

# **ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2023**



**COUNTY OF DURHAM, NORTH CAROLINA**

Cover:

Durham County Finance Team

Cover Design:

DCO Public Information

# **County of Durham, North Carolina**



## **Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023**

**Crystally Wright  
Deputy Chief Financial Officer**

**Prepared by the Durham County Finance Department**





## INTRODUCTORY SECTION

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

## FINANCIAL SECTION

<i>Report of Independent Auditor</i>	1
<i>Management's Discussion and Analysis</i>	5
<i>Basic Financial Statements:</i>	
<i>Government-Wide Financial Statements:</i>	
<i>Statement of Net Position</i>	31
<i>Statement of Activities</i>	33
<i>Fund Financial Statements:</i>	
<i>Balance Sheet – Governmental Funds</i>	34
<i>Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position</i>	35
<i>Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds</i>	36
<i>Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities</i>	37
<i>Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund</i>	38
<i>Statement of Net Position – Proprietary Funds</i>	41
<i>Statement of Revenues, Expenditures and Changes in Fund Net Position – Proprietary Funds</i>	42
<i>Statement of Cash Flows – Proprietary Funds</i>	43
<i>Statement of Fiduciary Net Position</i>	44
<i>Statement of Changes in Fiduciary Net Position</i>	45
<i>Notes to the Basic Financial Statements</i>	47

## REQUIRED SUPPLEMENTARY INFORMATION

<i>Schedule of the County's Proportionate Share of Net Pension Liability – Local Governmental Employees' Retirement System</i>	131
<i>Schedule of the County's Contributions – Local Governmental Employees' Retirement System</i>	132

<i>Schedule of the County's Proportionate Share of Net Pension Asset – Register of Deeds' Supplemental Pension Fund</i>	133
<i>Schedule of the County's Contributions – Register of Deeds' Supplemental Pension Fund</i>	134
<i>Schedule of Changes in Total Pension Liability – Law Enforcement Officers' Special Separation Allowance</i>	135
<i>Schedule of Total Pension Liability as a Percentage of Covered Payroll – Law Enforcement Officers' Special Separation Allowance</i>	136
<i>Schedule of Changes in the Total OPEB Liability – Other Post-Employment Benefits</i>	137

## SUPPLEMENTARY INFORMATION

### *Combining and Individual Fund Statements and Schedules Major Governmental Funds:*

<i>Schedule of Revenues, Expenditures and Changes in Fund Balances– Budget and Actual – American Rescue Plan Fund</i>	141
<i>Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Debt Service Fund</i>	142
<i>Schedule of Expenditures Compared with Project Authorizations – Capital Projects Fund</i>	143
<i>Combining and Individual Fund Statements and Schedules:</i>	
<i>Combined Balance Sheet – Nonmajor Governmental Funds</i>	147
<i>Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds</i>	148
<i>Combining Balance Sheet – Nonmajor Special Revenue Funds</i>	150
<i>Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds</i>	152
<i>Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:</i>	
<i>Bethesda Fire Tax District Fund</i>	154
<i>Lebanon Fire Tax District Fund</i>	155
<i>Parkwood Fire Tax District Fund</i>	156
<i>Redwood Fire Tax District Fund</i>	157
<i>New Hope Fire Tax District Fund</i>	158
<i>Eno Fire Tax District Fund</i>	159
<i>Bahama Fire Tax District Fund</i>	160
<i>Bethesda Service Tax District Fund</i>	161
<i>Durham County Fire and Rescue Service Tax District Fund</i>	162
<i>Special Park Tax District Fund</i>	163
<i>Community Health Trust Fund</i>	164
<i>Opioid Settlement Fund</i>	165

*Major Business-Type Fund:*

<i>Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP Basis) – Enterprise Fund – Sewer Utility Fund</i>	169
--	-----

<i>Reconciliation of Modified Accrual Basis to Full Accrual Basis - Enterprise Fund – Sewer Utility Fund</i>	170
--	-----

*Non-Major Business-Type Fund:*

<i>Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP Basis) – Enterprise Fund – Stormwater Fund</i>	171
---	-----

<i>Reconciliation of Modified Accrual Basis to Full Accrual Basis – Enterprise Fund – Stormwater Fund</i>	172
---	-----

*Fiduciary Funds:*

<i>Combining Statement of Fiduciary Net Position – Private-Purpose Trust</i>	175
--	-----

<i>Combining Statement of Changes in Fiduciary Net Position – Private-Purpose Trust</i>	176
---	-----

<i>Combining Statement of Fiduciary Net Position – Custodial</i>	178
--	-----

<i>Combining Statement of Changes in Net Position – Custodial</i>	180
---	-----

*Capital Assets, Long-Term Debt and Other Information:**Capital Assets Used in the Operation of Governmental Funds:*

<i>Schedule by Function and Activity</i>	184
--	-----

<i>Schedule of Changes by Function and Activity</i>	186
---	-----

<i>Gross Bonded Debt and Other Long-Term Debt</i>	192
---	-----

<i>Analysis of Current Tax Levy</i>	196
-------------------------------------	-----

<i>Schedule of Ad Valorem Taxes Receivable by Fund</i>	197
--	-----

<i>Schedule of Ad Valorem Taxes Receivable by Levy Year</i>	198
---	-----

**STATISTICAL SECTION**

<i>Schedule of Net Position by Component – Last Ten Fiscal Years</i>	201
--	-----

<i>Schedule of Changes in Net Position – Last Ten Fiscal Years</i>	202
--	-----

<i>Schedule of Fund Balances, Governmental Funds – Last Ten Fiscal Years</i>	204
--	-----

<i>Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years</i>	205
---	-----

<i>Government-Wide Expenses by Function – Last Ten Fiscal Years</i>	206
---	-----

<i>Government-Wide Revenues – Last Ten Fiscal Years</i>	208
---	-----

<i>General Government Expenditures by Function – Last Ten Fiscal Years</i>	210
--	-----

<i>General Government Revenues by Source – Last Ten Fiscal Years</i>	212
--	-----

<i>Principal Property Taxpayers – Current and Nine Years Ago</i>	217
--	-----

<i>Assessed Value and Actual Value of Taxable Property – Last Ten Fiscal Years</i>	218
--	-----

<i>Property Tax Levies and Collections – Last Ten Fiscal Years</i>	219
--	-----

<i>Property Tax Levies – Direct and Overlapping Local Government Jurisdictions – Last Ten Fiscal Years</i>	220
--	-----

<i>Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years</i>	222
<i>Ratio of Net Bonded Debt to Assessed Value and Net Bonded Debt per Capita – Last Ten Fiscal Years</i>	224
<i>Legal Debt Margin Information – Last Ten Fiscal Years</i>	226
<i>Direct and Overlapping Governmental Activities Debt</i>	228
<i>Ratio of Annual Debt Service for Bonded Debt to Total General Governmental Expenditures – Last Ten Fiscal Years</i>	229
<i>Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years</i>	230
<i>Ratios of Outstanding Debt by Type – Last Ten Fiscal Years</i>	232
<i>Full-Time Equivalent County Government Employees by Function – Last Ten Fiscal Years</i>	236
<i>Operating Indicators by Function – Last Ten Fiscal Years</i>	238
<i>Capital Asset Statistics by Function – Last Ten Fiscal Years</i>	239
<i>Property Value and Construction – Last Ten Fiscal Years</i>	243
<i>Demographic and Economic Statistics – Last Ten Years</i>	244
<i>Principal Employers – Current and Nine Years Ago</i>	245
 <i>Compliance Section:</i>	
<i>Covenant Compliance:</i>	
<i>Report of Independent Auditor on the Revenue Bond Covenant Compliance</i>	247
<i>Schedule of Debt Covenant Compliance</i>	249

**INTRODUCTORY SECTION  
(TAB)**







## *Letter of Transmittal*

January 26, 2024

Residents of Durham County  
The Honorable Chair and Members of the Board of County Commissioners  
Durham County  
Durham, North Carolina

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of Durham County for the fiscal year ended June 30, 2023.

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 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, 2023, are free of material misstatements. 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, 2023, are fairly presented in conformity with GAAP. The independent auditors' report 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 independent auditors' report 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 the 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 auditors.

## **Profile of the Government**

Durham County, incorporated in 1881, is located in the piedmont part of the state and considered to be one of the top growth areas in the state and country. Durham County currently occupies a land area of 299 square miles and serves a population of 332,680. 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 chair, vicechair 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 chair and the vice chair 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 the educational services of Durham Public Schools and Durham Technical Community College. Funding is provided for the cultural and recreational services of the North Carolina Museum of Life and Science. Also, the County funds services 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 dependent upon 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 component unit of Durham County. The ABC Board is presented as a proprietary fund in its own financial statement. 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 Commissioners 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 that 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, Central Pines Regional Council, GoTriangle, Durham and Wake Counties Research and Production Service District and Advisory Committee, Durham Convention and Visitors Bureau, and Alliance Behavioral Healthcare, Inc. These entities have not met the established criteria for inclusion in the reporting entity and 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 31 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, this comparison is presented 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.

