in Total Pension Liability
Last Five Fiscal Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 6,842,207	\$ 6,248,325	\$ 6,452,405	\$ 6,214,839	\$ 6,160,911
Service Cost	292,259	251,631	270,911	236,502	241,762
Interest on the Total Pension Liability	215,088	218,714	197,743	228,799	213,538
Changes of Benefit Terms	-	-	-	-	-
Differences between Expected and Actual Experience in the Measurement of the Total Pension Liability	621,465	412,107	(54,529)	(117,655)	-
Changes of Assumptions and Other Inputs	2,700,061	190,850	(228,803)	374,725	(132,489)
Benefit Payments	(488,815)	(479,420)	(389,402)	(394,805)	(358,883)
Other Changes	-	-	-	-	-
Ending Balance of the Total Pension Liability	<u>\$ 10,182,265</u>	<u>\$ 6,842,207</u>	<u>\$ 6,248,325</u>	<u>\$ 6,542,405</u>	<u>\$ 6,124,839</u>

The amounts presented for each fiscal year were determined as of the prior December 31.

DURHAM COUNTY, NORTH CAROLINA

**Law Enforcement Officers' Special Separation Allowance
Schedule of the Total Pension Liability as a Percentage of Covered Payroll
Last Five Fiscal Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability	\$ 10,182,265	\$ 6,842,207	\$ 6,248,325	\$ 6,452,405	\$ 6,124,839
Covered Payroll	11,398,113	10,421,911	10,206,729	10,102,994	9,604,677
Total Pension Liability as a Percentage of Covered Payroll	89.33%	65.65%	61.22%	63.87%	63.77%

The County has no assets accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

DURHAM COUNTY, NORTH CAROLINA

**Other Post-Employment Benefits (OPEB)
Schedule of Changes in the Total OPEB Liability
Last Four Fiscal Years***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Beginning Balance	\$ 173,238,390	\$ 155,156,262	\$ 168,664,542	\$ 177,636,687
Service Cost	5,754,256	5,134,773	5,738,411	6,568,857
Interest	6,197,657	5,968,815	5,939,151	5,302,656
Changes of Benefit Terms	-	-	-	-
Differences between Expected and Actual Experience	(20,384,708)	(231,840)	(13,631,775)	(316,743)
Changes of Assumptions	34,654,749	10,676,002	(7,852,805)	(17,567,533)
Benefit Payments	(3,866,707)	(3,465,622)	(3,701,262)	(2,959,382)
Other	-	-	-	-
Ending Balance of Total OPEB Liability	<u>\$ 195,593,637</u>	<u>\$ 173,238,390</u>	<u>\$ 155,156,262</u>	<u>\$ 168,664,542</u>
Discount Rate**	2.21%	3.50%	3.89%	3.56%

*The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

**Changes of assumptions reflect the effects of changes in the discount rate for each period.

Note to Schedule: Contributions to the County's OPEB plan are not based on a measurement of pay, therefore no payroll measurements are presented.

**OTHER SUPPLEMENTARY INFORMATION
(TAB)**

**COMBINING and INDIVIDUAL
FUND STATEMENTS and SCHEDULES**

MAJOR GOVERNMENTAL FUNDS

Debt Service Fund – to account for and report financial resources that are restricted, committed or assigned for principal and interest related costs for all general long-term debt other than debt issued for and serviced by proprietary funds.

Capital Projects Fund – to account for and report financial resources that are restricted, committed or assigned for capital outlays, including the acquisition, construction or improvement of major capital facilities and other capital assets other than those financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

DURHAM COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual - Debt Service Fund
 Year Ended June 30, 2021

	Budget		Actual	Positive (Negative)
	Original	Final		Variance
Revenues				
Investments	\$ -	\$ -	\$ 53,142	\$ 53,142
Intergovernmental revenues	308,416	308,416	207,283	(101,133)
Charges for services	500,000	500,000	459,865	(40,135)
Total revenues	808,416	808,416	720,290	(88,126)
Expenditures				
Debt service:				
Principal retirement	42,449,787	42,850,080	43,574,785	(724,705)
Interest and fiscal charges	25,686,060	25,701,486	18,337,415	7,364,071
Debt issuance costs	-	384,212	505,108	(120,896)
Total expenditures	68,135,847	68,935,778	62,417,308	6,518,470
Excess (deficiency) of revenues over (under) expenditures	(67,327,431)	(68,127,362)	(61,697,018)	6,430,344
Other financing sources (uses)				
Transfers in	65,681,799	66,082,092	66,082,092	-
Transfers out	-	(4,605,689)	(4,605,689)	-
Premium on issuance of refinancing	-	8,594,638	8,594,638	-
Issuance of refunding bonds	-	61,805,000	61,805,000	-
Payment to refunded debt escrow agent	-	(70,000,000)	(70,000,000)	-
Appropriated fund balance	1,645,632	6,251,321	-	(6,251,321)
Total other financing sources (uses)	67,327,431	68,127,362	61,876,041	(6,251,321)
Net change in fund balances	\$ -	\$ -	179,023	\$ 179,023
Fund balance - beginning			38,003,018	
Fund balance - ending			<u>\$ 38,182,041</u>	

DURHAM COUNTY, NORTH CAROLINA

**Schedule of Expenditures Compared with Project Authorizations
Capital Projects Fund
From Project Inception and for the Fiscal Years Ended June 30, 2021**

PROJECT	EXPENDITURES		SPENT TO DATE	REMAINING COMMITMENT
	CURRENT YEAR	PRIOR YEARS		
Durham Public School Projects	\$ 18,899,332	\$ 87,922,584	\$ 106,821,916	\$ 499,453,975
Whitted School	-	10,282,000	10,282,000	-
E911 Facility County	-	2,924,443	2,924,443	-
Emergency Responder Radio Upgrade	-	5,921,328	5,921,328	-
Museum Exhibit Upgrades and Maintenance	103,289	1,655,475	1,758,764	294,778
Museum Classrooms Expansion	144,995	904,236	1,049,231	2,045,291
Museum Entry Plaza and Lobby Renovation	24,764	29,434	54,198	1,765,443
Museum New Parking Deck	54,593	6,689,375	6,743,968	356,032
New Youth Home	711,817	564,649	1,276,466	534,367
EMS Equipmet Replacement	19,530	1,406,737	1,426,267	2,923,733
Elections Equipment	-	501,968	501,968	358,032
Administration Building II Renovation Phase II	242,644	49,931,275	50,173,919	573,210
Ongoing Parking Resurfacing Project	730	1,188,585	1,189,315	623,046
Ongoing HVAC Replacement Project	62,205	1,357,387	1,419,592	1,265,603
Dentention Elevator Upgrade	92,002	2,469,074	2,561,076	231,495
County Building Envelope Upgrade	149,649	827,906	977,555	926,190
Stanford L. Warren Library Upgrade-DC079	-	7,500	7,500	-
Stanford L. Warren Library Upgrade-DC097	96,730	354	97,084	1,795,416
(Leased) Convenience Center Site Upgrades	263,550	564,881	828,431	3,587,459
(Owned) Convenience Center Site Upgrades	11,951	50,732	62,683	591,935
Durham County Stadium Capital Improvements	19,441	1,752,717	1,772,158	37,701
County Security Improvements	131,210	812,018	943,228	704,619
Open Space/Farmland Preservation	48,595	7,454,681	7,503,276	5,755,093
Detention Center Officer's Station Improvements	4,601	758,245	762,846	87,154
Detention Center Jail Beds/HVAC Grills	145,988	799,639	945,627	4,319
Detention Center Renovations	-	234,456	234,456	48,352
DTCC Northern Durham	-	988,400	988,400	-
DTCC Newton Building Renovations	10,040,112	8,191,759	18,231,871	868,129
DTCC-Facilities Building	234,910	1,184,751	1,419,661	580,339
DTCC-Property Purchase	2,900,000	-	2,900,000	-
DTCC-Building Demo	250,000	-	-	250,000
Scattered Site Housing III Project	-	411,877	411,877	-
EMS Station #1 Renovations	2,685,876	1,673,686	4,359,562	627,122
EMS Station #17 Co-Location	-	1,216,460	1,216,460	-
Single Family Rehabilitation Program	-	292,828	292,828	-
Single Family Rehabilitation 13	-	167,585	167,585	-
Main Library Upgrade	559,599	47,059,599	47,619,198	717,092
Braggtown Branch Library	-	19,945	19,945	55
Hollow Rock/New Hope	-	222,290	222,290	443,647
BOCC Chambers AV Upgrade	-	378,842	378,842	38,352

DURHAM COUNTY, NORTH CAROLINA

**Schedule of Expenditures Compared with Project Authorizations
Capital Projects Fund
From Project Inception and for the Fiscal Years Ended June 30, 2021 (continued)**

PROJECT	EXPENDITURES		SPENT TO DATE	REMAINING COMMITMENT
	CURRENT YEAR	PRIOR YEARS		
Sheriff Firing Range And Renovation	\$ 249,227	\$ 353	\$ 249,580	\$ 670,028
Ongoing Roof Replacement	36,174	2,613,482	2,649,656	974,117
W.G. Pearson/Student Union Renovation	-	4,250,000	4,250,000	-
16 IT Hardware Upgrade	-	3,681,000	3,681,000	-
20 IT Hardware Upgrade	1,743,637	4,355	1,747,992	381,707
HCM SAP Software Upgrade	-	389,896	389,896	48,525
16 Telecommunications Upgrade	443,015	582,985	1,026,000	-
16 Sheriff Technology Upgrade	-	587,241	587,241	12,159
Audio-Visual Life Cycle Replacement	36,637	254,324	290,961	2,271
19 IT Hardware Upgrade	516,175	2,366,448	2,882,623	10,377
18 IT Hardware Upgrade Project	1,917	2,172,949	2,174,866	2,134
Duke Fiber Project	1,352	304,392	305,744	1,218,421
20 Audio-Visual Tech Life Cycle	249,864	73,975	323,839	79,406
EMS Land Acquisition	-	6,100	6,100	293,900
Administration Building Refurbish	9,534,525	3,535,952	13,070,477	2,261,595
Lchc Phase II Renovations	31,294	2,244,126	2,275,420	2,193
New Junction Road Industrial	-	1,302,234	1,302,234	-
Rews Improvement Project	-	123,496	123,496	-
Rougemeont Comm Water System Ph Control	-	90,090	90,090	-
Alliance Backfill Renovation Project	1,245,521	289,680	1,535,201	-
Public Safety And Service Complex	4,688	9,375	14,063	154,937
Snow Hill Road Pump Station	7,042,059	1,428,738	8,470,797	9,824,203
Judicial Annex Building Renovation	48,364	4,232,266	4,280,630	649,454
300 Block E Main Redev	3,835,290	646,119	4,481,409	19,361,475
500 Block E Main Redev	17,496	-	17,496	282,504
Research Triangle Foundation	7,281,228	2,106,096	9,387,324	10,612,676
DSS Main Street Renovation	70,478	-	70,478	729,525
20 Telecommunication	379,354	-	379,354	104,646
Detention Center Window Replacement	7,778	-	7,778	1,688,363
Body Worn Camera Project	74,531	-	74,531	934,354
	<u>\$ 70,748,717</u>	<u>\$ 282,115,373</u>	<u>\$ 352,614,090</u>	<u>\$ 575,059,586</u>

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned for specified purposes other than debt service or capital projects.

Fire Tax District Funds – to account for and report the proceeds of special district taxes for the Lebanon, Redwood, New Hope, Eno, and Bahama Volunteer Fire Departments. Payments of the amounts appropriated for the six fire districts are distributed to the volunteer fire departments during the fiscal year. Effective June 1, 2015, the County began providing the fire services for Parkwood Rural Fire District. Effective, July 1, 2015, the Parkwood Rural Fire District was merged into the Durham County Fire and Rescue Rural Fire District.

Bethesda Service Tax District Fund – to account for and report the proceeds of special service district taxes for providing fire protection to the Bethesda Rural Fire District. As of July 1, 2013, the County provides the fire services to this district. Funding is transferred from this fund to the County's general fund as a funding source for the cost of providing these fire services. The Bethesda Rural Fire District was merged into the Durham County Fire and Rescue Rural Fire District July 1, 2015.

Durham County Fire and Rescue Service Tax District Fund – to account for and report the proceeds of special district taxes for providing fire protection to the Durham County Fire and Rescue Rural Fire District. As of July 1, 2015, the County merged the Bethesda Rural Fire District and the Parkwood Rural Fire District into one district, the Durham County Fire and Rescue Rural Fire District.

Special Park Tax District Fund – to account for and report the proceeds of special district taxes for maintenance and beautification of the Research Triangle Park. Payments of the amounts appropriated are made on a monthly basis during the fiscal year.

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DURHAM COUNTY, NORTH CAROLINA

Combined Balance Sheet Nonmajor Governmental Funds June 30, 2021

	Special Revenue Funds
Assets	
Cash and cash equivalents / investments	\$ 3,046,795
Cash and cash equivalents / investments - restricted	243,528
Net property taxes receivable	131,702
Due from other governments - federal and state agencies	44,833
Total assets	<u><u>\$ 3,466,858</u></u>
Liabilities	
Accounts payable	\$ 12,092
Total liabilities	<u>12,092</u>
Deferred inflows of resources	
Prepaid taxes	16,448
Net property taxes receivable	131,702
Total deferred inflows of resources	<u>148,150</u>
Fund balances	
Restricted:	
Firefighters' relief funds	243,528
Assigned	3,063,088
Total fund balances	<u>3,306,616</u>
Total liabilities, deferred inflow of resources and fund balances	<u><u>\$ 3,466,858</u></u>

DURHAM COUNTY, NORTH CAROLINA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2021

	Special Revenue Funds
Revenues	
Taxes	\$ 10,670,984
Investments	5,555
Total revenues	<u>10,676,539</u>
Expenditures	
Current:	
Public safety	7,681,311
Economic and physical development	1,290,361
Total expenditures	<u>8,971,672</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,704,867</u>
Other financing sources (uses)	
Transfers out	<u>(1,118,923)</u>
Total other financing sources (uses)	<u>(1,118,923)</u>
Net change in fund balances	585,944
Fund balance - beginning	<u>2,720,672</u>
Fund balance - ending	<u><u>\$ 3,306,616</u></u>

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DURHAM COUNTY, NORTH CAROLINA

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2021

	FIRE TAX DISTRICTS			
	Bethesda	Lebanon	Parkwood	Redwood
Assets				
Cash and cash equivalents / investments	\$ 245	\$ 260,725	\$ 52	\$ 201,772
Cash and cash equivalents / investments - restricted	-	-	-	-
Net property taxes receivable	878	21,470	508	45,360
Due from other governments - federal and state agencies	-	13,947	-	8,922
Total assets	\$ 1,123	\$ 296,142	\$ 560	\$ 256,054
Liabilities				
Accounts payable	\$ -	\$ 42	\$ -	\$ 33
Total liabilities	-	42	-	33
Deferred inflows of resources				
Prepaid taxes	-	35	-	7,270
Net property taxes receivable	878	21,470	508	45,360
Total deferred inflows of resources	878	21,505	508	52,630
Fund balances				
Restricted:				
Firefighters' relief funds	-	-	-	-
Assigned	245	274,595	52	203,391
Total fund balances	245	274,595	52	203,391
Total liabilities , deferred inflows of resources and fund balances	\$ 1,123	\$ 296,142	\$ 560	\$ 256,054

