



Quarterly Budget Report

First Quarter of Fiscal Year 2024-25



OVERVIEW

The accompanying tables summarize the recognized revenues and expenditures for Durham County's General Fund, Capital Improvement Fund, and Reappraisal Reserve Fund through September 30, 2024. Please note that 4-year first quarter averages have been provided for comparison. These averages reflect what was reported in the first quarter report for the four preceding fiscal years.

A dashboard representation of first quarter budgets is provided as a convenient way to monitor the progress of FY 2024-25 revenues and expenditures. The dashboard uses a "traffic light" indicator to represent where agency revenues and expenditures are in comparison to a 4-year first quarter average. The indicator, if red, is not a cause for concern, but rather an indicator of an area that merits a second look. For all "red light" indicators an overview of the cause is provided.

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

REVENUE SUMMARY

Through September 30, 2024, the County collected \$90,713,180 or 11.73% of the budgeted General Fund, Capital Improvement Fund, and Reappraisal Reserve Fund revenue. Two of the most significant revenues in these funds, property tax and sales tax revenue collections, traditionally are not received in significant amounts until the second quarter of the fiscal year.

Current year property tax collection, the largest single revenue source for Durham County, is pacing above the 1st Quarter 4-year average (12.08% collected, vs 7.46% respectively). This higher-than-average collection compared to the 4-year average is largely due to lower than average collections last year which lowers the 4 year average percentage. Overall, the largest revenue source for the General Fund is on a healthy pace to meet expected budget. Vehicle property tax collection is within bounds of the 4-year average. Overall trending for this largest revenue source is stable and positive. Second and third quarters will give more perspective on the property tax collection rates.

Sales tax collection is within the normal trending bounds, but overall FY 2024-25 Durham County sales tax collection growth is slowing. It is too early to say with any trending support that sales tax revenue collection will meet budget, but budgeted amounts are conservative, and early indications are that sale tax revenue collection should meet or exceed budget estimates.

However, the first two months of sales tax gross collections for Durham County are trending significantly lower than the same two months of previous years. In fact, Durham County gross sales tax collection is almost 5% last year's collection for the same two months. The only thing keeping actual sales tax revenue collection on track for the County are much lower refunds.