## **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 helped recruit the following projects to the County in 2023: Kempower, who pioneers a cutting-edge EV charging technology, will invest \$41,000,000 and create over 300 jobs; Eli Lilly, who creates medicines to improve people’s lives, will invest \$450,000,000 and create 100 jobs to expand their current operations in the Research Triangle Park; and Catalent, a Contract Research Organization advancing Life Sciences innovations, will invest \$40,000,000 and create 200 new jobs. In addition to that, 2023 has also seen the following notable commercial announcements to date: United Therapeutics will invest \$500,000,000 and create 200 jobs and Fidelity will create 350 jobs.

Developer, Longfellow has unveiled plans for the next phase of the Durham Innovation District. The project calls for a 7-story office and lab building at the site of the historic Imperial Building in downtown Durham. Earlier this year, Longfellow filed plans with the city of Durham showing 196,000 square feet of commercial space at 518 W. Morgan and 215 Morris streets.

A joint venture between Harrison Street, an investment management firm, national developer Sterling Bay, and real estate firm Acram Group is planning to transform Heritage Square, a nearly 10-acre site just south of the Durham Freeway. *Triangle Business Journal* reported that Chicago-based Sterling Bay had acquired the property for more than \$62 million. The joint venture is considering a development with multi-story Class A office space, purpose-built laboratory space, and residential units. The project would be delivered over multiple phases, the companies said, adding community input will be “pivotal” to ensure the development is respectable to the area’s history.

Durham is home to the famous Research Triangle Park, formed in 1959 by business leaders, government officials, and leaders from Duke University (Durham), North Carolina State University (Raleigh), and the University of North Carolina at Chapel Hill. The Research Triangle Park (RTP) consists of 7,000 acres of land, of which 80% is within Durham County. In its sixty-fourth 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 are more than 375 tenant companies and organizations located in RTP that represent some of the world's largest and most prestigious corporate and government organizations in scientific and technological research. Businesses in RTP employ approximately 60,000 full-time employees. In addition, RTP's first live, work, and play development is under way in Hub RTP, a \$1.5 billion, 100-acre project that will bring office space, retail experiences, lab space, hotel rooms, apartment units, and 16 acres of greenspace. The following project announcements have occurred this year:

- A prolific life science and creative office developer in the Triangle is the latest company to tackle a portion of a major project in Research Triangle Park. Longfellow Real Estate Partners has signed on to develop 220,000 square feet of office and life science space at Hub RTP. The building will feature state-of-the-art lab space and Class A office space, according to the company.
- A Charlotte-based developer has unveiled plans for its portion of a huge development in Research Triangle Park, revealing a major expansion to the initial plans announced late last year. White Point Partners unveiled new plans, which show a 125,000-square-foot mixed-use complex dubbed the Horseshoe at Hub RTP.
- Renaissance Hotels, a luxury hotel brand under Marriott International, is planning a new location in RTP. The hotel is a part of the Hub RTP development, bringing residential, retail, office, and hospitality space to a region known for research and tech campuses. Site plans filed with the City of Durham show a Renaissance RTP Hotel with 17 levels and 254 rooms across 283,000 square feet.



## **Research and Development**

Duke University surpassed \$1.39 billion in total research expenditures in fiscal year 2022-23, with more than \$901 million in federally sponsored research spending. Duke's Office for Translation & Commercialization (OTC) helped launch 15 new startups, and 325 New Invention Disclosures were submitted. Duke research faculty were awarded 12,364 grants and authored 11,390 publications.

Microsoft is teaming up with Duke University on a new research partnership that will result in the tech giant creating an “innovation hub” at the recently overhauled Chesterfield building in downtown Durham. The 5,000-square-foot space, slated to open by the end of summer, will put Duke researchers next to Microsoft employees, allowing for collaboration on a few research areas related to health care and machine learning.

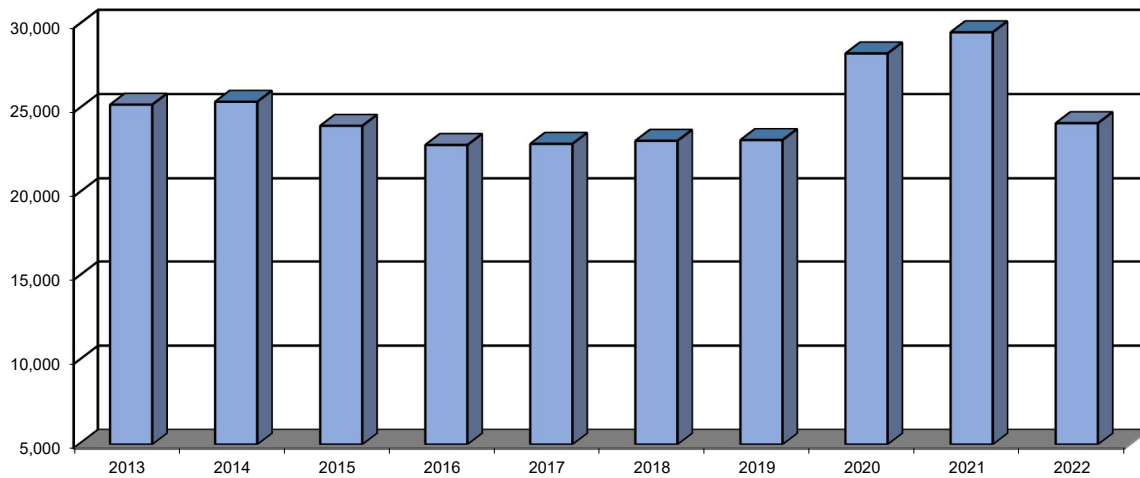
North Carolina Central University (NCCU) is planning new buildings and a university expansion in its ‘Millennial Campus’ project. NCCU students will soon have more affordable places to live, plus spaces to learn and watch athletic events as part of the university's planned Millennial Campus. The 30-acre district will take up over a quarter of the campus along Fayetteville, Lawson and Lincoln streets, and Alston Avenue. The district has been five years in the making, starting when the UNC System approved it in 2018. The university plans to use the district to repurpose aging buildings, construct new recreational and research facilities, and acquire more land for the construction.

The historically Black university in Durham brought in \$53.1 million in sponsored research funding during the 2022-23 academic year, up from \$26.9 million during the previous year. It is a continuation of a mostly upward trend, aside from a few dips, for the university, which generated about \$22 million in research funding in 2017. Most of the funding came from federal grants from agencies like the U.S. Department of Commerce and the National Institutes of Health. The grants cover research in areas such as health equity that were emphasized during the Covid-19 pandemic or workforce development. The university also received grants from nonprofits, medical clinics, public health departments, and faith-based organizations.

## **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 2023, US News & World Report ranked Duke University School of Nursing #4 “best graduate nursing school” and #1 “best nursing school for Nurse Practitioner: Family.” Duke is 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 that educates future clinical and scientific leaders while transforming medicine locally and globally through innovative medical research. 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 work in a health or medical-related industry.

## **Manufacturing**



Source: Employment Security Commission (ESC)

Durham County has enjoyed a modest manufacturing environment over the years. The manufacturing sector experienced a decrease in employment from 29,537 in 2021 to 24,139 in 2022, which is a loss of 5,398 (18.28 percent) manufacturing jobs. However, the local economy continues to remain stable with increased per capita income, retail sales, and decreasing unemployment (see pages xv – xvii).

## **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**

Quality of life is measured, in part, by a community's educational access and attainment, healthcare, housing, leisure and social interactions, living environment, and transportation. Durham County offers many attributes that contribute to a great quality of life.

With respect to education, Durham is home to 55 public high schools and three institutions of higher education (Durham Technical Community College, Duke University, and North Carolina Central University). Almost 60% of Durham County residents have an associate's degree or higher. Durham is ranked among the South's best college towns. WalletHub ranks Durham at #6 in Most Educated City in America.

US News and World Report ranks Duke University #7 in this year's list of America's Top Colleges in the nation. Duke also ranks #1 in Nursing Programs and #2 in Biomedical Studies. The university has consistently ranked on the top 10 list for several years.

In the newest edition of U.S. News & World Report's 2023 Best College rankings, North Carolina Central University earned the #14 spot among the top 20 historically Black colleges and universities (HBCUs). The university was also the second-highest ranked HBCU in the state of North Carolina and among the top 5 public HBCUs in the nation. Indeed, NCCU continues to soar.

For the fourth year in a row, North Carolina School of Science and Mathematics is ranked the #1 public high school in North Carolina, and for the third year running as one of the top two public high schools in all of America, by the Niche.com school ranking site.