<u>New Hope</u>	<u>Eno</u>	<u>Bahama</u>	<u>Bethesda Service Tax District</u>	<u>Durham County Fire and Rescue Service Tax District</u>	<u>Special Park Tax District</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 18,850	\$ 45,522	\$ 427,549	\$ 327,292	\$ 1,463,217	\$ 301,571	\$ 3,046,795
-	-	-	-	243,528	-	243,528
844	4	10,978	2,508	46,641	2,511	131,702
384	315	5,201	-	15,657	407	44,833
<u>\$ 20,078</u>	<u>\$ 45,841</u>	<u>\$ 443,728</u>	<u>\$ 329,800</u>	<u>\$ 1,769,043</u>	<u>\$ 304,489</u>	<u>\$ 3,466,858</u>
\$ -	\$ -	\$ 18	\$ -	\$ 30	\$ 11,969	\$ 12,092
-	-	18	-	30	11,969	12,092
-	-	1,719	-	6,171	1,253	16,448
844	4	10,978	2,508	46,641	2,511	131,702
<u>844</u>	<u>4</u>	<u>12,697</u>	<u>2,508</u>	<u>52,812</u>	<u>3,764</u>	<u>148,150</u>
-	-	-	-	243,528	-	243,528
19,234	45,837	431,013	327,292	1,472,673	288,756	3,063,088
<u>19,234</u>	<u>45,837</u>	<u>431,013</u>	<u>327,292</u>	<u>1,716,201</u>	<u>288,756</u>	<u>3,306,616</u>
\$ 20,078	\$ 45,841	\$ 443,728	\$ 329,800	\$ 1,769,043	\$ 304,489	\$ 3,466,858

DURHAM COUNTY, NORTH CAROLINA

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2021**

	FIRE TAX DISTRICTS			
	Bethesda	Lebanon	Parkwood	Redwood
Revenues				
Taxes	\$ -	\$ 1,546,339	\$ 17	\$ 1,166,767
Investments	-	469	-	498
Total revenues	-	1,546,808	17	1,167,265
Expenditures				
Current:				
Public safety	-	610,729	-	1,093,802
Economic and physical development	-	-	-	-
Total expenditures	-	610,729	-	1,093,802
Excess (deficiency) of revenues over (under) expenditures	-	936,079	17	73,463
Other financing sources (uses)				
Transfers out	-	(935,323)	-	-
Total other financing sources (uses)	-	(935,323)	-	-
Net change in fund balances	-	756	17	73,463
Fund balance - beginning	245	273,839	35	129,928
Fund balance - ending	\$ 245	\$ 274,595	\$ 52	\$ 203,391

New Hope	Eno	Bahama	Bethesda Service Tax District	Durham County Fire and Rescue Service Tax District	Special Park Tax District	Total Nonmajor Special Revenue Funds
\$ 103,313	\$ 37,945	\$ 1,532,969	\$ 18	\$ 4,806,647	\$ 1,476,969	\$ 10,670,984
51	106	948	435	2,330	718	5,555
103,364	38,051	1,533,917	453	4,808,977	1,477,687	10,676,539
97,344	36,248	1,507,487	-	4,335,701	-	7,681,311
-	-	-	-	-	1,290,361	1,290,361
97,344	36,248	1,507,487	-	4,335,701	1,290,361	8,971,672
6,020	1,803	26,430	453	473,276	187,326	1,704,867
-	-	-	-	(183,600)	-	(1,118,923)
-	-	-	-	(183,600)	-	(1,118,923)
6,020	1,803	26,430	453	289,676	187,326	585,944
13,214	44,034	404,583	326,839	1,426,525	101,430	2,720,672
\$ 19,234	\$ 45,837	\$ 431,013	\$ 327,292	\$ 1,716,201	\$ 288,756	\$ 3,306,616

DURHAM COUNTY, NORTH CAROLINA

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual- Bethesda Fire Tax District Special Revenue Fund
Year Ended June 30, 2021**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance - beginning			<u>245</u>	
Fund balance - ending			<u>\$ 245</u>	

DURHAM COUNTY, NORTH CAROLINA

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual- Lebanon Fire Tax District Special Revenue Fund
Year Ended June 30, 2021**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues				
Taxes	\$ 1,501,210	\$ 1,501,210	\$ 1,546,339	\$ 45,129
Investments	-	-	469	469
Total revenues	<u>1,501,210</u>	<u>1,501,210</u>	<u>1,546,808</u>	<u>45,598</u>
Expenditures				
Public safety	<u>585,775</u>	<u>610,775</u>	<u>610,729</u>	<u>46</u>
Total expenditures	<u>585,775</u>	<u>610,775</u>	<u>610,729</u>	<u>46</u>
Excess (deficiency) of revenues over (under) expenditures	<u>915,435</u>	<u>890,435</u>	<u>936,079</u>	<u>45,644</u>
Other financing sources (uses)				
Transfers out	(950,971)	(950,971)	(935,323)	15,648
Appropriated fund balance	35,536	60,536	-	(60,536)
Total other financing sources (uses)	<u>(915,435)</u>	<u>(890,435)</u>	<u>(935,323)</u>	<u>(44,888)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	756	<u>\$ 756</u>
Fund balance - beginning			<u>273,839</u>	
Fund balance - ending			<u>\$ 274,595</u>	

DURHAM COUNTY, NORTH CAROLINA

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual- Parkwood Fire Tax District Special Revenue Fund
Year Ended June 30, 2021**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues				
Taxes	\$ -	\$ -	\$ 17	\$ 17
Intergovernmental revenues	-	-	-	-
Investments	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>17</u>	<u>17</u>
Other financing sources (uses)				
Transfers out	-	-	-	-
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	17	<u>\$ 17</u>
Fund balance - beginning			<u>35</u>	
Fund balance - ending			<u>\$ 52</u>	

DURHAM COUNTY, NORTH CAROLINA

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual- Redwood Fire Tax District Special Revenue Fund
Year Ended June 30, 2021**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues				
Taxes	\$ 1,093,958	\$ 1,093,958	\$ 1,166,767	\$ 72,809
Investments	-	-	498	498
Total revenues	<u>1,093,958</u>	<u>1,093,958</u>	<u>1,167,265</u>	<u>73,307</u>
Expenditures				
Public safety	<u>1,093,958</u>	<u>1,093,958</u>	<u>1,093,802</u>	<u>156</u>
Total expenditures	<u>1,093,958</u>	<u>1,093,958</u>	<u>1,093,802</u>	<u>156</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>73,463</u>	<u>73,463</u>
Other financing sources (uses)				
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>73,463</u>	<u>\$ 73,463</u>
Fund balance - beginning			<u>129,928</u>	
Fund balance - ending			<u>\$ 203,391</u>	

DURHAM COUNTY, NORTH CAROLINA

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual- New Hope Fire Tax District Special Revenue Fund
Year Ended June 30, 2021**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues				
Taxes	\$ 97,383	\$ 97,383	\$ 103,313	\$ 5,930
Investments	-	-	51	51
Total revenues	<u>97,383</u>	<u>97,383</u>	<u>103,364</u>	<u>5,981</u>
Expenditures				
Public safety	97,383	97,383	97,344	39
Total expenditures	<u>97,383</u>	<u>97,383</u>	<u>97,344</u>	<u>39</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>6,020</u>	<u>6,020</u>
Other financing sources (uses)				
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	6,020	<u>\$ 6,020</u>
Fund balance - beginning			<u>13,214</u>	
Fund balance - ending			<u>\$ 19,234</u>	

DURHAM COUNTY, NORTH CAROLINA

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual- Eno Fire Tax District Special Revenue Fund
Year Ended June 30, 2021**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues				
Taxes	\$ 36,256	\$ 36,256	\$ 37,945	\$ 1,689
Investments	-	-	106	106
Total revenues	<u>36,256</u>	<u>36,256</u>	<u>38,051</u>	<u>1,795</u>
Expenditures				
Public safety	36,256	36,256	36,248	8
Total expenditures	<u>36,256</u>	<u>36,256</u>	<u>36,248</u>	<u>8</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>1,803</u>	<u>1,803</u>
Other financing sources (uses)				
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	1,803	<u>\$ 1,803</u>
Fund balance - beginning			<u>44,034</u>	
Fund balance - ending			<u>\$ 45,837</u>	

DURHAM COUNTY, NORTH CAROLINA

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual- Bahama Fire Tax District Special Revenue Fund
Year Ended June 30, 2021**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues				
Taxes	\$ 1,557,933	\$ 1,557,933	\$ 1,532,969	\$ (24,964)
Investments			948	948
Total revenues	<u>1,557,933</u>	<u>1,557,933</u>	<u>1,533,917</u>	<u>(24,016)</u>
Expenditures				
Public safety	<u>1,557,933</u>	<u>1,557,933</u>	<u>1,507,487</u>	<u>50,446</u>
Total expenditures	<u>1,557,933</u>	<u>1,557,933</u>	<u>1,507,487</u>	<u>50,446</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>26,430</u>	<u>26,430</u>
Other financing sources (uses)				
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>26,430</u>	<u>\$ 26,430</u>
Fund balance - beginning			<u>404,583</u>	
Fund balance - ending			<u>\$ 431,013</u>	

DURHAM COUNTY, NORTH CAROLINA

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual- Bethesda Service Tax District Special Revenue Fund
Year Ended June 30, 2021**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues				
Taxes	\$ -	\$ -	\$ 18	\$ 18
Investments	-	-	435	435
Total revenues	<u>-</u>	<u>-</u>	<u>453</u>	<u>453</u>
Other financing sources (uses)				
Transfers out	-	-	-	-
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	453	<u>\$ 453</u>
Fund balance - beginning			<u>326,839</u>	
Fund balance - ending			<u>\$ 327,292</u>	

DURHAM COUNTY, NORTH CAROLINA

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual- Durham County Fire and Rescue Service Tax District
Special Revenue Fund
Year Ended June 30, 2021**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues				
Taxes	\$ 4,305,710	\$ 4,305,710	\$ 4,806,647	\$ 500,937
Investments	-	-	2,330	2,330
Total revenues	<u>4,305,710</u>	<u>4,305,710</u>	<u>4,808,977</u>	<u>503,267</u>
Expenditures				
Public safety	4,335,383	4,335,383	4,335,701	(318)
Total expenditures	<u>4,335,383</u>	<u>4,335,383</u>	<u>4,335,701</u>	<u>(318)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(29,673)</u>	<u>(29,673)</u>	<u>473,276</u>	<u>502,949</u>
Other financing sources (uses)				
Transfers out	(183,600)	(183,600)	(183,600)	-
Appropriated fund balance	213,273	213,273	-	(213,273)
Total other financing sources (uses)	<u>29,673</u>	<u>29,673</u>	<u>(183,600)</u>	<u>(213,273)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>289,676</u>	<u>\$ 289,676</u>
Fund balance - beginning			<u>1,426,525</u>	
Fund balance - ending			<u>\$ 1,716,201</u>	

DURHAM COUNTY, NORTH CAROLINA

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual- Special Park District Special Revenue Fund
Year Ended June 30, 2021**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues				
Taxes	\$ 1,288,724	\$ 1,288,724	\$ 1,476,969	\$ 188,245
Investments	-	-	718	718
Total revenues	<u>1,288,724</u>	<u>1,288,724</u>	<u>1,477,687</u>	<u>188,963</u>
Expenditures				
Economic and physical development	1,288,724	1,288,724	1,290,361	(1,637)
Total expenditures	<u>1,288,724</u>	<u>1,288,724</u>	<u>1,290,361</u>	<u>(1,637)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>187,326</u>	<u>187,326</u>
Other financing sources (uses)				
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>187,326</u>	<u>\$ 187,326</u>
Fund balance - beginning			<u>101,430</u>	
Fund balance - ending			<u>\$ 288,756</u>	

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ENTERPRISE FUNDS

Sewer Utility Fund – to account for the provision of sewer utility services in the County which are financed in a manner similar to private business enterprises – where the intent is that costs of providing services be recovered primarily through user charges.

Stormwater Fund – to account for the provision of stormwater services in the County which are financed in a manner similar to private business enterprises – where the intent is that costs of providing services be recovered primarily through user charges.

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DURHAM COUNTY, NORTH CAROLINA

**Schedule of Revenues and Expenditures - Budget and Actual -
(Non-GAAP Basis) Enterprise Fund - Sewer Utility Fund
Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues:			
Charges for services	\$ 10,388,600	\$ 10,727,764	\$ 339,164
Expenditures:			
Operating	6,156,002	5,767,358	388,644
Repairs and maintenance	577,733	365,068	212,665
Excess (deficiency) of revenues over (under) expenditures	3,654,865	4,595,338	940,473
Other Financing Sources (Uses):			
Capital expenses	(574,321)	(757,332)	(183,011)
Debt service - principal	(1,456,146)	(1,456,146)	-
Debt service - interest and fiscal charges	(342,270)	(339,085)	3,185
Investment income	300,000	45,809	(254,191)
Sewer connection fees	803,500	3,107,797	2,304,297
Intergovernmental revenues	-	5,805	5,805
Other	-	12,976	12,976
Total other financing sources (uses)	(1,269,237)	619,824	1,889,061
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	2,385,628	5,215,162	2,829,534
Fund balance appropriated	(2,385,628)	-	(2,385,628)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 5,215,162	\$ 5,215,162

**Reconciliation of Modified Accrual Basis to Full Accrual Basis -
Enterprise Fund - Sewer Utility Fund
Year Ended June 30, 2021**

EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES (BUDGETARY BASIS)	\$ 5,215,162
RECONCILING ITEMS:	
Capital outlay	757,332
Debt principal payments	1,456,146
Decrease in accrued interest payable	3,872
Increase in accrued vacation	(19,983)
Increase in accrued payroll	(17,373)
Decrease in accrued interest receivable	(86,071)
Increase in accounts receivable	93,040
Depreciation	(3,246,004)
Pension expense	(257,467)
Deferred outflows of resources for pensions, current fiscal year contributions	155,098
Amortization of loss on refundings	(44,089)
Amortization of bond premium	31,887
	<hr/>
CHANGE IN NET POSITION (GAAP BASIS)	\$ 4,041,550
	<hr/> <hr/>

DURHAM COUNTY, NORTH CAROLINA

**Schedule of Revenues and Expenditures - Budget and Actual -
(Non-GAAP Basis) Enterprise Fund - Stormwater Fund
Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues:			
Charges for services	\$ 813,936	\$ 744,494	\$ (69,442)
Expenditures:			
Operating	1,174,136	884,561	289,575
Repairs and maintenance	1,300	443	857
Excess (deficiency) of revenues over (under) expenditures	(361,500)	(140,510)	220,990
Other Financing Sources (Uses):			
Capital expenses	(8,500)	(8,070)	430
Investment income	-	170	170
Construction permits	594,500	828,333	233,833
Inspection fees	5,000	7,000	2,000
Miscellaneous	500	1	(499)
Total other financing sources (uses)	591,500	827,434	235,934
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	230,000	686,924	456,924
Fund balance appropriated	(230,000)	-	(230,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 686,924</u>	<u>\$ 686,924</u>

**Reconciliation of Modified Accrual Basis to Full Accrual Basis -
Enterprise Fund - Stormwater Fund
Year Ended June 30, 2021**

EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES (BUDGETARY BASIS)	\$	686,924
RECONCILING ITEMS:		
Capital outlay		8,070
Contributed capital		17,116
Increase in accrued vacation		(53,140)
Increase in accrued payroll		(34,851)
Increase in accrued interest receivable		1,150
Increase in accounts receivable		59,842
Depreciation		15,502
Pension expense		(69,039)
Deferred outflows of resources for pensions, current fiscal year contributions		41,589
		<hr/>
CHANGE IN NET POSITION (GAAP BASIS)	\$	673,163
		<hr/> <hr/>

FIDUCIARY FUNDS

George R. Linder Memorial Private-purpose Trust Fund – to account for and report resources legally held in trust for the use of acquiring public speakers/lecturers for the Library and functions sponsored by the Library. The fund also receives gift donations to purchase books in the honor of individuals.

Vic Pearson Emergency Medical Services (EMS) Memorial Private-purpose Trust Fund – to account for and report resources legally held in trust for use of assisting EMS employees and/or their families after serious injuries, sickness and/or deaths to them or immediate family members.

Custodial Funds – To account for certain escrow monies held in trust by the Department of Social Services on behalf of children that are held for three months or less; to account for funds held in trust on behalf of jail inmates; to account for funds held on behalf of the Sheriff's Office as a result of seized evidence; to account for funds collected for the civil division held on behalf of the Sheriff's Office until disbursed to plaintiffs; to account for late list penalties collected on taxes by the County on behalf of the Durham Public Schools; and to account for taxes collected by the County on behalf of the City of Durham, the Town of Chapel Hill, the City of Raleigh, and the Town of Morrisville.