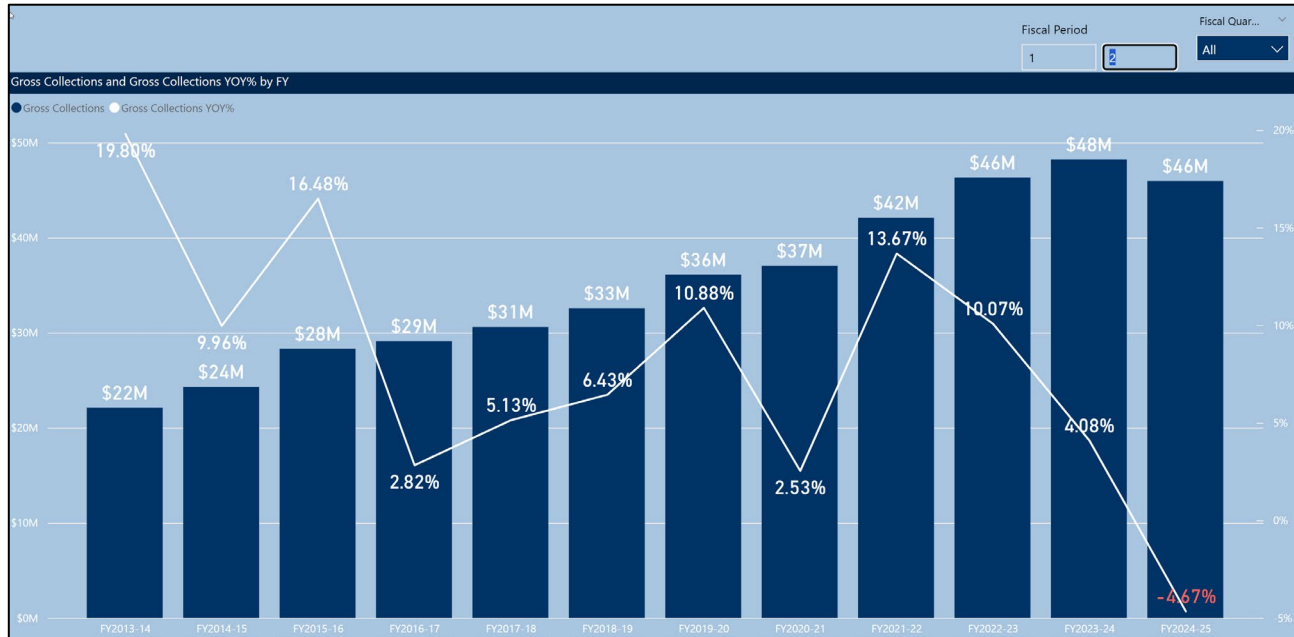


Quarterly Budget Report

First Quarter of Fiscal Year 2024-25



Ultimately, it is worrisome that sales tax revenue growth continues to slow, as it is the second largest revenue for the General Fund and Capital Finance Plan Fund. More monthly data is needed before generalizations about the current fiscal year actual collections and next year budget predictions can be made. The Budget Office will be keeping a very close eye on this trend.





Quarterly Budget Report

First Quarter of Fiscal Year 2024-25



Key Revenues	Current Budget	Revenues End of Qtr.	% Revenues	4 Prior Year Qtr. Average	Status of Revenues
ABC Net Profit Distribution	\$2,750,000	\$835,773	30.39%	7.41%	●
Article 39 (1 Cent)	\$34,452,409	\$4,614,905	13.40%	7.45%	●
Article 40 (1/2 Cent)	\$24,088,341	\$2,134,380	8.86%	8.08%	●
Article 42 (1/2 Cent)	\$26,633,596	\$2,986,624	11.21%	7.78%	●
Article 44 (1/2 Cent)		\$62	0.00%	0.00%	●
Article 46 (1/2 Cent)	\$23,600,744	\$2,694,929	11.42%	7.89%	●
City Sales Tax ILA	\$22,471,994	\$0	0.00%	16.42%	●
Deed Registration and Transfer Fees	\$6,000,000	\$1,436,538	23.94%	26.50%	●
Duke EMS Support - Comm. Health Fund	\$3,085,153	\$3,106,526	100.69%	89.31%	●
EMS Patient Fees	\$17,834,968	\$3,473,598	19.48%	24.81%	●
Fund Balance Appropriated	\$26,574,905	\$0	0.00%	0.00%	●
Intergovernmental Items	\$61,386,197	\$11,240,848	18.31%	23.02%	●
Investment Revenue	\$5,500,000	\$0	0.00%	38.76%	●
Local Occupancy Tax (General Fund)	\$4,425,000	\$1,125,551	25.44%	22.18%	●
Local Occupancy Tax (NCMLS)	\$500,000	\$23,310	4.66%	0.00%	●
Other General Funds Revenues	\$7,419,027	\$1,025,106	13.82%	26.14%	●
Property Tax (All Except Vehicle)	\$399,809,201	\$48,277,871	12.08%	7.46%	●
Property Tax (Vehicles Only)	\$26,302,192	\$4,927,037	18.73%	19.95%	●
Property Tax Collection Fees	\$2,264,400	\$276,522	12.21%	7.45%	●
Sheriff Fees	\$500,000	\$138,994	27.80%	19.65%	●
Solid Waste Management Fee Co	\$2,399,416	\$437,536	18.24%	11.41%	●
State Hold Harmless Funds	\$9,000,000	\$1,957,070	21.75%	10.64%	●
Transfers From Other Funds	\$66,417,651	\$0	0.00%	0.39%	●
Total	\$773,415,194	\$90,713,180	11.73%	9.88%	●

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

Key revenue items with red indicator include:

- **City Sales Tax ILA:** Revenue has not been received from the City at the time of this report.
- **Investment Revenue:** First quarter revenue has not been posted.
- **Other General Funds Revenues:** A large ARPA interest deposit (\$448K) was received in Quarter 1 of FY 2023-24. There was no budget for this in that fiscal year, so it artificially increased the percent collected for the prior year average significantly. With knowledge of this revenue source, in FY 2024-25 there is a budget for this item (\$732K) with a relatively



Quarterly Budget Report

First Quarter of Fiscal Year 2024-25



small amount of funds deposited through Quarter 1 (\$98K). This discrepancy is the cause of the warning, and does not indicate a need for concern.

- **Transfers from Other Funds:** Transfers from other funds is lagging behind the 4 prior year quarter average, but first quarter collections are typically negligible. Additional transfer revenue should be reflected in subsequent quarters as those other funds collect revenue to transfer.