Healthcare services are widely available to the citizens of Durham County. Within the County, Duke University Health System and Lincoln Community Hospital provide excellent services to the community. For the underserved community, Project Access of Durham provides access to an organized system of comprehensive care and collaborates with community partners to address barriers to health.

Housing is a basic need for all citizens. Within Durham County, there are a total of 140,637 occupied dwellings. Fifty-five percent of the households own their homes in the County.

Durham's leisure and social climate is very full and vibrant. Residents enjoy the many restaurants and other dining experiences; we are a world-class foodie's haven. We have award-winning restaurants and chefs in our community. Once again, the Fairview Dining Room and the Washington Duke Inn and Golf Club are among the 2023 Forbes Travel Guide Star Award Winners. And where else will you find two James Beard Award nominees in the same city? Durham, of course, bartender/owner Shannon Healy, and Chef Carrie Schleiffer of Alley Twenty-Six, and Chef Ricky Moore of Saltbox Seafood Joint.

Durham is a coffee lover's dream location. Press Coffee, Crepes and Cocktails is a European-inspired coffeehouse serving quality coffee and a variety of sweet and savory crepes in the heart of downtown. Liturgy Beverage Company is a specialty coffee shop focused on connecting farmers' work with the habits and rituals of their community in Durham. Beyu Caff  , in the heart of downtown Durham, is known for its unique coffee blends, food, and live music. It now features locations in RTP and RDU International Airport.

Enhancing the leisure and social climate is the Durham Performing Arts Center (DPAC). DPAC is a highly respected and utilized entertainment venue. DPAC recently welcomed its six millionth guest at a performance of Broadway's *MJ the Musical*. Over the past 10 years, DPAC has continuously ranked among the top ten theatres in the country in terms of ticket sales and attendance, according to reports that track live entertainment events and venues.

DPAC officials announced that the recently completed 2022 - 2023 season was a record-breaking year for attendance and events. From July 1, 2022, to June 30, 2023, DPAC welcomed over 565,000 guests and hosted 252 events, making this year the theater's biggest season ever. In addition to welcoming a record number of guests and events, DPAC wrapped up the year by being nationally recognized as the #1 theater in the U.S. by *VenuesNow* in their recently released 2023 mid-year rankings. DPAC was also ranked as the #2 and #3 theater in the nation by *Pollstar* and *Billboard Magazine*.

Our Durham Bulls baseball team is a minor league team and affiliate of the Tampa Bay Rays. Throughout the season, fans filled the Bulls’ stadium to unwind and enjoy one of America’s favorite pastimes. The average attendance for the 2022 season was 6,736 in a stadium that holds 7,500. Outside of Durham, the Bulls are more widely known for the hit movie, “Bull Durham.” Next year, *"Bull Durham, The Musical,"* will debut and continue to delight fans and followers.

Natural living within the County starts with two county-operated parks (Little River Regional Park and Hollow Rock Nature Park) and one trail (New Hope Creek Preserve) that are managed by the Durham County Open Space Program in partnership with Orange County. In addition, there are a plethora of other parks (68) and trails within the city that County residents appreciate.

Transportation access is prolific and relatively easy to navigate. The County boasts an average working commute of 22 minutes for its residents. Raleigh-Durham International Airport (RDU) is a major factor affecting living and business choices and is only 15 minutes from downtown Durham. Amtrak rail services has a hub in the heart of Durham, GoDurham provides local public transportation, and GoTriangle offers cross-county regional public transportation.

With all of these accolades and attributes, by any measure, Durham County is indeed a fantastic place to live, grow, and thrive!

### **Major Employers**

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

Company or Institution	
Aisin North Carolina Corp	International Business Machines (IBM)
Amazon Fulfillment Services Inc	IQVIA Rds Inc
Biogen	KBI Biopharma Inc
CISCO	Labcorp
City of Durham	NC Health Affiliates LLC
Credit Suisse Services USA LLC	Netapp Inc
Duke University & Health System	North Carolina Central University
Durham County Government	Private Diagnostic Clinic
Durham Public Schools	RTI International
Environmental Protection Agency	US Department of Veterans Affairs
Fidelity Investments	Wolfspeed Inc

### **Capital Investment**

Many companies are either locating to Durham County or expanding their already existing operations in the County. Economic development announcements for 2022 were over \$3.6 billion. Economic development announcements occurring in 2023 amounted to over \$1.76 billion.

## **Economic Development Statistics**

### **Per Capita Income Trends from 2015 to 2022**

Per capita income data for the last seven calendar years for the Durham Metropolitan Statistical Area, the Raleigh Metropolitan Statistical Area, North Carolina, and the United States are presented in the following table. In 2022, the data are presented for Durham and Wake Counties to be more in line with presenting relevant information.

	2015	2016	2017	2018	2019	2020	2021	2022
<b>Durham</b>	48,389	49,315	52,277	52,727	54,423	56,703	54,093	60,330
<b>Wake</b>	49,714	50,444	52,444	56,207	57,851	60,884	60,884	71,205
<b>North Carolina</b>	40,759	42,244	44,233	46,216	47,766	50,305	56,173	58,109
<b>United States</b>	48,451	49,246	51,731	54,606	56,490	58,510	64,143	65,470

Source: Bureau of Economic Analysis

Note: The Bureau of Economic Analysis makes comprehensive revisions to the per capita income estimates annually. The latest revision was November 2022 for county data and September 2023 for state and national data.

## **Retail Sales**

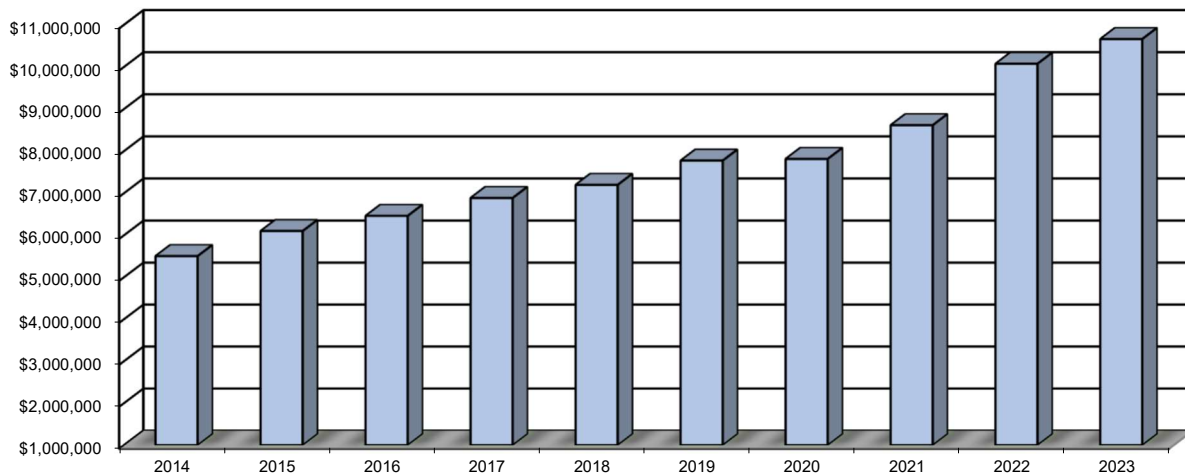
Total retail sales in the County for the past ten fiscal years are shown in the following table.

### **Durham County Retail Sales from 2014 to 2023 Percent Growth Over Previous Year**

<b>Year Ended June 30,</b>	<b>Total Taxable Sales (000's)</b>	<b>Percent Growth Over Previous Year</b>
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%
2022	10,073,809	16.96%
2023	10,661,429	5.83%



### Durham County Retail Sales from 2014 to 2023 Annual Retail Sales

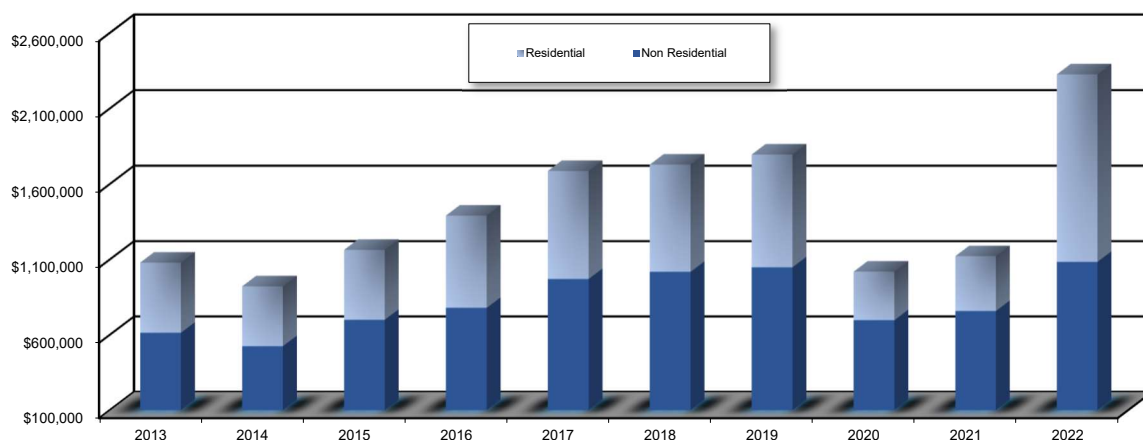


Durham's retail sales have gradually increased over the last ten years. One of the main reasons for this growth is due to new businesses, small and large, continuing to develop in the area. In fiscal year 2023, the total taxable retail sales reported were over \$10.66 billion, an increase of over \$.59 billion (5.83%), reflecting continued growth in the County's economy.