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DURHAM COUNTY, NORTH CAROLINA

**Combining Statement of Net Position
Private-purpose Trust Funds
June 30, 2021**

	George R. Linder Memorial Private- purpose Trust Fund	Vic Pearson EMS Memorial Private- purpose Trust Fund	Total Private- purpose Trust Funds
Assets			
Cash and equivalents	\$ 6,034	\$ 44,860	\$ 50,894
Accounts receivable	-	-	-
Total assets	<u>6,034</u>	<u>44,860</u>	<u>50,894</u>
Net position			
Held in trust for:			
Individuals, organizations, and other governments	6,034	44,860	50,894
Total net position	<u>\$ 6,034</u>	<u>\$ 44,860</u>	<u>\$ 50,894</u>

DURHAM COUNTY, NORTH CAROLINA

**Combining Statement of Changes in Net Position
Private-purpose Trust Funds
June 30, 2021**

	George R. Linder Memorial Private- purpose Trust Fund	Vic Pearson EMS Memorial Private- purpose Trust Fund	Total Private- purpose Trust Funds
Additions			
Employee Contributions	\$ -	\$ 1,134	\$ 1,134
Donations	-	120	120
Investment Income	8	12	20
Total assets	<u>8</u>	<u>1,266</u>	<u>1,274</u>
Deductions			
Benefits	<u>-</u>	<u>-</u>	<u>-</u>
Total Deductions	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	8	1,266	1,274
Total net position - beginning	<u>6,026</u>	<u>43,594</u>	<u>49,620</u>
Total net position - ending	<u>\$ 6,034</u>	<u>\$ 44,860</u>	<u>\$ 50,894</u>

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DURHAM COUNTY, NORTH CAROLINA

**Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2021**

	Child Support Trust	Sheriff's Evidence Trust	Jail Inmate Trust	Sheriff's Trust Fund
ASSETS				
Cash and cash equivalents	\$ 243,299	\$ 594,237	\$ 111,360	\$ 16,279
Accounts receivable	-	-	-	-
Net property receivable	-	-	-	-
Due from governmental agencies	-	-	-	-
Total assets	<u>\$ 243,299</u>	<u>\$ 594,237</u>	<u>\$ 111,360</u>	<u>\$ 16,279</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Restricted for:				
Individuals, organizations, and other governments	<u>\$ 243,299</u>	<u>\$ 594,237</u>	<u>\$ 111,360</u>	<u>\$ 16,279</u>

Durham Public School Fund	Town of Chapel Hill Tax Fund	City of Durham Tax Fund	City of Raleigh Tax Fund	Town of Morrisville Tax Fund	Totals
\$ (26,728)	\$ 80,905	\$ 861,753	\$ 38,662	\$ 1,149	\$ 1,920,916
-	190	27,288	5	-	27,483
154,394	13,959	2,227,978	1,024	16	2,397,371
-	21,401	1,419,321	7,475	-	1,448,197
<u>\$ 127,666</u>	<u>\$ 116,455</u>	<u>\$ 4,536,340</u>	<u>\$ 47,166</u>	<u>\$ 1,165</u>	<u>\$ 5,793,967</u>
\$ -	\$ -	\$ 6,445	\$ 13	\$ -	\$ 6,458
154,394	40,927	3,902,220	8,524	16	4,106,081
<u>154,394</u>	<u>40,927</u>	<u>3,908,665</u>	<u>8,537</u>	<u>16</u>	<u>4,112,539</u>
<u>\$ (26,728)</u>	<u>\$ 75,528</u>	<u>\$ 627,675</u>	<u>\$ 38,629</u>	<u>\$ 1,149</u>	<u>\$ 1,681,428</u>

DURHAM COUNTY, NORTH CAROLINA

**Combining Statement of Changes in Net Position
Custodial Funds
June 30, 2021**

	Child Support Trust Fund	Sheriff's Evidence Trust Fund	Jail Inmate Trust Fund	Sheriff's Trust Fund
Additions				
Investment income	\$ -	\$ -	\$ -	\$ -
Collections for public schools	-	-	-	-
Tax collections for other governments	-	-	-	-
Collections on behalf of children	609,245	-	-	-
Collections on behalf of sheriff	-	286,381	-	460,812
Collections on behalf of inmates	-	-	778,664	-
Total assets	<u>609,245</u>	<u>286,381</u>	<u>778,664</u>	<u>460,812</u>
Deductions				
Payments on behalf of children	578,420	-	-	-
Payments on behalf of sheriff	-	173,894	-	440,224
Payments on behalf of inmates	-	-	716,165	-
Collection distributions to public schools	-	-	-	-
Tax distributions to other governments	-	-	-	-
Administrative costs	805	-	-	-
Interest costs	-	-	-	-
Total Deductions	<u>579,225</u>	<u>173,894</u>	<u>716,165</u>	<u>440,224</u>
Change in Net Position	30,020	112,487	62,499	20,588
Total net position - beginning, as previously reported	-	-	-	-
Adjustments (Note O):				
Prior period restatement	213,279	481,750	48,861	(4,309)
Total net position - beginning, as restated	<u>213,279</u>	<u>481,750</u>	<u>48,861</u>	<u>(4,309)</u>
Total net position - ending	<u>\$ 213,279</u>	<u>\$ 481,750</u>	<u>\$ 48,861</u>	<u>\$ (4,309)</u>

Durham Public Schools Fund	Town of Chapel Hill Tax Fund	City of Durham Tax Fund	City of Raleigh Tax Fund	Town of Morrisville Tax Fund	Total Custodial Funds
\$ 167	\$ 1,116	\$ 60,122	\$ 439	\$ 27	\$ 61,871
648,784	-	-	-	-	648,784
-	3,224,086	203,700,261	942,307	70,772	207,937,426
-	-	-	-	-	609,245
-	-	-	-	-	747,193
-	-	-	-	-	778,664
648,951	3,225,202	203,760,383	942,746	70,799	210,783,183
-	-	-	-	-	578,420
-	-	-	-	-	614,118
-	-	-	-	-	716,165
566,493	-	-	-	-	566,493
-	3,195,542	202,576,894	927,653	69,206	206,769,295
114,055	51,559	2,312,922	15,510	1,062	2,495,913
-	8	34,163	-	-	34,171
680,548	3,247,109	204,923,979	943,163	70,268	211,774,575
(31,597)	(21,907)	(1,163,596)	(417)	531	(991,392)
-	-	-	-	-	-
4,869	97,435	1,791,271	39,046	618	2,672,820
4,869	97,435	1,791,271	39,046	618	2,672,820
\$ 4,869	\$ 97,435	\$ 1,791,271	\$ 39,046	\$ 618	\$ 2,672,820

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**CAPITAL ASSETS, LONG-TERM DEBT
and OTHER INFORMATION
(DIVIDER)**

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DURHAM COUNTY, NORTH CAROLINA

**Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity¹ as of June 30, 2021**

	Total Assets	Land	Easements	Buildings	Office Furniture and Equipment
General Government:					
County commissioners	\$ 948,128	\$ -	\$ -	\$ -	\$ -
Board of Elections	65,193	-	-	-	10,117
Finance	4,492,973	-	-	417,874	-
Tax administration	3,386,114	-	-	-	-
County Attorney	6,190	-	-	-	-
Risk management	149,754	-	-	38,200	-
Court facilities	13,739,306	-	-	13,739,306	-
Register of deeds	2,482,962	-	-	-	944,572
General services	365,721,577	4,790,491	-	356,111,938	359,642
Information Technology	18,086,861	-	-	-	29,298
Human resources	22,350	-	-	-	11,530
Budget	10,897	-	-	-	-
Total general government	409,112,305	4,790,491	-	370,307,318	1,355,159
Public Safety:					
Sheriff	53,078,309	1,398,962	-	39,483,036	57,087
County fire protection	1,709,348	-	-	1,244,463	6,744
Emergency Management	1,716,754	-	-	1,144,636	45,635
Animal control	3,925,198	-	-	3,259,400	20,704
Criminal Justice Partnership	888,268	-	-	844,521	-
Youth home	551,210	-	-	367,000	-
Emergency medical services	13,109,074	-	-	1,639,548	-
Total public safety	74,978,161	1,398,962	-	47,982,604	130,170
Environmental Protection:					
Environmental engineering	10,450,272	1,523,280	1,857,992	77,873	7,315
Open Space and Real Estate	1,759,546	1,067,607	691,939	-	-
Total Environmental Protection	12,209,818	2,590,887	2,549,931	77,873	7,315
Economic and Physical Development:					
Cooperative extension	61,441	-	-	-	-
Planning	6,500	6,500	-	-	-
Soil and Erosion	84,511	-	-	-	-
Total Economic and Physical Development	152,452	6,500	-	-	-
Human Services:					
Public health	1,614,424	-	-	-	29,320
Mental health	713,709	-	-	-	-
Veteran's Administration	32,447	-	-	-	-
Social services	4,107,564	-	-	3,101,314	-
Other human services	40,987	-	-	-	-
Total human services	6,509,131	-	-	3,101,314	29,320

Machinery and Equipment	Computer Hardware	Vehicles	Computer Software	Water System	Construction in Progress
\$ 948,128	\$ -	\$ -	\$ -	\$ -	\$ -
29,816	-	25,260	-	-	-
27,381	15,553	-	4,032,165	-	-
89,810	37,911	279,676	2,978,717	-	-
-	6,190	-	-	-	-
33,091	-	78,463	-	-	-
-	-	-	-	-	-
62,520	110,272	-	1,365,598	-	-
2,605,051	19,374	1,779,386	55,695	-	-
133,905	12,523,189	-	5,400,469	-	-
-	10,820	-	-	-	-
-	10,897	-	-	-	-
<u>3,929,702</u>	<u>12,734,206</u>	<u>2,162,785</u>	<u>13,832,644</u>	<u>-</u>	<u>-</u>
2,142,627	705,913	8,656,292	634,392	-	-
128,841	-	263,211	66,089	-	-
202,731	60,429	186,323	77,000	-	-
78,903	-	528,168	38,023	-	-
-	-	43,747	-	-	-
111,468	-	72,742	-	-	-
2,520,182	46,095	8,359,145	544,104	-	-
<u>5,184,752</u>	<u>812,437</u>	<u>18,109,628</u>	<u>1,359,608</u>	<u>-</u>	<u>-</u>
4,507,354	8,998	60,531	-	2,406,929	-
-	-	-	-	-	-
<u>4,507,354</u>	<u>8,998</u>	<u>60,531</u>	<u>-</u>	<u>2,406,929</u>	<u>-</u>
-	-	61,441	-	-	-
-	-	-	-	-	-
-	-	56,795	27,716	-	-
-	-	118,236	27,716	-	-
350,536	13,666	1,158,905	61,997	-	-
42,324	6,165	-	665,220	-	-
-	-	32,447	-	-	-
39,757	79,126	686,585	200,782	-	-
-	-	40,987	-	-	-
<u>432,617</u>	<u>98,957</u>	<u>1,918,924</u>	<u>927,999</u>	<u>-</u>	<u>-</u>

DURHAM COUNTY, NORTH CAROLINA

**Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity¹ as of June 30, 2021 (continued)**

	<u>Total Assets</u>	<u>Land</u>	<u>Easements</u>	<u>Buildings</u>	<u>Office Furniture and Equipment</u>
Education:					
Public school building	\$ 8,080,942	\$ -	\$ -	\$ 8,080,942	\$ -
Cultural and Recreational:					
Library	7,444,564	-	-	6,111,610	29,126
Capital Projects:					
Construction in progress	171,827,942	-	-	-	-
Total Capital Assets	<u>\$ 690,315,315</u>	<u>\$ 8,786,840</u>	<u>\$ 2,549,931</u>	<u>\$ 435,661,661</u>	<u>\$ 1,551,090</u>

¹ This schedule presents only the capital asset balances related to governmental funds.

Machinery and Equipment	Computer Hardware	Vehicles	Computer Software	Water System	Construction in Progress
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
238,017	18,368	668,667	378,776	-	-
-	-	-	-	-	171,827,942
<u>\$ 14,292,442</u>	<u>\$ 13,672,966</u>	<u>\$ 23,038,771</u>	<u>\$ 16,526,743</u>	<u>\$ 2,406,929</u>	<u>\$ 171,827,942</u>

DURHAM COUNTY, NORTH CAROLINA

**Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity¹**

Year Ended June 30, 2021

	Capital Assets July 1, 2020	Additions	Transfers and Deletions	Capital Assets June 30, 2021
General Government:				
Board of county commissioners	\$ 948,128	\$ -	\$ -	\$ 948,128
Board of Elections	52,324	12,869	-	65,193
Finance	4,478,113	14,860	-	4,492,973
Tax administration	3,386,114	-	-	3,386,114
County attorney	6,190	-	-	6,190
Risk management	78,463	71,291	-	149,754
Court facilities	13,739,306	-	-	13,739,306
Register of deeds	2,482,962	-	-	2,482,962
General services	365,475,160	251,821	(5,404)	365,721,577
Information Technology	18,086,861	-	-	18,086,861
Human Resources	22,350	-	-	22,350
Budget	10,897	-	-	10,897
Total general government	<u>408,766,868</u>	<u>350,841</u>	<u>(5,404)</u>	<u>409,112,305</u>
Public Safety:				
County sheriff	53,091,345	1,532,266	(1,545,302)	53,078,309
Fire marshal	1,709,348	-	-	1,709,348
Emergency management	1,681,195	35,559	-	1,716,754
Criminal justice partnership	912,262	-	(23,994)	888,268
Animal control	3,912,376	-	12,822	3,925,198
Youth home	528,239	-	22,971	551,210
Emergency medical services	13,255,075	161,799	(307,800)	13,109,074
Total public safety	<u>75,089,840</u>	<u>1,729,624</u>	<u>(1,841,303)</u>	<u>74,978,161</u>
Environmental Protection:				
Environmental engineering	9,029,505	-	1,420,767	10,450,272
Open Space	2,908,879	367,643	(1,516,976)	1,759,546
Total Environmental Protection	<u>11,938,384</u>	<u>367,643</u>	<u>(96,209)</u>	<u>12,209,818</u>

¹ This schedule presents only the capital asset balances related to governmental funds.

DURHAM COUNTY, NORTH CAROLINA

**Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity¹**

Year Ended June 30, 2021 (continued)

	Capital Assets July 1, 2020	Additions	Transfers and Deletions	Capital Assets June 30, 2021
Economic and Physical Development:				
Cooperative extension	\$ 61,441	\$ -	\$ -	\$ 61,441
Planning	6,500	-	-	6,500
Soil and Erosion	84,511	-	-	84,511
Total Economic and Physical Development	<u>152,452</u>	<u>-</u>	<u>-</u>	<u>152,452</u>
Human Services:				
Public health	1,384,536	229,888	-	1,614,424
Mental health	713,709	-	-	713,709
Social services	4,002,604	104,960	-	4,107,564
Veteran's Administration	0	32,447	-	32,447
Other human services	40,987	-	-	40,987
Total human services	<u>6,141,836</u>	<u>367,295</u>	<u>-</u>	<u>6,509,131</u>
Education:				
DPS Building	8,080,942	-	-	8,080,942
Cultural and Recreational:				
Library	7,475,134	32,341	(62,911)	7,444,564
Capital Projects:				
Construction in progress	148,385,408	23,442,534	-	171,827,942
Total Capital Assets	<u>\$ 666,030,864</u>	<u>\$ 26,290,278</u>	<u>\$ (2,005,827)</u>	<u>\$ 690,315,315</u>

¹ This schedule presents only the capital asset balances related to governmental funds.