Quarterly Budget Report

First Quarter of Fiscal Year 2024-25



REVENUE SUMMARY

Revenues by Department	Current Budget	Revenues End of Qtr.	% Revenues	4 Prior Year Qtr. Average	Status of Revenues
Board Of County Commissioners		\$0	0.00%	0.00%	●
County Administration		\$0	0.00%	0.48%	●
Finance	\$176,509,775	\$15,330,207	8.69%	8.05%	●
Tax Administration	\$434,879,793	\$54,988,381	12.64%	8.38%	●
Legal	\$1,000	\$0	0.00%	0.00%	●
Elections	\$200	\$1,393	696.54%	-3.43%	●
Register Of Deeds	\$6,165,225	\$1,475,511	23.93%	26.40%	●
General Services	\$2,992,808	\$565,728	18.90%	13.52%	●
Human Resources	\$15,000	\$0	0.00%	9.02%	●
Veterans Services	\$2,000	\$0	0.00%	0.00%	●
County Sheriff	\$3,493,919	\$436,557	12.49%	20.21%	●
Emergency Communications		\$0	0.00%	0.00%	●
Office of Emergency Services	\$21,858,808	\$6,726,385	30.77%	35.81%	●
Justice Services Department	\$1,722,603	\$336,180	19.52%	10.91%	●
Youth Home	\$1,170,675	\$6,767	0.58%	9.39%	●
Other Transportation	\$4,189,683	\$209,583	5.00%	4.52%	●
Engineering & Environ Svcs	\$2,112,850	\$63,295	3.00%	13.74%	●
Public Information		\$770	0.00%	0.00%	●
Planning		\$0	0.00%	0.00%	●
Cooperative Extension Service	\$542,889	\$58,852	10.84%	8.89%	●
Soil And Water Conservation	\$29,788	\$0	0.00%	0.00%	●
Economic Development	\$66,053	\$0	0.00%	109.60%	●
Public Health	\$10,722,715	\$2,165,096	20.19%	15.63%	●
Social Services	\$38,545,305	\$8,192,233	21.25%	29.09%	●
Comm-Bd Interv And Supp Serv	\$1,175,920	\$32,503	2.76%	19.97%	●
Other Human Services		\$0	0.00%	39.21%	●
Community Colleges		\$24,670	0.00%	0.00%	●
Other Education		\$0	0.00%	100.00%	●
Library	\$800,534	\$99,071	12.38%	14.45%	●
Nondepartmental	\$66,417,651	\$0	0.00%	0.39%	●
Total	\$773,415,194	\$90,713,180	11.73%	9.88%	

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



Quarterly Budget Report

First Quarter of Fiscal Year 2024-25



Agency specific REVENUE items with red indicator include:

- **Elections:** In FY 2020-21, the Board of Elections received a grant from The Center for Tech and Civic Life to assist with costs associated with holding an election in the middle of the COVID-19 pandemic. Any grant dollars not expended by the end of FY 2020-21 were to be returned to the organization. This resulted in a negative revenue figure in FY 2021-22, which affects the entire 4-year same quarter average. It is not a cause for concern related to Election's projected revenue collection by the end of the fiscal year.
- **Human Resources:** Revenues received in this department are for the Employee appreciation program and are funded with County vending machine income. Due to less employees working in Durham County facilities utilization of vending machines is decreasing. Revenue projections will be reviewed and adjusted in the coming fiscal year relative to expected work trends.
- **County Sheriff:** Federal Prisoner fee revenue is decreasing as a result of federal prisoners being remanded to jurisdictions that are in close proximity to the federal courthouse where their cases are held. Additionally, those revenues for federal prisoners' fees were deposited into the incorrect bank account. The Office with working with their federal equity sharing coordinator to resolve the banking issue.
- **Youth Home:** There was a journal entry error with the department Supply Chain Grant revenue. The department is working with the Finance department to correct the journal entry.
- **Engineering & Environmental Services:** The Engineering & Environmental Services revenue budget is largely comprised of a \$1.5M Sustainability Division grant from the United States Department of Energy's Energy Efficiency and Conservation Block Grant Competitive Program. The division received the grant in mid-September 2024 and has not yet filed for any reimbursable grant expenses. The division will use the funding to create and implement the Energy Burden and Emissions Reduction Program, which funds energy efficiency retrofits and limited home repair on low-to-moderate income households in Durham, Orange and Granville Counties over a three-year period. The Budget Office will work with Sustainability to track this revenue over the fiscal year.
- **Economic Development:** Economic Development receives monthly repayments of loans that were offered to small businesses impacted by the pandemic. The joint City-County program offered 10-year loans, and Economic Development began receiving loan repayments last fiscal year. This year, Economic Development has received \$10,823.34 in loan repayments, but the amount has not yet been posted to SAP.
- **Community Intervention and Support Services (CISS):** First quarter revenues for the Interlocal Agreement with the City of Durham have not been posted.
- **Nondepartmental:** See explanation given above for "Transfers from Other Funds."