### Construction Activity

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

### Durham County Construction Permit Values from 2013 to 2022



The total number of occupied dwelling units in 2022 for Durham County was 140,637, which included 4,335 (an increase of 2,112 over the prior year) permits issued for new residences and improvements, repairs, and expansions of existing residences. From

calendar year 2021 to 2022, there was an overall increase (\$167.1 million) in the value of all construction building permits issued in the County. The increase was in the value of residential construction. The increase in the number and value of permits issued is an indication of the continued economic growth in the County.

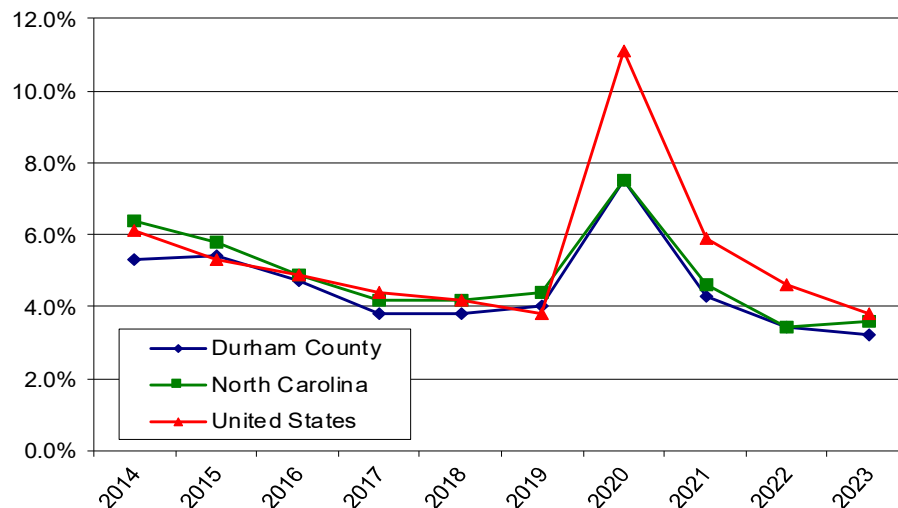
## **Unemployment**

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

### **Unemployment Trends**

	<b>County</b>	<b>State</b>	<b>National</b>
<b>2014</b>	5.3%	6.4%	6.1%
<b>2015</b>	5.4%	5.8%	5.3%
<b>2016</b>	4.7%	4.9%	4.9%
<b>2017</b>	3.8%	4.2%	4.4%
<b>2018</b>	3.8%	4.2%	4.2%
<b>2019</b>	4.0%	4.4%	3.8%
<b>2020</b>	7.5%	7.5%	11.1%
<b>2021</b>	4.3%	4.6%	5.9%
<b>2022</b>	3.4%	3.4%	4.6%
<b>2023</b>	3.2%	3.6%	3.8%

### **Unemployment Trends – Local, State and National Levels**



As of June 2023, the County's unemployment rate was 3.2%, a decrease of 0.2% from June 2022. The County's unemployment rate compares favorably to the State and National rates

of 3.6% and 3.8%, respectively. The County's primary commitments remain 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, originally approved in fiscal year 2000, was centered on sound planning and solid financial research and laid the groundwork for the future building needs of the County. The most recent Master Plan, amended in fiscal year 2022, 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 2019-2020 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, museums, 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 existing capital projects as well as those capital projects not implemented but projected in the 10-year plan. Annually, the financing options are reviewed, as are the projects and their estimated costs.

Accomplishments during the past fiscal year include the completion of the following construction projects: 115 N. Queen St. Deck (former 300 E. Main St. site), Stanford L. Warren Library Water Intrusion Repairs, EMS Station #1 Renovation, Judicial Building Annex Water Intrusion Repairs, Administration Building 1 Renovation (Subway Restaurant HVAC modifications), Fire Station #18 (County EMS and City Fire Station Co-location – Herndon Rd.), Detention Center Padded Cells, and the Administration II TV Studio Improvements. Several projects are currently in the construction phase including the following: 300 E. Main St. Affordable Housing Wrap; 500 E. Main St. Parking Deck and Market-Rate Housing Development; Extensions to the County Fiber Network through collaboration with the Duke Fiber Project; Stanford L. Warren Library Interior Improvements; the New Durham County Youth Home; and the leasehold improvements in Administration II – Anjappar Indian Restaurant. Other projects are in various stages of design, bidding, preliminary activities, and/or regulatory approvals include the following: Triangle Wastewater Treatment Plant Administration II Building; Fire Station #19 (County EMS and City Fire Station Co-location – Hwy 54 & Davis Dr.); Emergency Operations Center, Sheriff's Training Facility (Electra Road); Redwood Solid Waste Convenience

Center Upgrades; (Shoppes at Hope Valley Renovations including) - Board of Elections Renovation; Project Build and Community Intervention and Support Services; Bull City United Renovation (former Boys and Girls Club location); and the DSS Main St. Hazardous Materials Mitigation. Phase I of the Comprehensive Facilities Assessment is underway, which will identify projects in accordance with the Renewable Energy Plan Implementation. Feasibility studies and updates for the Animal Shelter, Fleet Maintenance Facility, and others have also been completed and will be used in upcoming 2022-2031 CIP discussions/presentations to the BOCC. County staff is also working in partnership with the City of Durham Fire Department to ensure alignment and schedules for budgeting and project delivery for three potential Fire/EMS Co-locations including Kemp Road (Far East), Martin Luther King Jr. Blvd. (southern Durham) and a Duke West location.

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 twelve LEED certified buildings that have been completed which include the following: Triangle Wastewater Treatment Plant Administrative Building I – “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”, and Fire/EMS Station #17 – LEED Gold. The County is also seeking various levels of LEED Certification for the Judicial Building Annex Renovation, Administration I Renovation, the new EMS Station 1, and the new Youth Home that were recently completed or nearing completion and under 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, including the Fire/EMS Station #19, Emergency Operations Center, TWWTP Administration Building II, Sheriff’s Training Facility (Electra Road), and others.

## **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded Durham County the Certificate of Achievement for Excellence in Financial Reporting for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2022. 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 in maintaining the highest standards of professionalism in the management of Durham County's finances.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'K. Sowell', with a stylized flourish at the end.

Dr. Kimberly J. Sowell  
County Manager

A handwritten signature in blue ink, appearing to read 'Tiffany Murray', with a long horizontal flourish extending to the right.