**GROSS BONDED DEBT AND OTHER LONG-TERM DEBT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

DESCRIPTION	INTEREST RATE	ISSUE DATE	AMOUNT OUTSTANDING 6-30-20	ISSUED DURING YEAR	ADJUSTED DURING YEAR
GENERAL LONG-TERM DEBT:					
BONDED DEBT:					
REFUNDING, SERIES 2009	2.00%-5.00%	11/03/09	\$ 10,510,000	\$ -	\$ -
PUBLIC IMPROVEMENT, SERIES 2010B	3.51%-5.23%	11/10/10	3,155,000	-	-
REFUNDING, SERIES 2011	3.00%-5.00%	06/08/11	19,815,000	-	-
PUBLIC IMPROVEMENT, SERIES 2012	3.00%-5.00%	04/25/12	5,750,000	-	-
PUBLIC IMPROVEMENT REFUNDING, SERIES 2014	2.00%-5.00%	06/03/14	15,620,000	-	-
PUBLIC IMPROVEMENT REFUNDING, SERIES 2015	3.00%-5.00%	07/09/15	26,980,000	-	-
PUBLIC IMPROVEMENT REFUNDING, SERIES 2016	3.00%-5.00%	09/29/16	91,550,000	-	-
PUBLIC IMPROVEMENT, SERIES 2017	3.23%	03/16/17	2,660,000	-	-
PUBLIC IMPROVEMENT REFUNDING, SERIES 2019	3.00%-5.00%	03/05/19	42,005,000	-	-
PUBLIC IMPROVEMENT REFUNDING, SERIES 2021			-	61,805,000	-
UNAMORTIZED BOND PREMIUM			31,505,771	8,594,638	32,832
TOTAL BONDED DEBT:			249,550,771	70,399,638	32,832
OTHER LONG-TERM DEBT:					
INSTALLMENT PURCHASE AGREEMENTS:					
LIMITED OBLIGATION BONDS:					
LOBS 2012	2.00%-5.00%	03/29/12	14,950,000	-	-
LOBS 2013	1.50%-5.00%	03/28/13	18,740,000	-	-
LOBS 2016	4.00%-5.00%	04/01/16	31,620,000	-	-
LOBS 2019	4.00%-5.00%	09/06/18	52,115,000	-	-
LOBS 2020A	1.668%-3.085%	01/23/20	17,120,000	-	-
LOBS 2020B	2.375%-5.00%	01/23/20	99,350,000	-	-
UNAMORTIZED BOND PREMIUM			25,500,917	-	(880,125)
TOTAL LIMITED OBLIGATION BONDS:			259,395,917	-	(880,125)
OTHER FINANCING AGREEMENTS					
INSTALLMENT FINANCING CONTRACT (LOBs)			-	-	-
INSTALLMENT FINANCING CONTRACT (LOBs: 2020C Tax-Exempt)			1,792,034	11,296,546	(13,088,580)
INSTALLMENT FINANCING CONTRACT (LOBs:2020D-Taxable)			189,389	1,365,876	(1,555,265)
GO BOND ANTICIPATION NOTES (BANs) - \$50M			-	-	-
GO BOND ANTICIPATION NOTES (BANs) - \$70M			52,629,695	17,370,305	-
INSTALLMENT FINANCING CONTRACT (LOBs) TAX-EXEMPT FY21			-	4,755,717	13,139,346
INSTALLMENT FINANCING CONTRACT (LOBs) TAXABLE FY21			-	684,510	1,568,188
TOTAL DIRECT INSTALLMENT PLACEMENT FINANCING			54,611,118	35,472,954	63,689
UTILITY PERFORMANCE CONTRACT			2,992,813	-	-
NC HOUSING FINANCE AGENCY			27,569	-	-
TOTAL DIRECT INSTALLMENT PLACEMENT FINANCING AND OTHER FINANCING AGREEMENT			3,020,382	-	-
TOTAL OTHER FINANCING AGREEMENTS			57,631,500	35,472,954	63,689
TOTAL INSTALLMENT PURCHASE AGREEMENTS:			317,027,417	35,472,954	(816,436)
EARNED VACATION PAY			9,361,103	5,179,318	-
NET PENSION LIABILITY (LGRS)			41,005,157	12,644,196	-
TOTAL PENSION LIABILITY (LEOSSA)			6,842,207	3,340,058	-
NET OPEB OBLIGATION			173,238,390	22,355,247	-
TOTAL OTHER LONG-TERM DEBT:			547,474,274	78,991,773	(816,436)
TOTAL GENERAL LONG-TERM DEBT:			\$ 797,025,045	\$ 149,391,411	\$ (783,604)

DEFEASED DURING YEAR	DUE FISCAL YEAR			DUE FISCAL YEAR			LONG-TERM PRINCIPAL DUE THEREAFTER
	2020- 2021		AMOUNT OUTSTANDING 6-30-21	2021- 2022			
	PRINCIPAL	INTEREST		PRINCIPAL	INTEREST		
\$ -	\$ 5,260,000	\$ 525,500	\$ 5,250,000	\$ 5,250,000	\$ 262,500	\$ -	
-	3,155,000	57,658	-	-	-	-	
-	8,745,000	766,850	11,070,000	8,785,000	332,175	2,285,000	
-	2,880,000	258,800	2,870,000	2,870,000	114,800	-	
-	2,235,000	697,375	13,385,000	2,235,000	585,625	11,150,000	
-	1,165,000	1,268,800	25,815,000	1,120,000	1,245,950	24,695,000	
-	1,645,000	3,699,725	89,905,000	4,285,000	3,551,475	85,620,000	
-	380,000	42,959	2,280,000	380,000	67,507	1,900,000	
-	2,215,000	1,906,875	39,790,000	2,215,000	1,796,125	37,575,000	
-	1,125,000	530,931	60,680,000	3,195,000	1,916,606	57,485,000	
-	3,758,138	-	36,375,103	3,602,362	-	32,772,741	
-	32,563,138	9,755,473	287,420,103	33,937,362	9,872,763	253,482,741	
-	3,190,000	563,963	11,760,000	3,190,000	480,088	8,570,000	
-	3,750,000	759,113	14,990,000	3,745,000	571,613	11,245,000	
-	2,935,000	1,448,950	28,685,000	2,915,000	1,317,375	25,770,000	
-	2,745,000	2,174,275	49,370,000	2,745,000	2,050,750	46,625,000	
-	860,000	716,812	16,260,000	860,000	691,012	15,400,000	
-	985,000	2,511,203	98,365,000	1,000,000	2,493,901	97,365,000	
-	1,494,270	-	23,126,522	1,494,270	-	21,632,252	
-	15,959,270	8,174,316	242,556,522	15,949,270	7,604,743	226,607,252	
-	-	-	-	-	-	-	
-	-	78,036	-	-	-	-	
-	-	12,716	-	-	-	-	
-	-	-	-	-	-	-	
70,000,000	-	199,443	-	-	-	-	
-	-	21,911	17,895,063	-	-	17,895,063	
-	-	3,526	2,252,698	-	-	2,252,698	
70,000,000	-	315,632	20,147,761	-	-	20,147,761	
-	294,825	66,731	2,697,988	309,084	-	2,388,904	
-	9,958	-	17,611	9,958	-	7,653	
-	304,783	66,731	2,715,599	319,042	-	2,396,557	
70,000,000	304,783	382,363	22,863,360	319,042	-	22,544,318	
70,000,000	16,264,053	8,556,679	265,419,882	16,268,312	7,604,743	249,151,570	
-	4,588,974	-	9,951,447	4,588,974	-	5,362,473	
-	-	-	53,649,353	-	-	53,649,353	
-	-	-	10,182,265	-	-	10,182,265	
-	-	-	195,593,637	-	-	195,593,637	
70,000,000	20,853,027	8,556,679	534,796,584	20,857,286	7,604,743	513,939,298	
\$ 70,000,000	\$ 53,416,165	\$ 18,312,152	\$ 822,216,687	\$ 54,794,648	\$ 17,477,506	\$ 767,422,039	

DURHAM COUNTY, NORTH CAROLINA

**GROSS BONDED DEBT AND OTHER LONG-TERM DEBT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021 (continued)**

DESCRIPTION	INTEREST RATE	ISSUE DATE	AMOUNT OUTSTANDING 6-30-20	ISSUED DURING YEAR	ADJUSTED DURING YEAR
PROPRIETARY DEBT:					
ENTERPRISE FUND:					
ENTERPRISE REVOLVING LOAN	2.22%	07/01/10	\$ 1,666,904	\$ -	\$ -
ENTERPRISE REVOLVING II LOAN	2.22%	07/01/10	6,919,085	-	-
REVENUE BONDS REFUNDING, SERIES 2012	2.49%	08/23/12	5,890,000	-	-
UNAMORTIZED BOND PREMIUM			268,379	-	-
TOTAL ENTERPRISE FUND BONDED DEBT:			14,744,368	-	-
EARNED VACATION PAY			110,775	150,751	-
NET PENSION LIABILITY (LGRS)			498,867	251,492	(1,429)
TOTAL PROPRIETARY DEBT:			15,354,010	402,243	(1,429)
TOTAL GENERAL LONG-TERM DEBT					
AND PROPRIETARY DEBT:			\$ 812,379,055	\$ 149,793,654	\$ (785,033)

DEFEASED DURING YEAR	DUE FISCAL YEAR		AMOUNT OUTSTANDING 6-30-21	DUE FISCAL YEAR		LONG-TERM PRINCIPAL DUE THEREAFTER
	2020- 2021			2021- 2022		
	PRINCIPAL	INTEREST		PRINCIPAL	INTEREST	
\$ -	\$ 138,909	\$ 37,005	\$ 1,527,995	\$ 138,909	\$ 33,922	\$ 1,389,085
-	532,237	153,604	6,386,848	532,237	141,788	5,854,611
-	785,000	146,661	5,105,000	800,000	127,114	4,305,000
-	31,887	-	236,492	31,887	-	204,605
-	1,488,033	337,270	13,256,335	1,503,033	302,824	11,753,302
-	77,628	-	183,898	77,628	-	106,270
-	-	-	748,930	-	-	748,930
-	1,565,661	337,270	14,189,163	1,580,661	302,824	12,608,502
\$ 70,000,000	\$ 54,981,826	\$ 18,649,422	\$ 836,405,850	\$ 56,375,309	\$ 17,780,330	\$ 780,030,541

DURHAM COUNTY, NORTH CAROLINA

Analysis of Current Tax Levy Fiscal Year Ending June 30, 2021

Property Valuations

Real property	\$	38,075,875,096
Personal property		4,048,724,118
Public service		630,273,733
DMV-registered vehicles		2,855,433,137
Total subject to tax	\$	<u>45,610,306,084</u>
Real property/personal property/corporate excess levy	\$	497,662,572
DMV -registered vehicles levy		<u>33,179,154</u>
Gross Levy	\$	530,841,726
Abatements/discoveries		<u>(23,019)</u>
Net Levy		530,818,707
Uncollected at June 30, 2021		<u>2,864,112</u>
Current year taxes collected	\$	<u>527,954,595</u>
Percent of current taxes collected		<u>99.46%</u>

This schedule includes current year levy and collections for the Custodial Funds and excludes current year levy and collections of Special Revenue Funds.

DURHAM COUNTY, NORTH CAROLINA

**Schedule of Ad Valorem Taxes Receivable By Fund
Year Ended June 30, 2021**

Year of Levy	Uncollected Balance July 1, 2020	Current Year Gross Levy	Collections	Abatements/ Discoveries	Uncollected Balance June 30, 2021
2020	\$ -	\$ 530,841,726	\$ 527,954,595	\$ (23,019)	\$ 2,864,112
2019	3,650,122	-	1,179,536	(949,758)	1,520,828
2018	702,164	-	(309,266)	(401,818)	609,612
2017	187,692	-	(328,848)	(351,723)	164,817
2016	150,621	-	(36,113)	(51,528)	135,206
2015	194,532	-	(60,051)	(70,573)	184,010
2014 and prior	1,197,761	-	36,200	(5,506)	1,156,055
	<u>\$ 6,082,892</u>	<u>\$ 530,841,726</u>	<u>\$ 528,436,053</u>	<u>\$ (1,853,925)</u>	<u>6,634,640</u>

Less allowance for uncollectible ad valorem taxes receivable (656,028)

Ad valorem taxes receivable (net) \$ 5,978,612

Receivable by fund, net:

General Fund	\$ 3,292,013	
Capital financing	<u>443,622</u>	
General Fund		3,735,635
City of Durham	2,227,978	
City of Chapel Hill	13,959	
City of Raleigh	1,024	
Town of Morrisville	<u>16</u>	
Custodial funds		<u>2,242,977</u>
		<u>\$ 5,978,612</u>

Note: This schedule includes the general fund and custodial funds.

DURHAM COUNTY, NORTH CAROLINA

**Schedule of Ad Valorem Taxes Receivable by Levy Year
Year Ended June 30, 2021**

Fiscal Year	Uncollected Balance June 30, 2020	Additions	Collections	Abatements/ Discoveries	Uncollected Balance June 30, 2021
2020-2021	\$ -	\$ 530,841,726	\$ 527,954,595	\$ (23,019)	\$ 2,864,112
2019-2020	3,650,122	-	1,179,536	(949,758)	1,520,828
2018-2019	702,164	-	(309,266)	(401,818)	609,612
2017-2018	187,692	-	(328,848)	(351,723)	164,817
2016-2017	150,621	-	(36,113)	(51,528)	135,206
2015-2016	194,532	-	(60,051)	(70,573)	184,010
2014 and prior	1,197,761	-	36,200	(5,506)	1,156,055
	<u>\$ 6,082,892</u>	<u>\$ 530,841,726</u>	<u>\$ 528,436,053</u>	<u>\$ (1,853,925)</u>	<u>6,634,640</u>
Less allowance for uncollectible ad valorem taxes receivable					<u>(656,028)</u>
Ad valorem taxes receivable (net)					<u>\$ 5,978,612</u>
Reconcilement with revenues:					
Taxes - ad valorem - governmental funds					\$ 324,441,119
Taxes - ad valorem - custodial funds					<u>203,994,934</u>
Total collections and credits					<u>\$ 528,436,053</u>

Note: This schedule includes the general fund and custodial funds.

STATISTICAL SECTION (TAB)

FINANCIAL TRENDS INFORMATION

Schedule of Net Position by Component

This schedule is a summary of the County's net position for the last 10 fiscal years. Information can be obtained from the Statement of Net Position in the financial statements for each of the fiscal years. The Net Position must be presented in the three different components and in the aggregate.

Schedule of Changes in Net Position

This schedule is a summary of the changes in net position for the last 10 fiscal years. Information can be obtained from the Statement of Activities in the financial statements for each of the fiscal years.

Schedule of Fund Balances, Governmental Funds

This schedule is a summary of the governmental funds fund balances for the last 10 fiscal years. Information can be obtained from the Governmental Funds Balance Sheet in the financial statements for each of the fiscal years. The General Fund is reported in five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent; nonspendable, restricted, committed, assigned and unassigned fund balance. The remaining Governmental Funds are grouped together but split out into the appropriate fund balance classifications.

Schedule of Changes in Fund Balances of Governmental Funds

This schedule is required to show three items: the net change in fund balance over the last 10 fiscal years, provide the debt service as a percentage of noncapital expenditures ratio, and debt service must be broken out into principal and interest. The schedule also shows the revenues by source and expenditures by function. This information can be obtained from the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances in the financial statements for each of the fiscal years.

Government-wide Expenses by Function

This schedule is a summary of the expenses by functional area for the last 10 fiscal years. Information can be obtained from the Statement of Activities in the financial statements for each of the fiscal years.

Government-wide Revenues

This schedule is a summary of the revenues by source for the last 10 fiscal years. Information can be obtained from the Statement of Activities in the financial statements for each of the fiscal years.

General Government Expenditures by Function

This schedule is a summary of general government expenditures by function for the last 10 fiscal years for all governmental fund types consisting of General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund and Community Health Trust Fund. This information can be obtained from the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances in the financial statements for each of the fiscal years.

General Government Revenues by Source

This schedule is a summary of general government revenues by source for the last 10 fiscal years for all governmental fund types consisting of General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund and Community Health Trust Fund. This information can be obtained from the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances in the financial statements for each of the fiscal years.