Quarterly Budget Report

First Quarter of Fiscal Year 2024-25



EXPENDITURE SUMMARY

Expenses by Department	Current Budget	Expenses and Encumbrances End of Qtr.	% Expenses and Encumbrances	4 Prior Year Qtr. Average	Status of Expenses
Board Of County Commissioners	\$1,203,020	\$389,074	32.34%	32.97%	●
County Administration	\$7,402,230	\$1,643,493	22.20%	29.30%	●
Finance	\$4,774,009	\$1,337,132	28.01%	29.57%	●
Tax Administration	\$8,299,973	\$2,313,939	27.88%	31.54%	●
Legal	\$3,632,529	\$859,831	23.67%	25.69%	●
Court Facilities	\$602,790	\$530,101	87.94%	83.04%	●
Elections	\$3,378,633	\$1,195,045	35.37%	33.10%	●
Register Of Deeds	\$2,344,386	\$652,446	27.83%	30.27%	●
General Services	\$24,006,619	\$12,001,337	49.99%	47.45%	●
Information Technology	\$19,638,676	\$7,539,705	38.39%	31.70%	●
Human Resources	\$3,786,684	\$1,027,748	27.14%	26.39%	●
Budget & Management Services	\$1,029,863	\$250,879	24.36%	25.84%	●
Veterans Services	\$686,670	\$178,367	25.98%	25.79%	●
Geographic Information Systems	\$535,488			12.67%	
County Sheriff	\$51,220,561	\$16,132,072	31.50%	32.45%	●
Emergency Communications	\$1,805,077	\$403,222	22.34%	26.58%	●
Office of Emergency Services	\$25,972,431	\$8,524,841	32.82%	31.90%	●
Medical Examiner	\$505,550	\$72,450	14.33%	29.36%	●
Justice Services Department	\$7,534,192	\$1,943,871	25.80%	27.00%	●
Youth Home	\$3,334,458	\$748,835	22.46%	26.51%	●
Other Transportation	\$4,858,704	\$328,605	6.76%	25.54%	●
Engineering & Environ Svcs	\$7,208,091	\$2,028,492	28.14%	29.86%	●
Other Environmental Protection	\$118,322	\$118,321	100.00%	100.00%	●
Open Space Management	\$146,754	\$46,754	31.86%	60.96%	●
Public Information	\$872,972	\$328,039	37.58%	0.00%	●
Planning	\$1,637,930			12.85%	
Cooperative Extension Service	\$2,959,859	\$727,460	24.58%	32.30%	●
Soil And Water Conservation	\$1,092,828	\$338,199	30.95%	32.87%	●
Economic Development	\$4,440,593	\$1,328,577	29.92%	31.11%	●
Public Health	\$37,028,138	\$15,150,724	40.92%	44.62%	●
Mental Health	\$6,503,802			88.38%	
Social Services	\$68,109,294	\$19,597,628	28.77%	32.17%	●
Comm-Bd Interv And Supp Serv	\$4,315,080	\$2,169,745	50.28%	24.88%	●
Other Human Services	\$1,321,848	\$1,324,215	100.18%	84.09%	●
Durham Public Schools	\$208,601,332	\$69,533,777	33.33%	33.33%	●
Community Colleges	\$12,432,083	\$4,144,028	33.33%	33.33%	●
Other Education	\$9,597,858	\$8,022,616	83.59%	62.99%	●
Library	\$14,229,584	\$5,087,978	35.76%	36.96%	●
Other Cultural & Recreational	\$2,458,124	\$2,358,124	95.93%	86.81%	●
Nondepartmental	\$229,659,749	\$17,078,126	7.44%	6.36%	●
Total	\$789,286,782	\$207,455,795	26.28%	27.68%	

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



Quarterly Budget Report

First Quarter of Fiscal Year 2024-25



General Fund, Capital Improvement Fund and Reappraisal Reserve Fund expenditures and encumbrances through September 30, 2024, total \$207,455,795 or 26.28% of the budget. The percentage is slightly lower than the 4-year average of 27.68%.