Tiffany Murray  
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



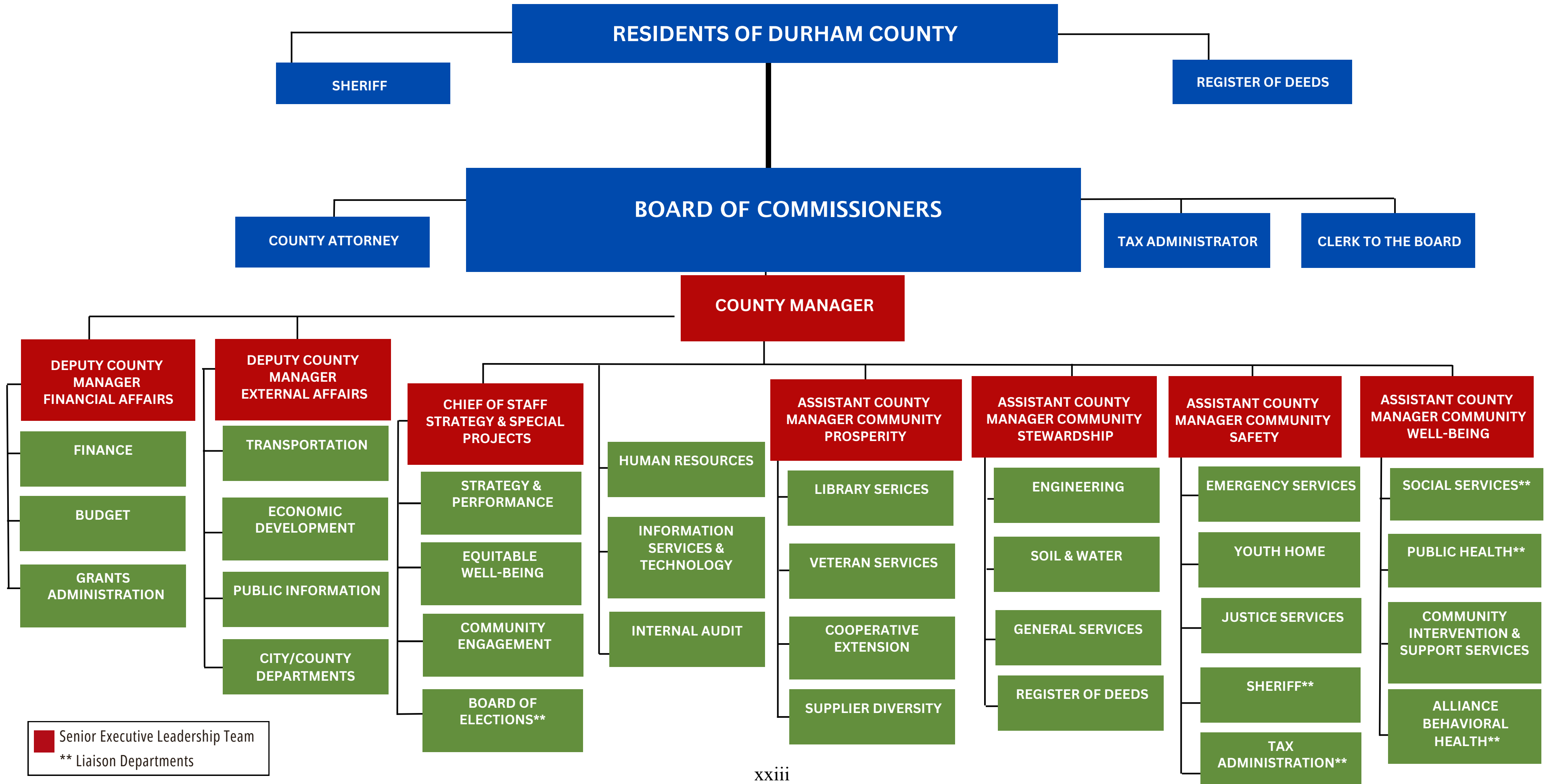
Dr. Kimberly J. Sowell  
County Manager



Tiffany Murray  
Chief Financial  
Officer



# DURHAM COUNTY ORGANIZATIONAL CHART







Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**County of Durham  
North Carolina**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO



## **FINANCIAL SECTION (TAB)**





## **Report of Independent Auditor**

To the Board of County Commissioners  
Durham County, North Carolina

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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 ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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 respective 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison schedule for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Durham County ABC Board (the "ABC Board"), which is the County's discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the ABC Board is based solely on the report of the other auditors.

#### ***Basis for Opinions***

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 General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the ABC Board were not audited in accordance with *Government Auditing Standards*.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **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 is the responsibility of management and, 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.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2024 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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, and 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.

A handwritten signature in black ink that reads "Cherry Bekaert LLP". The signature is written in a cursive, flowing style.

Raleigh, North Carolina  
January 22, 2024



## 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, 2023. 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 2023 fiscal year by \$168,150,880 (*total net position*). However, of this amount, unrestricted net position has a deficit balance of (\$198,524,346) (*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 decreased by \$4,061,853, a decrease of 2.36 percent, due to a decrease in the governmental activities' net position and an increase in the business-type activities' net position of \$15.06 million and \$10.99 million, respectively.
- As of the close of the 2023 fiscal year, the County's governmental funds reported combined ending fund balances of \$419,977,241, an increase of \$40,154,936 in comparison with the prior year. Approximately 21.97 percent of this total amount, or \$92,286,303, is *restricted or non-spendable*.
- At the end of the current fiscal year, fund balance available for appropriation for the general fund was \$214,800,957 or 34.16 percent of total general fund expenditures, compared to fiscal year 2022 which was \$263,215,448 or 46.52 percent of total general fund expenditures, which reflects a decrease of 26.56 percent. The net change in fund balance for fiscal year 2023 in the general fund was a decrease of \$18,688,550. The primary reasons for the decrease were the excess revenues over expenditures of over \$92.7 million, less transfers out of over \$126.8 million plus transfers in of over \$2.2 million, leases issued of \$5.2 million, and subscription liabilities issued of \$8.0 million due to the implementation of GASB Statement No. 96.
- The County's total governmental activities long-term liabilities increased by \$115,037,620 (13.17 percent) during the 2023 fiscal year. The key factors in this increase were issuances of Limited Obligation Bonds (LOBs) and premiums of \$192,465,000 and \$26,796,243, respectively; Direct Installments Notes of \$41,257,556 and Bond Anticipation Notes (BANs) of \$14,080,038; the increase in the LGERS pension obligation of \$59,215,508, the net increase in lease liability of \$4,657,139, and the recording of the net subscription liability of \$4,370,984 in accordance with GASB Statement No. 96. These increases were offset by the annual reductions in debt (including premiums) in the amount of \$22,330,000 in General Obligation Bonds (GO Bonds) and \$14,470,000 in LOBs, the amortization of bond premiums of \$5,402,686, the net decrease in the OPEB obligation of \$44,014,942, and decreases in Direct Installment Notes of \$140,522,358. 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 31-33 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 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 sixteen 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 American Rescue Plan Act (ARPA) fund, the capital projects fund, and the debt service fund, all of which are 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, 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 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 34-38 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 a major fund of the County and the stormwater which is a non-major fund of the County.

The basic proprietary fund financial statements can be found on pages 41-43 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 44-45 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 47-129 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 other postemployment benefits to its employees. Required supplementary information can be found on pages 131-137 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 141-165 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 \$168,150,880 as of June 30, 2023. Net position is reported in three categories: net investment in capital assets, restricted net position and unrestricted net position.

The County's net position decreased by \$4,061,853 for the fiscal year ended June 30, 2023. One of the largest portions, in the amount of \$176,130,168, 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 Activities		Business - type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 547,734,145	\$ 477,363,656	\$ 59,395,536	\$ 49,950,766	\$ 607,129,681	\$ 527,314,422
Capital assets	558,202,614	506,773,399	72,070,060	71,916,087	630,272,674	578,689,486
Total assets	1,105,936,759	984,137,055	131,465,596	121,866,853	1,237,402,355	1,106,003,908
Total deferred outflows of resources	98,792,167	88,044,698	1,004,256	759,362	99,796,423	88,804,060
Long-term liabilities outstanding	976,873,171	861,344,622	11,685,589	12,176,548	988,558,760	873,521,170
Other liabilities	103,323,554	72,510,218	1,071,730	1,141,793	104,395,284	73,652,011
Total liabilities	1,080,196,725	933,854,840	12,757,319	13,318,341	1,092,954,044	947,173,181
Total deferred inflows of resources	76,046,820	74,785,402	47,034	636,652	76,093,854	75,422,054
Net position:						
Net investment in capital assets	114,466,733	108,073,865	61,663,435	60,383,228	176,130,168	168,457,093
Restricted	132,542,994	115,860,818	8,746,694	7,265,351	141,289,688	123,126,169
Unrestricted	(198,524,346)	(160,393,172)	49,255,370	41,022,643	(149,268,976)	(119,370,529)
Total net position	\$ 48,485,381	\$ 63,541,511	\$ 119,665,499	\$ 108,671,222	\$ 168,150,880	\$ 172,212,733

The second portion of the County's net position, in the amount of \$141,289,688, 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, 2023, the unrestricted net position is a deficit of (\$149,268,976). 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. The unrestricted net position for the governmental activities had a deficit balance of (\$198,524,346) 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 \$49,255,370.