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DURHAM COUNTY, NORTH CAROLINA

**Net Position by Component
Last Ten Fiscal Years**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities										
Net investment in capital assets	\$ 183,610,404	\$ 136,546,994	\$ 169,099,967	\$ 62,072,041	\$ 171,070,634	\$ 120,531,058	\$ 34,987,961	\$ 20,701,314	\$ 7,789,264	\$ 20,244,058
Restricted	97,332,350	68,391,721	64,193,834	57,833,938	52,646,580	56,579,115	57,772,872	52,415,572	81,325,452	95,772,487
Unrestricted	(221,962,274)	(151,535,380)	(192,337,701)	(96,020,674)	(112,774,836)	(89,071,940)	(44,425,284)	(69,263,012)	(94,227,528)	(109,675,884)
Total governmental activities net position	\$ 58,980,480	\$ 53,403,335	\$ 40,956,100	\$ 23,885,305	\$ 110,942,378	\$ 88,038,233	\$ 48,335,549	\$ 3,853,874	\$ (5,112,812)	\$ 6,340,661
Business-type activities										
Net investment in capital assets	\$ 54,524,004	\$ 55,060,180	\$ 53,816,232	\$ 53,624,526	\$ 53,217,258	\$ 53,957,575	\$ 49,473,281	\$ 47,154,452	\$ 44,714,405	\$ 46,827,067
Restricted	10,508,607	2,108,332	3,374,189	688,047	1,332,847	952,588	5,781,893	7,854,486	6,232,518	8,650,213
Unrestricted	36,203,632	39,353,018	36,995,955	36,741,062	33,334,232	28,459,495	25,993,181	21,724,599	19,318,687	15,010,061
Total business-type activities net position	\$ 101,236,243	\$ 96,521,530	\$ 94,186,376	\$ 91,053,635	\$ 87,884,337	\$ 83,369,658	\$ 81,248,355	\$ 76,733,537	\$ 70,265,610	\$ 70,487,341
Primary government										
Net investment in capital assets	\$ 238,134,408	\$ 191,607,174	\$ 222,916,199	\$ 115,696,567	\$ 224,287,892	\$ 174,488,633	\$ 84,461,242	\$ 67,855,766	\$ 52,503,669	\$ 67,071,125
Restricted	107,840,957	70,500,053	67,568,023	58,521,985	53,979,427	57,531,703	63,554,765	60,270,058	87,557,970	104,422,700
Unrestricted	(185,758,642)	(112,182,362)	(155,341,746)	(59,279,612)	(79,440,604)	(60,612,445)	(18,432,103)	(47,538,413)	(74,908,841)	(94,665,823)
Total primary government net position	\$ 160,216,723	\$ 149,924,865	\$ 135,142,476	\$ 114,938,940	\$ 198,826,715	\$ 171,407,891	\$ 129,583,904	\$ 80,587,411	\$ 65,152,798	\$ 76,828,002

DURHAM COUNTY, NORTH CAROLINA

**Changes in Net Position
Last Ten Fiscal Years**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental activities:										
General government	\$ 101,205,831	\$ 89,530,531	\$ 65,306,869	\$ 67,278,145	\$ 64,194,870	\$ 60,091,561	\$ 57,622,575	\$ 55,772,804	\$ 57,034,487	\$ 50,482,000
Public safety	98,843,230	96,780,516	86,231,267	83,743,115	75,533,420	69,100,186	63,834,548	61,569,018	57,767,228	54,806,448
Transportation	291,640	228,549	244,338	238,948	353,001	205,873	309,017	12,500	12,500	12,500
Economic and physical development	13,107,386	9,416,002	5,996,057	5,761,844	7,368,799	7,343,752	4,773,955	5,490,387	4,916,125	4,616,413
Environmental protection	9,573,869	8,349,531	6,760,218	5,997,974	5,966,371	4,303,325	3,860,175	3,657,826	3,632,359	3,694,850
Human services	105,617,896	101,256,274	91,657,739	86,632,504	93,649,136	92,160,946	87,852,834	85,440,041	88,141,193	115,743,251
Education	181,869,621	182,574,991	172,358,720	155,678,995	149,192,760	144,524,127	137,832,688	148,666,331	151,919,349	159,834,958
Cultural and recreational	16,001,339	17,520,440	15,782,278	20,693,870	14,802,765	12,762,810	12,240,868	12,671,110	11,688,669	12,075,639
Interest and fiscal charges	14,578,173	254,616	19,100,202	16,547,326	12,999,003	19,749,259	20,880,870	22,953,477	19,814,600	17,226,788
Total governmental activities	541,088,985	505,911,450	463,437,688	442,572,721	424,060,125	410,241,839	389,207,530	396,233,494	394,926,510	418,492,847
Business-type activities:										
Sewer utility	9,864,971	9,705,514	10,123,859	8,302,269	7,970,882	7,447,186	7,187,975	6,387,907	5,761,082	5,563,907
Stormwater	984,943	-	-	-	-	-	-	-	-	-
Total business-type activities	10,849,914	9,705,514	10,123,859	8,302,269	7,970,882	7,447,186	7,187,975	6,387,907	5,761,082	5,563,907
Total primary government expenses	551,938,899	515,616,964	473,561,547	450,874,990	432,031,007	417,689,025	396,395,505	402,621,401	400,687,592	424,056,754
Program Revenues										
Governmental activities:										
Charges for services:										
General government	18,384,547	15,462,682	13,568,132	14,528,090	13,196,914	13,473,564	13,672,364	9,710,327	9,250,904	9,276,517
Public safety	13,282,256	12,335,220	12,933,084	13,190,898	12,301,993	11,700,522	11,029,058	8,861,551	8,376,150	7,873,528
Economic and physical development	38,873	34,022	47,202	44,544	52,116	67,361	68,673	18,654	24,524	13,564
Environmental protection	3,108,944	3,875,824	3,911,415	3,830,149	3,298,084	3,217,315	2,862,153	2,898,313	2,441,809	2,095,494
Human services	1,198,229	2,420,120	3,830,491	5,251,427	5,096,785	5,306,527	5,359,752	4,354,144	4,750,608	4,580,101
Education	1,332	-	-	-	-	-	-	-	-	-
Cultural and recreational	183,507	314,749	402,152	398,319	386,919	456,385	473,764	299,711	298,180	284,754
Operating grants and contributions:										
General government	15,250,936	9,075,077	6,297,110	5,260,234	5,686,528	3,499,215	4,683,445	4,464,142	2,807,583	3,349,194
Public safety	11,623,397	5,905,052	4,863,835	4,249,789	4,840,111	5,270,013	4,789,575	4,549,651	4,483,911	4,544,100
Economic and physical development	799,373	285,930	899,686	591,505	334,540	542,097	618,300	588,110	732,984	857,200
Environmental protection	174,107	-	99,569	119,019	74,244	169,636	193,511	52,678	62,078	103,703
Human services	47,856,947	38,442,882	36,776,037	36,437,658	48,568,587	47,419,147	46,346,963	40,084,357	44,706,570	70,908,533
Cultural and recreational	525,562	423,926	516,005	251,390	287,840	355,168	240,335	266,690	223,253	246,509
Capital grants and contributions:										
General government	-	-	1,000,000	999,880	1,260,807	2,361,838	1,639,435	1,123,462	1,044,849	1,213,509
Public safety	-	-	-	-	-	-	655,147	1,341,125	257,499	-
Environmental protection	30,693	-	-	446,622	2,004,287	24,007	233,750	-	-	3,191,675
Education	720,245	1,130,189	1,322,406	1,088,886	1,821,738	1,978,837	907,707	1,469,322	102,473	172,946
Cultural and recreational	-	400,000	800,000	-	-	-	-	-	96,181	-
Total governmental activities program revenues	113,178,948	90,105,673	87,267,124	86,688,410	99,211,493	95,841,632	93,773,932	80,082,237	79,659,556	108,711,327
Business-type activities:										
Charges for services:										
Sewer utility	13,928,001	11,658,657	12,659,769	10,199,023	12,331,995	9,200,098	11,243,175	12,007,107	11,748,514	11,181,310
Stormwater	1,639,669	-	-	-	-	-	-	-	-	-
Capital grants and contributions:										
Sewer utility	5,805	-	-	959,110	42,925	284,195	600,000	780,802	471,600	6,260,051
Stormwater	17,116	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	15,590,591	11,658,657	12,659,769	11,158,133	12,374,920	9,484,293	11,843,175	12,787,909	12,220,114	17,441,361
Total primary government program revenues	128,769,539	101,764,330	99,926,893	97,846,543	111,586,413	105,325,925	105,617,107	92,870,146	91,879,670	126,152,688

DURHAM COUNTY, NORTH CAROLINA

**Changes in Net Position (continued)
Last Ten Fiscal Years**

	2021	2020	2019	2018	2017	2016	2015	2013	2013	2012
Net (Expense)/Revenue										
Governmental activities	\$ (427,910,037)	\$ (415,805,777)	\$ (376,170,564)	\$ (355,884,311)	\$ (324,848,632)	\$ (314,400,207)	\$ (295,433,598)	\$ (316,151,257)	\$ (315,266,954)	\$ (309,781,520)
Business-type activities	4,740,677	1,953,143	2,535,910	2,855,864	4,404,038	2,037,107	4,655,200	6,400,002	6,459,032	11,877,454
Total primary government net expense	(423,169,360)	(413,852,634)	(373,634,654)	(353,028,447)	(320,444,594)	(312,363,100)	(290,778,398)	(309,751,255)	(308,807,922)	(297,904,066)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes, levied for general purposes	325,474,847	316,894,035	292,291,159	278,719,636	262,886,545	259,451,036	252,758,385	244,922,483	229,853,877	224,187,284
Property taxes, levied for fire districts	9,218,291	8,807,839	8,296,148	7,823,215	7,870,019	7,826,322	7,482,408	6,661,282	6,064,378	5,803,682
Property taxes, levied for other districts purposes	1,477,449	1,133,988	1,070,763	1,145,501	1,219,855	959,142	754,365	736,793	739,049	713,502
Local option sales tax	97,605,674	87,505,306	84,521,869	83,808,889	76,855,214	74,471,794	70,484,647	61,414,402	59,047,561	51,371,060
Occupancy tax	1,680,342	3,622,475	4,310,529	3,970,516	3,961,343	3,509,649	3,014,169	2,592,696	2,436,586	2,246,761
Animal tax	-	-	-	-	-	-	-	(1,277,314)	540,618	915,504
Gross receipts tax	546,969	485,215	571,291	483,133	479,899	429,419	410,964	406,605	347,226	345,126
Vehicle registration tax	223,347	216,049	231,838	226,448	340,501	193,373	296,517	-	-	-
Investment and interest income	(3,767,330)	8,800,011	965,567	7,430,012	(1,149,566)	4,684,275	13,472,042	5,086,255	1,977,962	9,886,557
Other revenues	1,027,593	788,094	982,195	1,062,967	1,090,502	953,890	1,300,117	4,574,741	4,709,427	8,604,913
Total governmental activities	433,487,182	428,253,012	393,241,359	384,670,317	353,554,312	352,478,900	349,973,614	325,117,943	305,716,684	304,074,389
Business-type activities:										
Investment and interest income	(38,941)	382,011	600,355	320,391	110,656	71,355	16,054	42,036	29,074	(7,981)
Other revenues	12,977	-	(3,524)	(6,957)	-	12,841	-	25,889	493	-
Total business-type activities	(25,964)	382,011	596,831	313,434	110,656	84,196	16,054	67,925	29,567	(7,981)
Total primary government	433,461,218	428,635,023	393,838,190	384,983,751	353,664,968	352,563,096	349,989,668	325,185,868	305,746,251	304,066,408
Change in Net Position										
Government activities	5,577,145	12,447,235	17,070,795	28,786,006	28,705,680	38,078,693	54,540,016	8,966,686	(9,550,270)	(5,707,131)
Business-type activities	4,714,713	2,335,154	3,132,741	3,169,298	4,514,694	2,121,303	4,671,254	6,467,927	6,488,599	11,869,473
Total primary government	\$ 10,291,858	\$ 14,782,389	\$ 20,203,536	\$ 31,955,304	\$ 33,220,374	\$ 40,199,996	\$ 59,211,270	\$ 15,434,613	\$ (3,061,671)	\$ 6,162,342

Notes:

(1) As of Fiscal Year 2015, the County no longer reports animal tax revenues in a separate line item. Effective Fiscal Year 2014, the County no longer assesses an animal tax. As such, the revenues collected are the decrease in the accounts receivable. These revenues are now reported in the function they pertain to, public safety.

DURHAM COUNTY, NORTH CAROLINA

Fund Balances, Governmental Funds
Last Ten Fiscal Years

June 30	General Fund						All Other Governmental Funds						All Governmental Funds
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total	Total
2021	\$ 1,613,780	\$44,788,849	\$ 80,259,921	\$24,220,752	\$ 102,218,572	\$ 253,101,874	\$ -	\$ 10,041,605	\$ -	\$ 51,865,500	\$ -	\$ 61,907,105	\$ 315,008,979
2020	1,108,957	42,986,245	83,674,910	17,936,191	74,406,187	220,112,490	-	7,250,997	-	83,623,756	-	90,874,753	310,987,243
2019	1,360,180	46,298,508	82,956,424	18,081,595	62,456,569	211,153,276	-	8,766,241	-	63,728,074	-	72,494,315	283,647,591
2018	1,013,215	43,359,986	87,367,837	19,497,586	56,164,833	207,403,457	-	7,177,485	-	37,385,982	-	44,563,467	251,966,924
2017	1,010,444	37,293,252	80,631,128	14,421,763	61,442,303	194,798,890	-	5,353,342	-	38,432,063	-	43,785,405	238,584,295
2016	972,635	38,115,182	67,133,359	13,289,584	63,235,816	182,746,576	-	6,079,462	-	38,122,417	-	44,201,879	226,948,455
2015	995,989	34,787,668	66,909,089	11,521,144	57,461,506	171,675,396	-	7,438,733	-	36,197,068	-	43,635,801	215,311,197
2014	1,015,631	30,579,201	59,573,800	13,961,475	42,228,729	147,358,836	5,000	3,720,664	-	45,814,049	-	49,539,713	196,898,549
2013	1,002,364	30,539,412	51,109,294	16,348,230	35,630,010	134,629,310	-	10,529,068	-	56,003,778	(232,519)	66,300,327	200,929,637
2012	1,055,346	30,431,788	47,694,892	11,612,648	45,477,059	136,271,733	-	21,048,123	-	46,976,875	-	68,024,998	204,296,731