It should be noted that the expenditure budget total of \$789,286,782 million is higher than the revenue budget of \$773,419,194 because the annual encumbrance rollover process had yet to be completed when the quarter ended. \$17,837,944 of FY 2023-24 expenditures were rolled over to FY 2024-25 because the bills were not able to be paid until FY 2024-25. The expenditure budget reflects this increase, while the revenue budget, at the end of the quarter, did not. Since the end of the quarter, a budget amendment has been approved by the Board of County Commissioners allocating \$17.8 million of available fund balance (a revenue) to offset this expense. This is an annual occurrence, and normally such differences are not reflected in this 1st quarter report.

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

Agency specific expenditure items in red include:

- **Information Technology:** Information Technology expenditures have increased for reasons that include encumbering multiple annual contracts in the first quarter of FY 2024-25 and inflationary cost increases for maintenance/repair of equipment. The expenses are also higher in the personnel line, largely due to a consolidation of 13 IT positions moved from other departments to the Information Service Technology Department. The Budget Office and Information Technology will continue to monitor departmental expenditures.
- **Public Information Office:** Public Information has moved out of the County Administration business Area to its own business area. With no historical expenditure data as its own business area, Public Information will continue to look as if it is over-expenditure its budget until the department has enough historical expenditures to make accurate comparisons. There is no cause for concern with overspending in PIO.
- **Community Intervention and Support Services:** Community Intervention and Support Services (CISS) is Durham County's newest department with little historical expenditure or revenue history. With little historical expenditure data, CISS will continue to look as if it is overspending its budget until the department has enough historical expenditure to make accurate comparisons. There is no cause for concern with over expenditure in CISS. However, now that CISS is fully staffed, current expenditure may give insight into future expenditures.
- **Other Human Services:** The overspending alert for this area is related to encumbrances rolled over from last fiscal year related to contracts with nonprofit organizations being primarily offset by ARPA interest revenues. The encumbrance rollover budget will be approved in quarter 2 of FY 2024-25.
- **Other Education:** Unlike in previous fiscal years the funding for Pre-K services in the current and past fiscal year has been encumbered (planned to be spent over the year) in the first



Quarterly Budget Report

First Quarter of Fiscal Year 2024-25



quarter of FY 2024-25 compared to previous fiscal years where there was a quarterly payment provided. Therefore, the percentage spent or encumbered is significantly higher than prior fiscal years. Expenditures will not exceed budgeted amounts.

- **Other Cultural & Recreational:** All spending in this area is as expected. The Convention Center budget was reduced this fiscal year due to the strong recovery seen in the past couple of years. This led to a mathematically higher spending rate (lower denominator with same numerator) that is actually on par with prior years.

SUMMARY

Durham County continues to be a privileged oasis of economic stability and growth, but some cracks are showing (i.e., slowing sales tax revenue collection growth). Total revenue collection is higher than average mostly due to higher than average property tax revenue collection. Expenditures are trending very close to the 4-year average. However, with three quarters of the year left there is still plenty of time for significant changes to this early trending.

Economic growth could slow over coming months affecting sales tax, occupancy tax, and state hold harmless revenue collection for the worse. While at the same time inflation and other unexpected costs could increase the spending pace for the County. A healthy General Fund fund balance can handle any “one time” major spending issues, while continued property tax valuation growth and near perfect collection rate will generally buffer any revenue collection anomalies. But it should be remembered that continued judicious decision making by the Board and management will also smooth out any potential revenue or expenditure disturbances.

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

BUDGET CHANGES (AMENDMENTS) SUMMARY

Through the FY 2024-25 first quarter, \$386,123 of General Fund fund balance was appropriated for two agenda actions. \$300,000 was appropriated for Master Aging Plan support and \$86,123 for Public Health grant matching funds.

Fourteen BOCC budget amendment agenda actions appropriated \$3.144 million of additional “Intergovernmental” revenue (grant funding awarded) to various departments, including Public Health, Social Services, Cooperative Extension, Engineering, and the Sheriff.

ARPA funds interest earned of \$731,586 was appropriated to various General Fund departments to support County needs.