**(The remainder of this page is intentionally left blank.)**

## DURHAM COUNTY'S CHANGES IN NET POSITION

	Governmental Activities		Business - type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 40,510,153	\$ 40,882,755	\$ 22,877,089	\$ 18,154,933	\$ 63,387,242	\$ 59,037,688
Operating grants and contributions	73,948,904	90,995,806	-	-	73,948,904	90,995,806
Capital grants and contributions	4,467,661	1,157,830	869,362	892,852	5,337,023	2,050,682
General revenues:						
Taxes	504,186,784	472,061,009	-	-	504,186,784	472,061,009
Investment and interest income	10,368,982	(3,572,981)	635,861	65,231	11,004,843	(3,507,750)
Other revenues	1,042,545	16,502,446	-	13,431	1,042,545	16,515,877
Total revenues	634,525,029	618,026,865	24,382,312	19,126,447	658,907,341	637,153,312
Expenses:						
General government	123,351,253	114,410,610	-	-	123,351,253	114,410,610
Public safety	95,153,607	81,778,636	-	-	95,153,607	81,778,636
Transportation	912,757	800,206	-	-	912,757	800,206
Economic and physical development	16,179,664	16,303,883	-	-	16,179,664	16,303,883
Environmental Protection	13,452,988	12,584,107	-	-	13,452,988	12,584,107
Human services	101,071,341	110,942,747	-	-	101,071,341	110,942,747
Education	259,618,044	245,537,946	-	-	259,618,044	245,537,946
Cultural and recreational	17,445,261	16,313,104	-	-	17,445,261	16,313,104
Interest and fiscal charges	22,396,244	14,794,595	-	-	22,396,244	14,794,595
Sewer utility	-	-	12,110,564	10,470,472	12,110,564	10,470,472
Stormwater	-	-	1,277,471	1,220,996	1,277,471	1,220,996
Total expenses	649,581,159	613,465,834	13,388,035	11,691,468	662,969,194	625,157,302
Increase (decrease) in net position	(15,056,130)	4,561,031	10,994,277	7,434,979	(4,061,853)	11,996,010
Net position, beginning	63,541,511	58,980,480	108,671,222	101,236,243	172,212,733	160,216,723
Net position, ending	\$ 48,485,381	\$ 63,541,511	\$ 119,665,499	\$ 108,671,222	\$ 168,150,880	\$ 172,212,733

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. Despite 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 99.52 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 net position decreased by \$15,056,130 (23.69 percent). Revenues increased in fiscal year 2023 compared to fiscal year 2022 by over \$16.5 million (2.67 percent). Expenses increased by over \$36.12 million (5.89 percent). The general revenues accounted for the bulk of the increase in revenues. In fiscal year 2023, property taxes levied for general purposes and for fire districts increased by over \$17.92 million (5.24 percent) and \$1.08 million (10.84 percent), respectively. This increase was primarily because of the increase in assessed property values and 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 thirteenth consecutive year by over \$11.42 million (9.96 percent) as a result of increased spending and collections, especially collections of sales taxes from online purchases, which became more prevalent during the pandemic. Investment and interest income increased by over \$13.94 million (390.21 percent), which is primarily because of improved market conditions.

Charges for services decreased for general government by \$373 thousand. This decrease was attributable to the decline in general government of \$2.5 million and environmental protection of \$18 thousand. The decrease in the general government charges for services was due mainly to a \$689 thousand decrease in revenue related to not having mid-term election activity in 2023 and over \$3.31 million in decreased charges for register of deeds due to a cooling housing market and higher interest rates. Environmental protection decreased due to the loss of households that were annexed by the City of Durham. Charges for public safety increased by \$2 million due to greater level of services provided and a higher fee structure for emergency medical services. There were slight increases in revenue for economic and physical development, cultural and recreational, and human services functions. There was a minor decrease in the transportation function.

**(The remainder of this page is intentionally left blank.)**

The operating grant program revenues for the general government function decreased by \$17.05 thousand (18.73 percent). The human services function decreased by over \$18.45 million primarily due to waning federal and state grants related to Covid-19, while general government increased by just over \$1.28 million. Decreases in the public safety, economic development, environmental protection, and cultural and recreational functions were insignificant.

The capital grants and contributions for education increased by \$3.31 million due to more construction activity that is funded with Public School Building Capital Fund (PSBCF) revenue sources.

In certain functional areas, increases in the governmental activities' expenses closely paralleled inflation and growth in the demand for services. The County's total governmental activities' expenses increased by over \$36.12 million (5.89 percent).

Education expenses increased by \$14.1 million (5.73 percent). This increase in expenditures were for education-related construction (\$13.88 million) primarily for Durham Public Schools (DPS) and Durham Technical Community College (DTCC), which is less than the \$63.51 million spent in fiscal year 2022.

Human services expenses decreased by almost \$9.9 million (8.90 percent) due in large part to decreases in social services and mental health spending for emergency rental and energy assistance programs as federal and state funding declined.

Interest and fiscal charges increased by over \$7.6 million (51.38 percent) due to increased debt and cost of borrowing.

Public safety expenses increased by \$13.4 million (16.36 percent) which is mainly due to increases (\$11.6 million) in the offices of the Sheriff and Emergency Services for various operational costs.

General government expenses increased by over \$8.9 million (7.81 percent) due to increases in operational expenditures for several departments totaling \$5.07 million and \$1.2 million in capital-related projects.

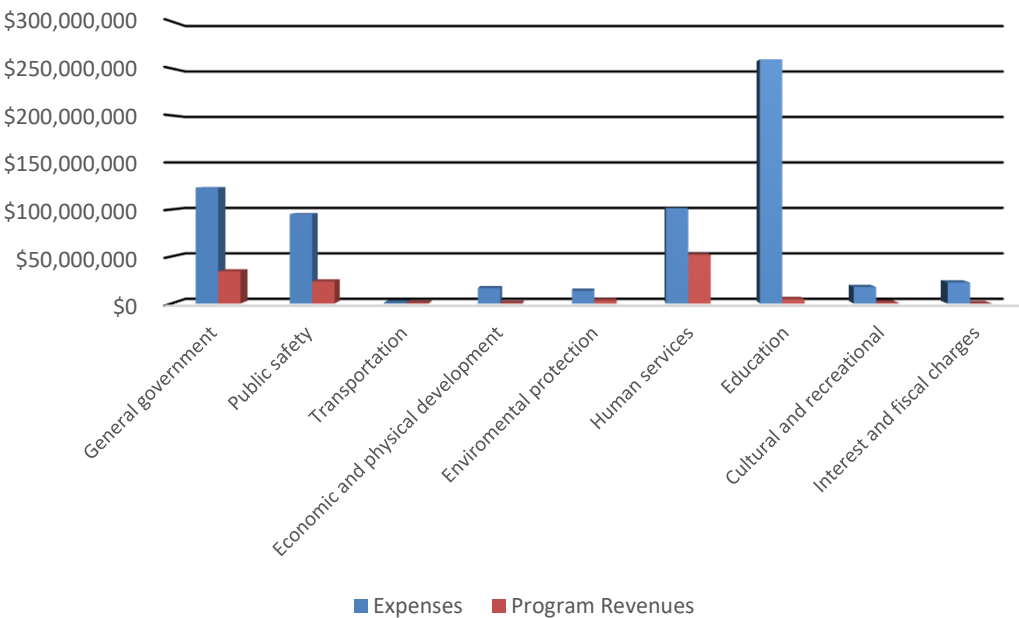
Economic and physical development expenses decreased by almost \$125 thousand (.76 percent) due to decreases in cooperative extension policy payments of over \$277 thousand and less reliance on contractors (\$453 thousand). These decreases were offset by increases in planning and other expenditures of \$346 thousand and \$188 thousand, respectively.

Environmental protection expenses increased by \$869 thousand (6.9 percent) due to increased spending for personnel and contractor costs (\$836 thousand) in the Solid Waste unit.

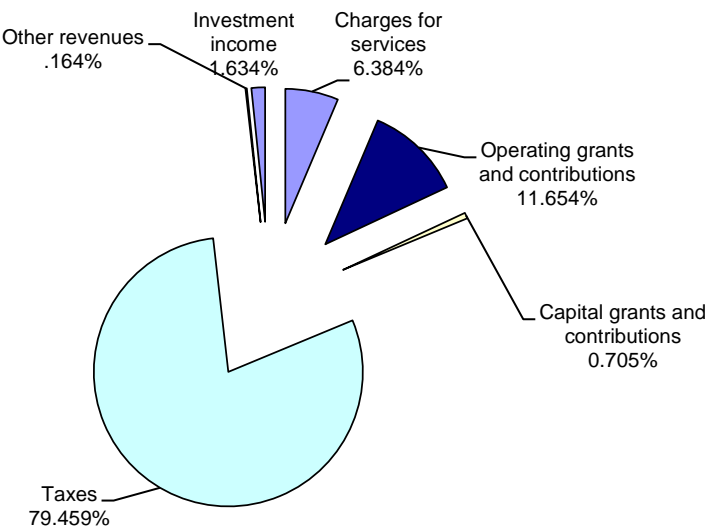
Cultural and recreational expenses increased by almost \$1.13 million (6.94 percent) due to increased spending on the construction costs of the County's library system of almost \$1.03 million.

Transportation increased almost \$113 thousand due to an increase in expenditures of \$93 thousand for new positions.