DURHAM COUNTY, NORTH CAROLINA

**Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Taxes	\$ 436,076,567	\$ 417,138,314	\$ 390,922,436	\$ 376,306,638	\$ 353,995,914	\$ 347,348,935	\$ 336,011,104	\$ 317,692,860	\$ 299,126,290	\$ 285,218,594
Licenses and permits	626,990	1,622,962	1,679,317	1,638,616	1,393,097	1,535,091	1,119,886	1,357,467	826,580	794,976
Intergovernmental	76,981,260	55,663,056	52,574,648	49,444,983	64,878,682	61,619,958	61,652,361	54,190,412	54,163,701	84,587,369
Investments	2,196,480	5,441,723	6,947,307	4,645,417	3,985,884	4,181,190	4,233,162	4,600,076	4,637,119	2,543,564
Rent	723,085	729,374	902,528	1,134,280	972,562	988,807	1,058,153	1,077,167	824,104	591,285
Charges for services	34,062,116	32,700,705	32,175,804	34,182,908	31,855,249	31,035,290	31,092,863	23,450,422	23,350,074	22,667,005
Other revenues	1,027,593	788,094	982,195	1,062,967	1,090,502	953,890	1,300,117	4,563,275	4,372,836	8,282,993
Total revenues	551,694,091	514,084,228	486,184,235	468,415,809	458,171,890	447,663,161	436,467,646	406,931,679	387,300,704	404,685,786
Expenditures										
General government	73,704,161	68,053,928	66,464,213	64,068,864	60,722,635	57,491,702	54,099,981	51,067,380	69,537,969	74,378,948
Public safety	88,498,753	86,712,694	78,549,477	80,538,865	70,917,455	67,063,053	64,652,305	60,700,087	56,386,531	53,832,256
Transportation	291,640	228,549	244,338	238,948	353,001	205,873	309,017	12,500	12,500	12,500
Economic and physical development	17,331,081	9,108,007	5,816,772	5,643,177	7,350,476	7,364,572	4,841,896	5,479,543	4,914,778	4,606,868
Environmental protection	28,032,436	14,050,736	18,258,082	26,246,637	23,860,525	7,207,867	5,771,300	13,469,306	20,301,762	20,700,688
Human services	96,048,453	91,434,044	86,525,498	83,234,656	92,909,696	93,140,635	89,516,898	85,339,186	91,592,879	109,066,287
Education	201,860,785	182,372,967	172,330,527	155,476,971	151,366,905	144,322,104	137,630,665	148,464,307	151,717,325	159,632,934
Cultural and recreational	15,308,823	24,846,253	37,320,280	32,283,359	15,509,314	13,202,921	12,197,724	12,348,532	11,454,684	12,032,600
Debt service:										
Principal retirement	43,574,785	41,300,728	36,131,116	37,322,892	37,427,611	35,596,413	36,159,495	34,261,816	34,520,922	109,738,119
Interest and fiscal charges	18,337,916	19,709,824	20,122,333	19,606,512	18,653,456	20,599,097	22,573,434	23,354,161	19,468,651	17,434,904
Debt issuance costs	619,803	770,191	929,899	247	1,002,975	741,165	23,000	644,769	818,130	1,115,755
Total expenditures	583,608,636	538,587,921	522,692,535	504,661,128	480,074,049	446,935,402	427,775,715	435,141,587	460,726,131	562,551,859
Excess of revenues over (under) expenditures	(31,914,545)	(24,503,693)	(36,508,300)	(36,245,319)	(21,902,159)	727,759	8,691,931	(28,209,908)	(73,425,427)	(157,866,073)
Other Financing Sources (Uses)										
Transfers in	81,148,457	84,493,665	92,854,680	85,501,782	83,641,265	77,667,072	76,982,606	73,181,182	61,645,051	114,501,549
Transfers out	(81,148,457)	(84,493,665)	(92,854,680)	(85,501,782)	(83,641,250)	(77,667,072)	(76,982,606)	(73,169,716)	(61,308,460)	(114,179,629)
Premium on issuance of debt	-	-	5,284,798	-	-	-	-	-	-	7,299,951
Issuance of bonds	-	-	-	-	3,800,000	-	-	-	-	49,105,000
Premium on issuance of refinancing	35,536,643	3,274,674	6,109,622	-	17,940,846	13,031,538	-	7,025,669	-	-
Issuance of refunding bonds	8,594,638	117,400,000	87,720,000	-	96,460,000	63,930,000	-	44,635,000	125,002,399	73,276,601
Payment to refunded debt escrow agent	61,805,000	(109,879,936)	(93,500,000)	-	(115,022,770)	(77,226,102)	-	(51,200,000)	(124,462,399)	(72,630,409)
Issuance of installment purchases	(70,000,000)	41,048,607	62,574,540	49,627,948	30,359,908	9,550,072	9,720,717	23,706,685	66,114,555	102,940,691
Total other financing sources (uses)	35,936,281	51,843,345	68,188,960	49,627,948	33,537,999	9,285,508	9,720,717	24,178,820	66,991,146	160,313,754
Net change in fund balances	\$ 4,021,736	\$ 27,339,652	\$ 31,680,660	\$ 13,382,629	\$ 11,635,840	\$ 10,013,267	\$ 18,412,648	\$ (4,031,088)	\$ (6,434,281)	\$ 2,447,681
Debt service as a percentage of noncapital expenditures	11.10%	12.00%	11.80%	12.41%	12.49%	12.95%	14.10%	13.86%	12.88%	24.70%

Notes:

(1) As of Fiscal Year 2014, the County reports the premium on the issuance of refunding bonds in a separate line item. Prior to fiscal year 2014 they were included in the "issuance of refunding bonds" with the new refunding debt issued.

DURHAM COUNTY, NORTH CAROLINA

**Government-wide Expenses by Function
Last Ten Fiscal Years**

Fiscal Year Ended	General Government	Public Safety	Transportation	Economic and Physical Development	Environmental Protection
2021	\$ 101,205,831	\$ 98,843,230	\$ 291,640	\$ 13,107,386	\$ 9,573,869
2020	89,530,531	96,780,516	228,549	9,416,002	8,349,531
2019	65,306,869	86,231,267	244,338	5,996,057	6,760,218
2018	67,278,145	83,743,115	238,948	5,761,844	5,997,974
2017	64,194,870	75,533,420	353,001	7,368,799	5,966,371
2016	60,091,561	69,100,186	205,873	7,343,752	4,303,325
2015	57,622,575	63,834,548	309,017	4,773,955	3,860,175
2014	55,772,804	61,569,018	12,500	5,490,387	3,657,826
2013	57,034,487	57,767,228	12,500	4,916,125	3,632,359
2012	50,482,000	54,806,448	12,500	4,616,413	3,694,850

	Human Services	Education	Cultural and Recreational	Interest and Fiscal Charges	Sewer Utility	Stormwater	Total
\$	105,617,896	\$ 181,869,621	\$ 16,001,339	\$ 14,578,173	\$ 9,864,971	\$ 984,943	\$ 551,938,899
	101,256,274	182,574,991	17,520,440	254,616	9,705,514	-	515,616,964
	91,657,739	172,358,720	15,782,278	19,100,202	10,123,859	-	473,561,547
	86,632,504	155,678,995	20,693,870	16,547,326	8,302,269	-	450,874,990
	93,649,136	149,192,760	14,802,765	12,999,003	7,970,882	-	432,031,007
	92,160,946	144,524,127	12,762,810	19,749,259	7,447,186	-	417,689,025
	87,852,834	137,832,688	12,240,868	20,880,870	7,187,975	-	396,395,505
	85,440,041	148,666,331	12,671,110	22,953,477	6,387,907	-	402,621,401
	88,141,193	151,919,349	11,688,669	19,814,600	5,761,082	-	400,687,592
	115,743,251	159,834,958	12,075,639	17,226,788	5,563,907	-	424,056,754

DURHAM COUNTY, NORTH CAROLINA

Government-wide Revenues Last Ten Fiscal Years

Fiscal Year Ended	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes
2021	\$ 36,197,688	\$ 76,230,322	\$ 773,859	\$ 436,226,919
2020	34,442,617	54,132,867	1,530,189	418,664,907
2019	47,352,245	49,452,242	3,122,406	391,293,597
2018	47,442,450	46,909,595	3,494,498	376,177,338
2017	46,664,806	59,791,850	5,129,757	353,613,376
2016	43,421,772	57,255,276	4,648,877	346,840,735
2015	44,708,939	56,872,129	4,036,039	335,201,455
2014	38,149,807	50,005,628	4,714,711	315,456,947
2013	36,890,689	53,016,379	1,972,602	299,029,295
2012	35,305,268	80,009,239	10,838,181	285,582,919

Investment and Interest Income	Other Revenues	Total
\$ (3,806,271)	\$ 1,040,570	\$ 546,663,087
8,800,011	788,094	518,358,685
1,565,922	978,671	493,765,083
7,750,403	1,056,010	482,830,294
(1,038,910)	1,090,502	465,251,381
4,755,630	966,731	457,889,021
13,488,096	1,300,117	455,606,775
5,128,291	4,600,630	418,056,014
2,007,036	4,709,920	397,625,921
9,878,576	8,604,913	430,219,096

DURHAM COUNTY, NORTH CAROLINA

Governmental Expenditures by Function¹ Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Government	Public Safety	Transportation	Environmental Protection	Education
2021	\$ 74,240,947	\$ 88,498,753	\$ 291,640	\$ 28,032,436	\$ 201,860,785
2020	68,053,928	86,712,694	228,549	14,050,736	182,372,967
2019	66,464,213	78,549,477	244,338	18,258,082	172,330,527
2018	64,068,864	80,538,865	238,948	26,246,637	155,476,971
2017	60,722,635	70,917,455	353,001	23,860,525	151,366,905
2016	57,491,702	67,063,053	205,873	7,207,867	144,322,104
2015	54,099,981	64,652,305	309,017	5,771,300	137,630,665
2014	51,067,380	60,700,087	12,500	13,469,306	148,464,307
2013	69,537,969	56,386,531	12,500	20,301,762	151,717,325
2012	74,378,948	53,832,256	12,500	20,700,688	159,632,934

Notes:

- (1) General government expenditures include all governmental fund types consisting of General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund.

Human Services	Economic and Physical Development	Cultural and Recreational	Debt Service	Total
\$ 95,511,667	\$ 17,331,081	\$ 15,308,823	\$ 62,532,504	\$ 583,608,636
91,434,044	9,108,007	24,846,253	61,780,743	538,587,921
86,525,498	6,816,772	37,320,280	57,183,348	523,692,535
83,234,656	5,643,177	32,283,359	56,929,651	504,661,128
92,909,696	7,350,476	15,509,314	57,084,042	480,074,049
93,140,635	7,364,572	13,202,921	56,936,675	446,935,402
89,516,898	4,841,896	12,197,724	58,755,929	427,775,715
85,339,186	5,479,543	12,348,532	58,260,746	435,141,587
91,592,879	4,914,778	11,454,684	54,807,703	460,726,131
109,066,287	4,606,868	12,032,600	128,288,778	562,551,859

DURHAM COUNTY, NORTH CAROLINA

General Government Revenues by Source¹ Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Property Taxes	Other Local Taxes	Licenses and Permits	Intergovernmental Revenues
2021	\$ 425,405,583	\$ 10,670,984	\$ 626,990	\$ 76,981,260
2020	407,242,844	9,895,470	1,622,962	55,663,056
2019	301,233,754	89,688,682	1,679,317	52,574,648
2018	287,741,392	88,565,246	1,638,616	49,444,983
2017	272,300,032	81,695,882	1,393,097	64,878,682
2016	268,685,962	78,662,973	1,535,091	61,619,958
2015	261,746,652	74,264,452	1,119,886	61,652,361
2014	253,158,020	64,534,840	1,357,467	54,190,412
2013	236,671,981	62,454,309	826,580	54,163,701
2012	223,996,640	61,221,954	794,976	84,587,369

Notes:

(1) General government revenues include all governmental fund types consisting of General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund.

Rental Income	Investment Income	Charges for Services	Other Revenues	Total
\$ 723,085	\$ 2,196,480	\$ 34,062,116	\$ 1,027,593	\$ 551,694,091
729,374	5,441,723	32,700,705	788,094	514,084,228
902,528	6,947,307	32,175,804	982,195	486,184,235
1,134,280	4,645,417	34,182,908	1,062,967	468,415,809
972,562	3,985,884	31,855,249	1,090,502	458,171,890
988,807	4,181,190	31,035,290	953,890	447,663,161
1,058,153	4,233,162	31,092,863	1,300,117	436,467,646
1,077,167	4,600,076	23,450,422	4,563,275	406,931,679
824,104	4,637,119	23,350,074	4,372,836	387,300,704
591,285	2,543,564	22,667,005	8,282,993	404,685,786

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REVENUE CAPACITY INFORMATION

Principal Property Taxpayers

This schedule lists the largest taxpayers in the County. The GASB requires the ten largest be listed, unless less than ten are needed to reach 50% of the County's equalized assessed valuation. This information is to be presented for the current levy year and the levy year nine years prior. This information can be obtained from the County Tax Assessor's Office.

Schedule of Assessed Value and Actual Value of Taxable Property

This schedule presents real estate classes by type for the last 10 levy years as well as the county-wide tax rate, the range of special tax districts tax rates and the average County Tax Rate. This information can be obtained from the County Tax Assessor's Office.

Property Tax Levies and Collections

This schedule presents information for levies (original, adjustments and adjusted levies), amounts collected within the fiscal year of the levy with the percentage collection of original levy, and total amounts collected as of this fiscal year end with a percentage collection of adjusted levy. This information is provided for the last 10 fiscal years.

Property Tax Levies Direct and Overlapping Local Government Jurisdictions

This schedule lists the final adjusted tax levy direct and overlapping for all local government jurisdictions for the last 10 fiscal years.

Direct and Overlapping Property Tax Rates

This schedule presents information for direct and overlapping property tax rates for the last 10 fiscal years.

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DURHAM COUNTY, NORTH CAROLINA

**Principal Property Taxpayers
June 30, 2021
Current Year and Nine Years Ago**

<u>TOP TEN TAXPAYERS</u>	<u>Fiscal Year 2021</u>			<u>Fiscal Year 2012</u>		
	<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Valuation</u>	<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Valuation</u>
CREE, INC.	\$ 491,898,408	1	1.08%	\$ 340,495,735	3	1.14%
JOANNPTH CAROLINA, LLC	322,696,194	2	0.71%	-		-
DUKE ENERGY CAROLINAS, LLC	296,032,833	3	0.65%	187,673,652	6	0.62%
SOUTHPOINT MALL, LLC	185,830,435	4	0.41%	171,565,879	7	0.57%
PARMER RTP LLC	177,656,914	5	0.39%	-		-
INTERNATIONAL BUSINESS MACHINE	166,575,755	6	0.37%	488,930,156	1	1.63%
EMC CORPORATION	158,076,374	7	0.35%	-		-
BIOGEN US CORPORATION	150,060,417	8	0.33%	-		-
MERCK SHARP & DOHME CORP	140,003,972	9	0.31%	231,061,509	5	0.77%
IBM CORPORATION	137,041,000	10	0.30%	-		-
GLAXOSMITHKLINE	-		-	474,284,325	2	1.58%
AW NORTH CAROLINA INC.	-		-	302,844,257	4	1.01%
EISAI, INC	-		-	133,890,500	8	0.44%
FRONTIER COMMUNICATIONS	-		-	110,216,662	9	0.36%
HIGHWOODS/FORSYTH LIMITED PART	-		-	102,327,558	10	0.34%
	<u>\$ 2,225,872,302</u>		<u>4.88%</u>	<u>\$ 2,543,290,233</u>		<u>8.46%</u>

DURHAM COUNTY, NORTH CAROLINA

**Assessed Value and Actual Value of Taxable Property¹
Last Ten Fiscal Years**

Fiscal Year	Real Property	Personal Property	Public Service Companies	Registered Vehicles	Total	County Direct Tax Rate³	Special Tax Districts Tax Rate²	Average County Tax Rate³
2021	\$ 38,075,875,096	\$ 4,048,724,118	\$ 630,273,733	\$ 2,855,433,137	\$ 45,610,306,084	0.7122	0.0756-0.2229	0.7415
2020	37,068,818,904	3,829,445,315	607,015,073	2,501,803,406	44,007,082,698	0.7122	0.0786-0.1978	0.7398
2019	30,692,283,357	3,619,859,514	580,268,564	2,469,097,142	37,361,508,577	0.7779	0.0778-0.2080	0.8070
2018	29,641,340,413	3,594,119,882	575,537,361	2,348,224,018	36,159,221,674	0.7679	0.0778-0.1880	0.7987
2017	28,894,972,479	3,483,300,069	565,369,921	2,286,702,778	35,230,345,247	0.7404	0.0778-0.1880	0.7727
2016	26,213,161,494	3,524,686,233	553,248,101	2,163,704,337	32,454,800,165	0.7931	0.0799-0.1779	0.8276
2015	25,730,862,172	3,462,350,676	510,732,429	2,032,233,042	31,736,178,319	0.7931	0.0799-0.1514	0.8073
2014	25,254,108,336	3,300,458,222	489,915,862	2,980,521,352	32,025,003,772	0.7744	0.0600-0.1518	0.8047
2013	24,909,554,030	3,304,053,564	494,110,311	1,739,032,299	30,446,750,204	0.7744	0.0599-0.1524	0.7734
2012	24,580,465,174	3,166,306,877	471,720,126	1,623,871,164	29,842,363,341	0.7459	0.0599-0.2500	0.7745

Notes:

- (1) All taxable property is subject to the County direct rate. Most property in unincorporated areas is subject to one of the seven fire district taxes. The County's property tax is levied each July 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the County except for certain registered motor vehicles which are assessed and collected throughout the year. Assessed valuations are established by the Board of County Commissioners at 100% of estimated market value for real property and 100% of estimated actual value for personal property. Public service company property is certified by the State of North Carolina at 100% of actual value, with no distinction between real and personal property values.
- (2) A revaluation of real property is required by N.C. General Statutes at least every eight years. The last revaluation was occurred on January 1, 2019.
- (3) Per \$100 of assessed value.