### Expenses and Program Revenues – Governmental Activities



### Revenues by Source – Governmental Activities

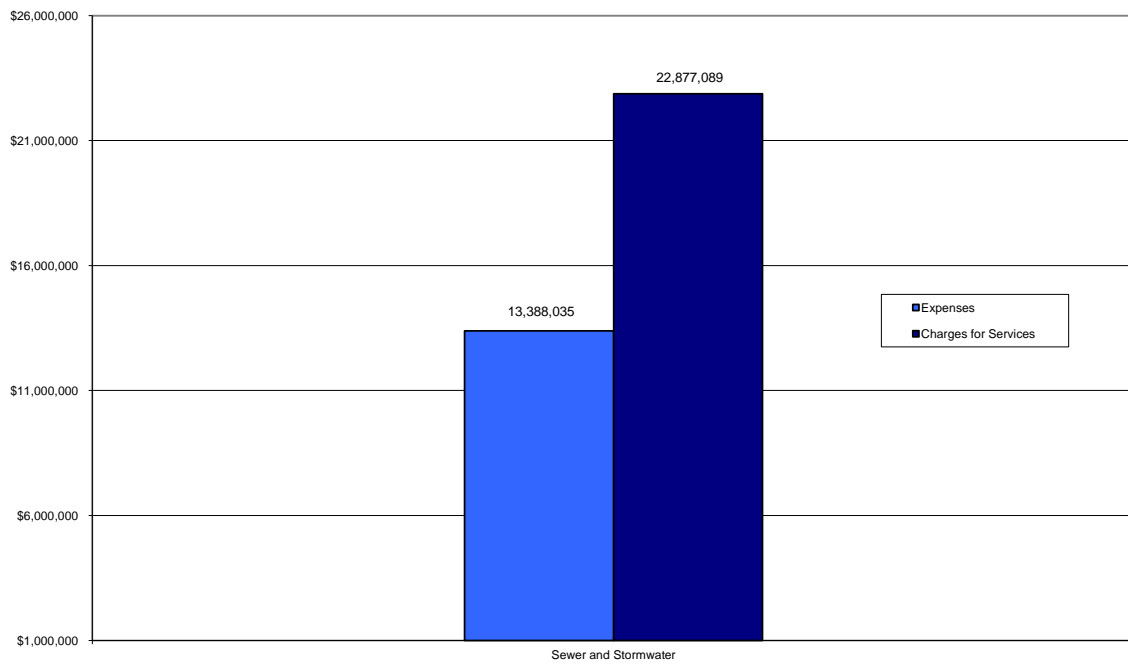


**Business-type activities.** Business-type activities increased the County's net position by \$10,994,277 accounting for 270.67 percent of the total growth in the government's net position. Key elements of this are as follows:

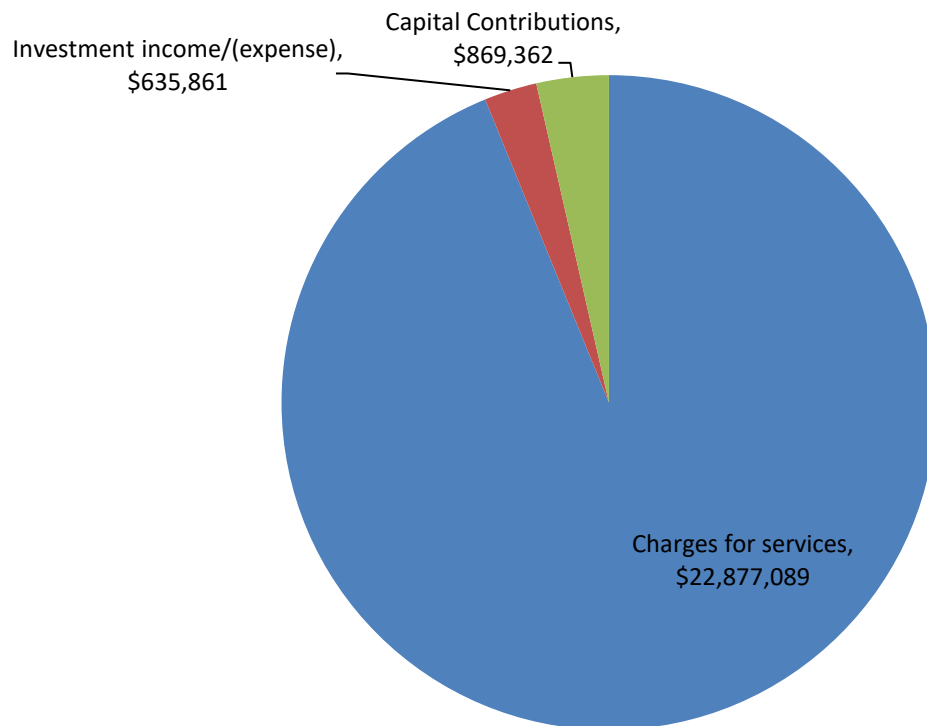
- Expenses increased \$1,696,567 (14.51 percent) primarily because of increases in operating expenses related to increases in maintenance expense of \$321 thousand, utilities of \$74 thousand, and depreciation expense of \$1.45 million. These increases were partially offset by reductions in interest and fiscal charges of \$76 thousand and loss on disposal of capital assets of \$85 thousand. The operating margin year-over-year increase was \$923 thousand. Depreciation expense rose sharply (40.91 percent) in fiscal year 2023 due to the net addition (\$2.3 million) of capital equipment for sewer utility in the prior fiscal year. There were no debt issuance costs for fiscal year 2023.
- Charges for services increased by \$4,722,156 (26.01 percent). The sewer rates were increased for fiscal year 2023 in the sewer utility fund. The consumption rate charge was increased by 10 percent for all customers, both residential and industrial, effective July 1, 2022 and contributed \$1.9 million to the increase. The rate increase was necessary to maintain operational expenses, capital costs, and funds to service debt. All monitoring fees were increased due to the increase of the contracted laboratory, except for total petroleum hydrocarbons (TPH), which was decreased. There were increases for monthly service fees, construction inspection fees, several development review fees, several industrial user fees, and several reclaimed water inspection fees. New fees were implemented for construction inspection, industrial user, and reclaimed water. The new fees and increases were necessary to cover the cost to perform required inspections per standards and regulations and contributed \$2.2 million to the increase. 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 stormwater utility fee rate doubled, which contributed to the increase in the amount of \$869,368.
- Investment and interest income increased by \$570,630 (874.78 percent) primarily because of improved market conditions because of an opened economy upon vaccines and treatments for Covid-19 becoming widely available.
- There were capital contributions for sewer utility for the partial funding of the purchase of capital equipment in the amount of \$869,362. There were no capital contributions to Stormwater in fiscal year 2023.

**(The remainder of this page is intentionally left blank.)**

## 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, the *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 \$419,977,241, an increase of \$40,154,936 in comparison with the prior year. Approximately 78.03 percent of this total amount (\$327,690,938) 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 (\$2,461,304), 2) restricted by revenue source for specific purposes, programs, and services (\$8,042,181), or 3) because it is restricted by State Statute (\$81,782,818).

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 \$214,800,957, while total fund balance reached \$287,122,391. 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, 2023, the County has an available fund balance of 34.16 percent of general fund expenditures, while total fund balance represents 44.73 percent of that same amount. The percentage of available fund balance to total general fund expenditures decreased from 46.52 percent for fiscal year 2022 to 34.16 percent for fiscal year 2023, a decrease of 26.56 percent. The net change in the general fund balance for fiscal 2023 was a decrease of \$18,688,550. The primary reason for the decrease is that transfers out (\$126.8 million) are greater than the sum of excess revenues over expenditures (\$92.7 million) and other financing sources (\$15.4 million).

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 6.12 percent or \$28,309,128. This increase is the result of increased collections in the current year levies of \$16,958,437 (4.98 percent) and decreased collections in the prior years' levies of \$1,1463,879 (71.55 percent), increased local option sales tax revenue of \$11,419,763, and increased occupancy tax revenue in the amount of \$1,467,784. The increase in tax levies is primarily because of the natural year-over-year growth in assessed property values and efficient collection methods of staff. The positive change in the local option sales tax is mainly due to increased spending as well as continued collections of taxes from online sales. This is the thirteenth consecutive year of increased local option sales tax collections, which is excellent. The increase in occupancy tax is a due to the rise in local tourism and business travel as vaccines and treatments have become widely available to substantially reduce illness and death caused by the Covid-19 pandemic. Other tax revenues did not change materially since the prior year.