DURHAM COUNTY, NORTH CAROLINA

**Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year			Collected within the Fiscal Year of the Levy		Collections in the Subsequent Year	Total Collections to Date	
	(Original Levy)	Adjustments	Total Adjusted Levy	Amount	Percentage of Adjusted Levy		Amount	Percentage of Adjusted Levy
2021	\$ 530,841,726	\$ (23,019)	\$ 530,818,707	\$ 527,954,594	99.46%	\$ -	\$ 527,954,594	99.46%
2020	512,055,634	2,403,140	514,458,774	510,808,652	99.29%	1,179,536	511,988,188	99.52%
2019	469,060,647	1,813,738	470,874,385	469,334,909	99.67%	729,677	470,064,586	99.83%
2018	449,249,843	467,101	449,716,944	448,937,493	99.83%	446,608	449,384,101	99.93%
2017	422,882,431	133,369	423,015,800	422,143,612	99.79%	181,536	422,325,148	99.84%
2016	411,676,610	1,001,471	412,678,081	411,447,291	99.70%	854,574	412,301,865	99.91%
2015	402,438,892	373,436	402,812,328	401,244,673	99.61%	1,181,131	402,425,804	99.90%
2014	387,365,732	267,700	387,633,432	385,068,858	99.34%	1,273,755	386,342,613	99.67%
2013	360,277,056	7,885,151	368,162,207	364,152,559	98.91%	2,669,340	366,821,899	99.64%
2012	353,038,243	3,837,833	356,876,076	352,704,112	98.83%	3,051,031	355,755,143	99.69%

Notes:

(1) Amounts included above for fiscal year 2012 represent taxes in the General Fund and the Agency Funds.

DURHAM COUNTY, NORTH CAROLINA

Property Tax Levies Direct and Overlapping Local Government Jurisdictions Last Ten Fiscal Years

Fiscal Year Ended June 30,	Durham County	Fire Tax Districts						
		Bethesda	Lebanon	Parkwood	Redwood	Eno	New Hope	Bahama
2021	\$ 305,801,999	\$ -	\$ 1,390,263	\$ -	\$ 1,070,454	\$ 34,560	\$ 98,831	\$ 1,486,575
2020	298,377,888	-	1,389,612	-	1,031,514	34,168	98,389	1,650,509
2019	272,768,246	-	1,192,442	-	963,619	33,967	98,190	1,472,816
2018	260,979,012	-	1,184,526	-	917,481	34,105	96,852	1,563,470
2017	245,385,571	-	1,086,554	-	905,668	33,582	95,610	1,490,454
2016	241,808,196	-	1,037,940	-	883,358	30,246	87,109	1,414,475
2015	236,807,235	4,945	1,034,889	1,544,137	864,854	85,484	29,930	1,341,389
2014	234,323,543	2,220,189	1,033,842	1,546,613	733,673	30,882	82,004	802,114
2013	229,802,881	1,760,488	1,075,946	1,522,095	764,284	24,325	76,341	854,020
2012	224,310,246	1,603,344	1,073,640	1,461,650	766,788	24,336	74,677	806,759

Effective July 1, 2011, the County collects Town of Morrisville taxes levied within Durham County. Effective July 1, 2015, Durham County Fire & Rescue replaced both the Bethesda Service and Parkwood Tax Districts.

The following property tax provisions apply to the County of Durham, City of Durham, Town of Chapel Hill, City of Raleigh and Town of Morrisville:

- a. Taxes are due September 1 of each year.
- b. Taxes are considered delinquent on January 6 (lien date) of the subsequent year.
- c. Discount on all County tax levies are at the discretion of the Board of Commissioners.
- d. Penalties are applied to delinquent taxes at the rate of two percent (2%) in January, and 3/4 of 1% per month thereafter until collected or foreclosure proceedings are consummated.
- e. Procedures allowed for collection of delinquent taxes include the use of garnishment, the North Carolina Debt Set Off Program and the sale of taxable property.

RTP Special District	Butner Safety District	Durham County Fire & Rescue	City of Durham	City of Raleigh	Town of Chapel Hill	Town of Morrisville	Total Tax Levies
\$ 1,479,539	\$ -	\$ 4,651,771	\$ 188,128,930	\$ 835,782	\$ 2,978,052	\$ 69,860	\$ 508,026,616
1,133,529	-	4,175,148	182,390,156	1,022,456	2,972,567	78,164	494,354,100
1,068,856	-	4,084,627	163,559,969	854,979	2,569,983	58,432	448,726,126
1,148,704	-	3,670,864	156,293,284	790,433	2,469,665	27,274	429,175,670
1,218,468	-	3,855,057	146,313,199	777,666	2,543,760	29,329	403,734,919
970,743	-	3,932,013	139,621,148	724,895	2,686,409	25,475	393,222,005
760,735	-	-	136,753,317	679,966	2,675,644	46,487	382,633,957
735,854	3	-	132,998,548	623,283	2,689,258	16,747	377,836,553
746,927	315	-	135,132,373	595,878	2,619,338	11,738	374,986,949
696,499	17,059	-	129,390,469	550,646	2,614,275	10,440	363,400,828

DURHAM COUNTY, NORTH CAROLINA

**Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

(rate per \$100 of assessed value)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
County direct rate										
Operating rate	\$ 0.6261	\$ 0.6261	\$ 0.6808	\$ 0.6708	\$ 0.6608	\$ 0.7078	\$ 0.6951	\$ 0.6850	\$ 0.6850	\$ 0.6865
Capital rate	0.0861	0.0861	0.0971	0.0971	0.0796	0.0853	0.0980	0.0894	0.0594	0.0594
Total general fund direct rate	0.7122	0.7122	0.7779	0.7679	0.7404	0.7931	0.7931	0.7744	0.7444	0.7459
Fire district rates	0.0756-0.1449	0.0756-0.1349	0.0778-0.1451	0.0778-0.1344	0.0778-0.1344	0.0799-0.1386	0.0799-0.1386	0.0600-0.1300	0.0599-0.1150	0.0599-0.1125
Other special district rates	0.0000-0.2229	0.0000-0.1978	0.0000-0.2080	0.0000-0.1880	0.0000-0.1880	0.000-0.1779	0.1514-0.1729	0.1518-0.1668	0.1374-0.1524	0.1474-0.2500
Municipality Rates										
City of Durham	0.5317	0.5317	0.5786	0.5786	0.5607	0.5912	0.5912	0.5675	0.5675	0.5575
City of Durham BID	0.6017	0.6017	0.6486	0.6486	0.6307	0.6612	0.6612	0.6375	0.6375	0.0000
Town of Chapel Hill	0.5440	0.5440	0.5280	0.5080	0.5240	0.5240	0.5240	0.5140	0.4940	0.4940
City of Raleigh	0.3552	0.4382	0.4382	0.4253	0.4183	0.4210	0.4038	0.3826	0.3826	0.3735
Town of Morrisville	0.3600	0.3900	0.3900	0.3900	0.3900	0.4100	0.3900	0.3900	0.3665	0.3665

Notes:

- (1) All taxable property is subject to the County direct rate. Most property in unincorporated areas is also subject to one of the seven fire district taxes.
- (2) A revaluation of real property is required by N. C. General Statutes at least every eight years. Revaluation of taxable property affecting these financial statements occurred on January 1, 2019.

DEBT CAPACITY INFORMATION

Ratio of Net Bonded Debt to Assessed Value and Net Bonded Debt Per Capita

This information is presented for the last 10 fiscal years and includes population, taxable property assessed value, debt limit, gross bonded debt, net bonded debt, ratio of net bonded debt to taxable property assessed value and the net bonded debt per capita.

Legal Debt Margin Information

This schedule presents the computation of the legal debt margin and the total debt applicable to limit as a percentage of debt limit for the last 10 fiscal years.

Direct and Overlapping Governmental Activities Debt

This schedule presents the direct and overlapping debt for the County and the municipalities within the County as of fiscal year end.

Ratio of Annual Debt Service for Bonded Debt to Total General Government Expenditures

This schedule presents the debt service expenditures, general governmental expenditures and the ratio of total debt service to general governmental expenditures for the last 10 fiscal years.

Ratios of General Bonded Debt Outstanding

This schedule presents the general bonded debt outstanding, the percentage of actual taxable value of property and per capita for the last 10 fiscal years.

Ratios of Outstanding Debt by Type

This schedule presents a summary of outstanding debt by type and the percentage of personal income and per capita for the last 10 fiscal years.

DURHAM COUNTY, NORTH CAROLINA

Ratio of Net Bonded Debt to Assessed Value and Net Bonded Debt Per Capita Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population Estimate (1)		Taxable Property Assessed Value	Debt Limit	Gross Bonded Debt	Net Bonded Debt	Ratio of Net Bonded Debt to Taxable Property Assessed Value	Net Bonded Debt Per Capita
2012	275,960	(1)	\$ 29,842,363,341	\$ 2,387,389,067	\$ 298,585,000	\$ 298,585,000	1.00	1,082
2013	277,588	(1)	30,446,750,204	2,435,740,016	273,900,000	273,900,000	0.90	987
2014	284,437	(1)	32,025,003,772	2,562,000,302	295,905,000	295,905,000	0.92	1,040
2015	290,874	(1)	31,736,178,319	2,538,894,266	270,905,000	270,905,000	0.85	931
2016	293,647	(1)	32,454,800,165	2,596,384,013	243,775,000	243,775,000	0.75	830
2017	301,243	(1)	35,230,345,247	2,818,246,797	288,086,321	288,086,321	0.82	956
2018	308,194	(1)	36,159,221,674	2,892,737,734	258,989,288	258,989,288	0.72	840
2019	320,639	(1)	37,361,508,577	2,988,920,686	280,732,596	280,732,596	0.75	876
2020	331,807	(1)	44,007,086,698	3,520,566,616	249,550,771	249,550,771	0.57	752
2021	321,488	(2)	45,610,306,084	3,648,824,487	287,420,103	287,420,103	0.63	894

NOTES:

- 1. (1) Estimate from Durham City/County Planning Department.
- 2. (2) Estimate from U.S. Census Bureau, Population Estimates, last updated 2019.

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DURHAM COUNTY, NORTH CAROLINA

Legal Debt Margin Information Last Ten Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assessed Value of Property	\$ 45,610,306,084	\$ 44,007,082,698	\$ 37,361,508,577	\$ 36,159,211,674
Debt Limit, 8% of Assessed Value (Statutory Limitation)	3,648,824,487	3,520,566,616	2,988,920,686	2,892,737,734
Amount of Debt Applicable to Limit General Obligation Bonds	251,045,000	218,045,000	245,470,000	226,455,000
Less: Resources Restricted to Paying Principal	-	-	-	-
Total net debt applicable to limit	<u>251,045,000</u>	<u>218,045,000</u>	<u>245,470,000</u>	<u>226,455,000</u>
Legal Debt Margin	<u>\$ 3,397,779,487</u>	<u>\$ 3,302,521,616</u>	<u>\$ 2,743,450,686</u>	<u>\$ 2,666,282,734</u>
Total net debt applicable to limit as a percentage of debt limit	<u>6.88%</u>	<u>6.19%</u>	<u>8.21%</u>	<u>7.83%</u>

Note: The County is subject to the Local Government Bond Act of North Carolina which limits the amount of net bonded debt the County may have outstanding to 8 percent of the appraised value of property subject to taxation. The legal debt margin is the difference between the debt limit and the County's net debt outstanding applicable to the limit, and represents the County's legal borrowing authority.

2017	2016	2015	2014	2013	2012
\$ 35,230,345,247	\$ 32,454,800,165	\$ 31,736,178,319	\$ 32,025,003,772	\$ 30,446,750,204	\$ 29,842,363,341
2,818,427,620	2,596,384,013	2,538,894,266	2,562,000,302	2,435,740,016	2,387,389,067
252,270,000	243,775,000	270,905,000	295,905,000	273,900,000	298,585,000
-	-	-	-	-	-
<u>252,270,000</u>	<u>243,775,000</u>	<u>270,905,000</u>	<u>295,905,000</u>	<u>273,900,000</u>	<u>298,585,000</u>
<u>\$ 2,566,157,620</u>	<u>\$ 2,352,609,013</u>	<u>\$ 2,267,989,266</u>	<u>\$ 2,266,095,302</u>	<u>\$ 2,161,840,016</u>	<u>\$ 2,088,804,067</u>
<u>8.95%</u>	<u>9.39%</u>	<u>10.67%</u>	<u>11.55%</u>	<u>11.25%</u>	<u>12.51%</u>

DURHAM COUNTY, NORTH CAROLINA

Direct and Overlapping Governmental Activities Debt As of June 30, 2021

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Municipality:			
City of Durham	\$ 200,495,304	100%	\$ 200,495,304
Town of Chapel Hill	38,559,000	0%	-
City of Raleigh	961,297,234	0%	-
Overlapping debt	<u>1,200,351,538</u>		<u>200,495,304</u>
Direct debt	552,839,985		552,839,985
Total direct and overlapping debt	<u><u>\$ 1,753,191,523</u></u>		<u><u>\$ 753,335,289</u></u>

Source: Overlapping debt provided by each municipality.

Note: Percentage of overlap based on assessed property values.

DURHAM COUNTY, NORTH CAROLINA

**RATIO OF ANNUAL DEBT SERVICE FOR DEBT TO TOTAL
EXPENDITURES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	DEBT SERVICE EXPENDITURES					RATIO OF TOTAL DEBT SERVICE TO TOTAL GOVERNMENTAL EXPENDITURES
	PRINCIPAL	INTEREST AND FISCAL CHARGES	OTHER EXPENDITURES	TOTAL DEBT SERVICE EXPENDITURES	TOTAL GOVERNMENTAL EXPENDITURES	
2021	\$ 43,574,785	\$ 18,337,916	\$ 619,803	\$ 62,532,504	\$ 583,608,636	10.71%
2020	41,300,728	19,709,824	65,089	61,075,641	537,939,362	11.35%
2019	36,131,116	20,122,333	701,235	56,954,684	522,692,535	10.90%
2018	37,322,892	19,606,512	247	56,929,651	504,661,128	11.28%
2017	37,427,611	18,653,456	617,443	56,698,510	480,074,049	11.81%
2016	35,596,413	20,599,097	741,165	56,936,675	446,935,402	12.74%
2015	36,159,495	22,573,434	7,300	58,740,229	427,775,715	13.73%
2014	34,261,816	23,354,161	644,769	58,260,746	435,141,587	13.39%
2013	34,520,922	19,468,651	818,130	54,807,703	460,726,131	11.90%
2012	109,738,119	17,434,904	1,115,755	128,288,778	562,551,859	22.80%

DURHAM COUNTY, NORTH CAROLINA

Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property¹	Per Capita²
2021	\$ 287,420,103	0.63%	\$ 894.03
2020	249,550,771	0.57%	752.10
2019	280,732,596	0.75%	875.54
2018	258,989,288	0.72%	840.35
2017	288,086,321	0.82%	956.33
2016	243,775,000	0.75%	830.16
2015	270,905,000	0.85%	931.35
2014	295,905,000	0.96%	1,040.32
2013	273,900,000	0.90%	986.71
2012	298,585,000	1.00%	1,081.99

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule of Assessed Value and Actual Value of Taxable Property for property assessed/actual value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

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DURHAM COUNTY, NORTH CAROLINA

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Governmental Activities					
Fiscal Year	General Obligation Bonds	Certificates of Participation	Limited Obligation Bonds	Installment Purchases	Total Governmental Activities
2021	\$ 287,420,103	\$ -	\$ 242,556,522	\$ 22,863,360	\$ 552,839,985
2020	249,550,771	-	259,395,917	57,631,500	566,578,188
2019	280,732,596	-	244,550,606	27,129,118	552,412,320
2018	258,989,288	3,090,000	192,669,181	70,310,694	525,059,163
2017	288,086,321	6,185,000	200,709,554	22,160,638	517,141,513
2016	271,397,457	9,280,000	208,754,927	29,409,748	518,842,132
2015	295,033,765	49,470,000	174,556,822	21,213,474	540,274,061
2014	321,259,230	52,565,000	182,118,853	13,321,654	569,264,737
2013	293,099,857	55,660,000	189,366,572	43,123,317	581,249,746
2012	309,594,156	146,886,804	67,752,814	17,613,939	541,847,713

Notes: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule for demographic and economic statistics for personal income and population data.

Business-Type Activities

General Obligation Bonds	Refunding Revenue Bonds	State Revolving Loans	Total Business-Type Activities	Total Primary Government	Percentage of Personal Income¹	Per Capita¹
\$ -	\$ 5,341,492	\$ 7,914,843	\$ 13,256,335	\$ 566,096,320	2.94%	\$1,760.86
-	6,158,379	8,585,989	14,744,368	581,322,556	3.62%	1,751.99
-	6,955,266	9,257,134	16,212,400	568,624,720	3.82%	1,773.41
-	7,732,153	9,928,280	17,660,433	542,719,596	3.86%	1,760.97
-	8,489,040	10,599,426	19,088,466	536,229,979	4.00%	1,780.06
32,343	9,294,315	11,270,571	20,597,229	539,439,361	4.28%	1,837.03
604,728	10,084,590	11,941,717	22,631,035	562,905,096	4.72%	1,935.22
1,304,131	10,854,865	12,612,864	24,771,860	594,036,597	5.19%	2,088.46
2,357,603	11,268,200	13,408,267	27,034,070	608,283,816	5.76%	2,191.32
2,911,318	14,315,087	-	17,226,405	559,074,118	5.49%	2,025.92

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OPERATING INFORMATION

Full-time Equivalent County Government Employees by Function

The County is required to present the number of employees by each function for the last 10 fiscal years.

Operating Indicators by Function

This schedule shows various operating indicators of the County by function for the last 10 fiscal years.

Capital Asset Statistics by Function

This schedule shows various capital assets statistics by function for the last 10 fiscal years.

DURHAM COUNTY, NORTH CAROLINA

Full-time Equivalent County Government Employees by Function Last Ten Fiscal Years

<u>Function/Program</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
General government	328	314	332	342	287
Public safety*	761.92	680	803	814	717
Economic and physical development*	24.76	37	39	17	34
Environmental protection	42	20	22	18	15
Human services*	796.55	657	772	775	672
Cultural and recreational*	147.91	106	106	110	106
Utilities	29	23	27	27	21
Total	<u>2,130</u>	<u>1,837</u>	<u>2,101</u>	<u>2,103</u>	<u>1,852</u>

*Public safety, Economic and physical development, Cultural and recreational, and Human services have part-time employees and grant funded positions.

Source: Durham County Budget and Management Services

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
267	263	258	264	253
687	696	673	644	616
29	32	29	30	30
21	20	19	16	16
639	628	624	610	700
100	106	104	105	105
20	20	20	21	21
<u>1,763</u>	<u>1,765</u>	<u>1,727</u>	<u>1,690</u>	<u>1,741</u>

DURHAM COUNTY, NORTH CAROLINA

**Operating Indicators By Function
Last Ten Fiscal Years**

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Administration										
Registered voters ⁵	227,934	222,647	218,123	223,921	210,644	233,602	210,644	201,880	199,756	195,050
Taxable real estate parcels ⁵	112,111	110,241	111,154	110,839	108,026	105,588	103,976	104,350	103,757	102,556
Tax bills ^{6*}	153,465	158,571	159,805	147,264	146,332	144,540	146,193	143,659	377,327	317,556
Human Services										
Adult care home residents served through on-site inspections ⁷	1,077	1,037	1,050	1,069	997	982	994	941	885	875
Persons testing for HIV/STD ⁸	11,748	11,813	19,791	20,378	22,412	22,532	37,280	38,482	52,251	43,265
Food assistance individuals ⁷	43,200	37,858	34,708	37,430	30,853	40,358	43,745	43,289	49,281	44,238
Education										
Students attending public school ¹	31,603	32,928	32,448	32,374	33,151	33,501	33,626	33,295	32,484	32,671
Public school teachers ¹	2,512	2,512	2,426	2,393	2,267	2,416	2,329	2,318	2,247	2,300
Community college students-average semester ²	10,092	6,213	8,919	12,898	10,819	19,027	22,341	20,470	22,974	24,416
Community college faculty ²	449	356	347	355	355	355	333	328	322	337
Community Development and Cultural⁴										
Residential permits issued **	2,247	2,050	2,233	2,152	1,726	1,927	1,426	1,270	1,141	856
Commercial permits issued **	117	103	98	101	155	158	132	135	83	109
Building permits - additional, alterations **	3,383	3,006	2,749	2,959	2,666	2,592	2,451	2,320	2,362	2,533
Inspections performed	31,949	32,882	33,884	43,292	43,031	38,946	38,481	38,801	31,589	27,635
Environmental Services										
Animal control service calls ⁹	10,574	9,747	12,670	10,967	12,191	12,889	12,568	11,859	11,111	15,682
Animals impounded ⁹	1,454	1,223	3,659	2,087	2,516	2,869	2,166	3,025	3,361	6,315
Sanitation inspections ⁸	5,132	4,348	3,643	3,343	3,149	3,327	6,146	7,243	5,841	7,040
Public Safety										
Detention intake ¹⁰	4,442	7,626	7,513	8,417	7,558	11,013	11,838	11,967	12,350	12,457
Civil processes served ¹⁰	10,702	13,497	18,477	24,755	20,505	33,147	26,407	28,482	35,842	33,181
Pistol permits processed ¹⁰	7,644	7,066	3,514	3,136	2,108	3,266	2,486	1,446	1,715	1,938
Average daily jail population ¹⁰	320	356	426	498	472	481	520	521	560	551
Fire/medical incidents responded to by contracting fire departments ¹¹	2,499	3,391	3,531	3,320	2,025	2,587	4,544	9,152	11,096	11,870
Durham EMS incidents ³	51,546	47,496	47,494	48,547	46,934	44,222	44,388	32,882	28,337	27,742

* Includes only those bills that were billed and to be collected, excludes corrected bills.

** Community Development and Cultural permits are for the complete previous calendar year ending during each fiscal year.

(1) Durham County Public Schools (month-one enrollment).

(2) Durham Technical Community College.

(3) Durham County Emergency Management Department.

(4) Durham City/County Planning Department.

(5) Durham County Board of Elections.

(6) Durham County Tax Department.

(7) Durham County Department of Social Services.

(8) Durham County Public Health Department.

(9) Durham County Animal Control.

(10) Durham County Sheriff Department.

(11) Durham County took over the EMS program from Parkwood, fiscal year 2015, this would reduce Parkwood's medical incident responses.

Durham County EMS implemented a new response continuum that cut Fire Department first responder units from "Alpha" and "Bravo" calls – calls triaged as minor and not needing fire responses. As of fiscal year 2016, there are three contracting fire departments; two of the original five departments are now Durham County Fire & Rescue.

DURHAM COUNTY, NORTH CAROLINA

Capital Asset Statistics by Function Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government¹										
Rentable square footage	754,777	749,361	749,361	762,932	762,932	762,932	767,652	767,652	767,652	766,682
Human Services²										
Number of centers	1	2	2	2	2	2	2	2	4	4
Education³										
Number of schools	53	53	53	53	54	54	54	56	56	56
Number of higher education institutions	4	4	4	4	4	4	4	4	4	4
Community Development and Cultural										
Libraries - branches ⁴	7	7	7	7	7	7	7	7	8	8
Volume of library books ⁴	659,658	677,747	716,746	682,379	670,695	692,526	694,145	704,947	698,715	704,093
Number of County parks ¹	2	2	2	2	2	2	2	2	2	2
Public Safety										
Sheriff - Stations ⁵	5	5	5	5	5	5	5	5	5	5
Detention capacity ⁵	736	736	736	736	736	736	736	736	736	736
Fire protection - City Stations ⁶	17	17	17	17	16	16	16	16	16	16
Fire protection - Volunteer Stations ⁶	12	12	12	12	12	12	12	12	12	12
EMS - Stations ⁷	10	10	10	10	9	9	12	11	9	6

(1) Durham County Open Space Department

(2) Durham County Public Health and Social Services Departments

(3) Durham Public Schools

(4) Durham County Public Library

(5) Durham County Sheriff's Department

(6) Durham County Fire Department

(7) Durham County Emergency Medical Services

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DEMOGRAPHIC & ECONOMIC INFORMATION

Property Value and Construction

This information is presented for the last 10 fiscal years and includes the building value of permits issued and the total assessed valuation.

Demographic and Economic Statistics

This information is presented for the last 10 fiscal years and includes population, personal income for the County, school enrollment and the unemployment rate.

Principal Employers

This schedule presents the 10 largest employers, including the number of employees located inside the County boundaries. This is shown for the current year and nine years ago.

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DURHAM COUNTY, NORTH CAROLINA

Property Value and Construction Last Ten Fiscal Years

Fiscal Year Ended June 30,	Building Value of Permits Issued (1)	Assessed Valuation (2)
2021	\$ 2,226,258,272	\$ 45,610,306,084
2020	1,905,432,972	44,007,082,698
2019	1,884,975,303	37,361,508,577
2018	1,347,736,663	36,159,221,674
2017	1,501,331,982	35,230,345,247
2016	1,194,358,281	32,454,800,165
2015	1,117,161,089	31,736,178,319
2014	1,107,015,215	30,796,658,950
2013	912,531,665	30,444,978,195
2012	782,358,521	29,842,363,341

NOTES:

(1) Source: City of Durham/Durham County Inspections Department.

(2) Last revaluation of taxable property occurred on January 1, 2019.

DURHAM COUNTY, NORTH CAROLINA

Demographic and Economic Statistics Last Ten Years

<u>Year</u>	<u>Population Estimates¹</u>	<u>Personal Income² (thousands of dollars)</u>	<u>Per Capita Personal Income³</u>	<u>School Enrollment⁴</u>	<u>Unemployment Rate⁵</u>
2021	321,488	\$ 16,624,991	\$ 51,713	31,603	4.30%
2020	331,807	*	*	32,928	7.60%
2019	320,639	*	*	32,343	4.00%
2018	308,941	16,058,004	50,698	32,629	3.80%
2017	301,243	14,904,230	47,825	32,907	3.80%
2016	293,647	14,064,619	45,931	33,144	4.70%
2015	290,874	13,394,612	44,507	33,626	5.40%
2014	284,437	12,611,613	42,830	33,296	5.30%
2013	277,588	11,921,155	41,376	32,484	7.60%
2012	275,960	11,454,941	40,963	32,671	8.20%

* Information was not available in prior audit years and not updated.

(1) U.S. Census Bureau, Population Estimates, last updated 2019.

(2) All personal income data are estimates for the calendar year ended in each fiscal year are provided by Bureau of Economic Analysis, last updated 2019.

(3) All per capita income data is for the calendar year ended in each fiscal year.

2011-2018 is actual per capita income provided by Bureau of Economic Analysis, last update November 14, 2019.

(4) Durham County Public Schools

(5) North Carolina Department of Commerce.

DURHAM COUNTY, NORTH CAROLINA

Principal Employers Current Year and Nine Years Ago

Employer	2021			2012		
	Employees ¹	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Duke University & Health System	43,108	1	27.96%	34,366	1	18.93%
International Business Machines (IBM)	8,000	2	5.19%	10,000	2	5.51%
Durham Public Schools	7,696	3	4.99%	4,600	3	2.53%
Cisco	5,000	4	3.24%			0.00%
Blue Cross and Blue Shield North Carolina	3,930	5	2.55%	2,401	5	1.32%
Fidelity Investments	3,900	6	2.53%	2,200	9	1.21%
US Department of Veterans Affairs	3,900	7	2.53%	2,162	10	1.19%
Pfizer	3,620	8	2.35%			
IQVIA (formerly Quintiles)	2,700	9	1.75%			
Wolfspeed	2,500	10	1.62%			
GlaxoSmithKline				3,700	4	2.04%
Durham City Government				2,401	6	1.32%
Cree, Inc.				2,304	7	1.27%
Research Triangle Institute (RTI)				2,300	8	1.27%
	<u>84,354</u>		<u>54.71%</u>	<u>66,434</u>		<u>36.59%</u>

Source: Durham Chamber of Commerce and Bureau of Labor Statistics

¹As of fiscal year-ended 202, the Durham Chamber of Commerce (DCC) no longer provides exact employment numbers for principal employers. Instead, DCC provides significantly more rounded employment numbers gathered from a number of different sources.

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**COMPLIANCE SECTION
(TAB)**

Report of Independent Auditor on the Revenue Bond Covenant Compliance

Board of County Commissioners
Durham County, North Carolina
Durham, North Carolina

Report on the Schedule

We have audited the accompanying schedule of debt covenant compliance (the “Schedule”) of Durham County, North Carolina (the “County”), as of and for the year ended June 30, 2021; as defined in the Series 2003 Revenue Bonds official statement for the Trust Agreement dated December 1, 2002 with First-Citizens Bank & Trust Company.

Management’s Responsibility for the Schedule

Management is responsible for the preparation and fair presentation of this Schedule in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County’s preparation and fair presentation of the Schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Schedule referred to above is presented fairly, in all material respects as, described in the Trust Agreement referred to in the first paragraph, of the County as of and for the year ended June 30, 2021, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2022 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Restricted Use

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Cheryl Berkant" followed by a stylized flourish.

Raleigh, North Carolina
January 27, 2022

DURHAM COUNTY, NORTH CAROLINA

**Schedule of Debt Covenant Compliance
Year Ended June 30, 2021**

	Enterprise Fund Sewer Utility Fund
Operating revenues	
Charges for services	\$ 10,820,804
Total operating revenues	<u>10,820,804</u>
 Operating expenses	
Personnel services	2,526,584
Utilities	524,078
Maintenance and other	3,220,890
Depreciation	3,246,004
Total operating expenses	<u>9,517,556</u>
 Operating income (loss)	 <u>1,303,248</u>
 Add:	
Depreciation expense	3,246,004
Contributions to pension plan in current fiscal year	(155,098)
Pension expense	257,467
	<u>257,467</u>
 Income available for debt service	 <u>\$ 4,651,621</u>
 Fiscal year revenue bond debt payments	 \$ 931,661
Fiscal year total debt payments	\$ 1,793,416
 Senior lien debt service coverage	 4.99
Total debt service coverage	2.59
 Series 2003 Revenue Bond Covenant Requirement	
Senior lien debt service coverage	1.20
Total debt service coverage	1.00



Acknowledgments

The preparation of the annual financial report was made possible by the dedicated service of the entire staff of the Finance Department. The audit process was effectively managed by Susan F. Tezai, CPA, Chief Financial Officer.

Additional support in the audit process and related accounting activities was provided by:

Crystally Wright, Deputy Chief Financial Officer

Stephano Claude, Executive Accountant

Tonia Hernandez, Financial System Manager

Chrystal Thomas, Accounts Payable Manager

Keri Carnes, Senior Accountant

Jennifer Shonebarger, Asst. Chief Financial Officer

Jose Rivera, Accountant

Shonda Harrell, Payroll Analyst

Nettie Bruton, Payroll Analyst

Yolanda Deaver, CPA, MBA, Contractor