- Intergovernmental revenues of the general fund decreased by 21.54 percent or \$19,600,320. The decrease is primarily because of decreases in Social Services (\$16.8 million), Public Health (\$2.7 million), and Finance (\$994 thousand). These decreases are due mainly to the slowdown of state and federal revenues for Covid and emergency rental assistance spending.
- Charges for services decreased by \$63,229 (0.16 percent). This is attributable to decreases in elections registration lists charges of \$689 thousand, Register of Deeds of \$3.3 million; increases in general government of \$1.4 million and emergency medical services of \$2.3 million. Elections registration lists charges declined because of no election activity. The Register of Deeds experienced decreased real estate transactions due to rising interest rates and a cooling of the housing market. General government and emergency medical services increased due primarily to increased service levels and a new fee structure for emergency medical services. Changes in other charges for service revenues were immaterial.
- Investment earnings increased by \$3.56 million (167.28 percent) mainly due to improved market conditions and rent increased by \$74,301 (40.68 percent), which is due to the increase in rentals of County property for outside events.
- Licenses and permits decreased by \$59,894 (13.99 percent) mainly because of decreases in cablevision and franchise fees and other licenses and permits of \$34 and \$23 thousand, respectively. The change in wine and beer license revenue was immaterial.
- Other revenues decreased by \$15,459,874 (93.68 percent) primarily because of the sales of real property (the American Tobacco parking garage and 500 E. Main surface lot) in the amount of \$14,750,664 in the previous fiscal year and no sales in fiscal year 2023. Additionally, there was a \$752 thousand net decrease in miscellaneous and other revenues combined with a \$65 thousand increase in proceeds from sale of confiscated property.
- General government expenditures increased by \$5,066,730 (6.94 percent) mostly because of increases the following areas: County Manager (\$1,029,934) due to six new positions, funding for a Master Aging Plan and lobbyist advocating for Durham County citizens; Finance (\$1,439,647) due to three new positions, acquiring financial reporting software, and increased costs of contracted services; Risk Management (\$1,083,770) due to higher insurance premiums and claims settlements; General Services (\$1,232,981) due purchases of protective equipment, starting a motor pool operation, and creating four new positions, and Other (\$1,071,403) due mostly for the purchase of vehicles for various departments. These increases were offset by decreases in Board of Elections (\$1.1 million) due to it not being a presidential election year in fiscal year 2023 along with Information Systems and Technology (\$725,353) due to needing less part-time or contractual staff after having remediated most of the vulnerabilities found during the March 2020 cyberattack. Other increases in expenditures included Human Resources (over \$370 thousand), Legal (\$323 thousand), and Board of County Commissioners (\$160 thousand). Variances in expenditures for other departments within the general government functional area were less significant.
- Public safety increased by \$11,642,417 (15.30 percent) with the bulk of the change due to increases in the County Sheriff and Office of Emergency Services by \$4.0 million and \$6.6 million, respectively. The expenditure change in the County Sheriff is due to a 5% pay adjustment to incentivize retention and address the vacancies due to officers leaving for more competitive

salaries, increased funding for replacement of emergency vehicles, funding for a security contract for the courthouse, the purchases of security body scanners, and payment of night shift differential. The increase for the Office of Emergency Services is due to salary adjustments for front-line EMS employees to enhance retention, the addition of an assistant fire marshal position, two new part-time fire inspector positions, funding for additional emergency and fire equipment, and leasing a new building for emergency services operations.

- Transportation expenditures increased by \$93,191 (11.38 percent) primarily due to the funding for two positions (transportation planner and administrative support).
- Economic and physical development decreased by \$122,400 (1.36 percent) primarily because of decreases in cooperative extension (\$277 thousand) due to less reliance on contracted service providers and economic development (\$453 thousand) due to certain businesses not meeting performance criteria to receive the incentive payments. Planning and Other expenditures increased by \$346 thousand and \$188 thousand, respectively. Other variances were insignificant.
- Human services' expenditures decreased by \$9,924,614 (8.38 percent). This change is due to the decrease in Social Services of \$14.5 million as a result of a decrease in funding for the tenant rental assistance and the low income energy assistance programs coupled with increased personnel costs; a decrease in Mental Health of \$1.0 million due to a decline in contracted services; the creation of a new department (Community Intervention and Support Services - \$4.7 million) that works within the community to prevent violence and provide resources for high-risk community members, and the increase in Public Health of \$567 thousand as a result of six new positions.
- Education increased by \$13,883,032 (7.64 percent) from the prior fiscal year. Of this increase, Durham Public Schools received increased funding for operating expenditures of \$10,945,000. Durham Technical Community College's funding increased \$789,268. Other education increased by \$2,148,764 for mostly the pre-k and early childhood programs.
- Cultural and recreational increased by \$1,095,591 (6.99 percent), with an increase for the library system of \$985 thousand due to the purchase of an integrated library system software, increased demand for digital and print collections, funding for marketing targeted at underserved populations, and a part-time position. Moreover, \$110 thousand of the increase was in other cultural and recreational expenditures to support the NC Museum of Life and Science.
- Environmental protection increased by \$835,941 (15.10 percent) primarily due to the increases in expenditures for solid waste of \$557 thousand and environmental engineering of over \$259 thousand. Solid waste expenditures rose due to higher contracted services and personnel costs. Environmental engineering expenditures increased due to a new position to oversee the implementation of the County's renewable energy plan, funding to support a new Durham Community Cultural Plan, funding to support the Little River Regional Park, and participation in the Triangle's solar program. Other expenditures increased by just over \$19 thousand.

The American Rescue Plan Fund has a total fund balance of zero. This fund is used to account for monies allocated to state and local governments by the American Rescue Plan Act (ARPA). ARPA funds can support several priorities including a public health response due to COVID-19, addressing negative economic impacts, replacing public sector revenue loss, and funding premium pay for essential workers. The federal dollars can also address water, sewer, and broadband infrastructure. In fiscal year 2023, the fund recognized revenue of \$50,875, which was expended on general government activities.

The Capital Projects Fund has a total fund balance of \$43,178,016. This money is assigned as a financing resource to be used for the acquisition and construction or improvement of major capital facilities other than those financed by proprietary funds. The net increase in fund balance during the current year in the capital projects' fund was \$8,947,536 due to funding for the fiscal year of intergovernmental revenues, investment earnings, transfers in, and the premium on the issuance of refinancing being far more than the expenditures for the acquisition and 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 proceeds from the issuance of bonds of \$78 million, issuance of installment purchases of \$55.3 million, and transfers in (\$24.6 million). The fund also recognized intergovernmental revenues (\$4.47 million) and investments (\$1.2 million). For expenditures, there was construction activity in the amount of \$154,199,899. In addition, there were other financing uses in the transfers out of \$439,378 from the Capital Projects Fund to the General Fund and the Debt Service Fund. The construction activity was primarily for education (\$89,773,459), environmental protection (\$25,337,134), economic and physical development (\$5,088,758), general government (\$10,141,116), public safety (\$20,170,294), and cultural and recreation (\$3,689,138).

The Debt Service Fund has a total fund balance of \$82,123,116, 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 \$46,493,634 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 such as the issuance of refunding bonds (\$192.5 million), the premium on the issuance of refinancing (\$26.8 million), and transfers in (\$105.4 million). The fund also recognized charges for services (\$494 thousand) and investments (\$822 thousand). In the expenditures, there were principal and interest for the retirement of general long-term debt in the amounts of \$37.1 million and \$20.3 million, respectively. In addition, there were debt issuance costs for the refunding of bonds of \$1.6 million. Other financing uses, transfers out were \$2.3 million.

***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 \$49,255,370. There was an increase in total net position of \$10,994,277. 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 \$76,793,453 and can be summarized, briefly, as follows:

- \$11,113,732 in increases allocated to general government were primarily to honor commitments from fiscal year 2022 and fund the purchase of eleven ambulances for the Office of Emergency Services.
- \$4,710,064 in increases allocated to public safety were primarily to honor commitments from fiscal year 2022; appropriate unspent restricted funds in fiscal year 2023; support the Youth Home and the Local Re-entry Council, purchase meal prep and life-safety equipment for the Detention Center, and distribute funding to the EMS First Responders CARA grant.
- \$1,458,061 in increases allocated to economic and physical development were primarily to redistribute budgeted personnel expenses from other functional areas, honor commitments from fiscal year 2022, appropriate unspent restricted funds in fiscal year 2023, and fund the Cooperative Extension's Kids Voting Program as well as the food assistance programs. The increase also includes Downtown Durham and the Museum of Durham History funding that would have typically been included in the original budget ordinance; however, recent changes to state statute required funding for these entities to be approved separately to allow for commissioner recusal.

- \$1,361,732 in increases allocated to environmental protection were primarily to redistribute budgeted personnel expenses from other functional areas, honor commitments from fiscal year 2022, appropriate unspent restricted funds in fiscal year 2023, fund miscellaneous legal and design costs related to capital projects, support property management costs for the Shoppes of Hope Valley, fund the contract with Child Care Services Association to operate the childcare/Pre-K programs, and purchase a conservation easement.
- \$17,527,446 in increases allocated to human services were primarily to honor commitments from fiscal year 2022; appropriate unspent restricted funds in fiscal year 2023; recognize extensive grant awards supporting multiple County programs for school health, Covid-19, barriers to accessing vaccines, and maternal and child health; support in-home and community-based services for the elderly and the Low-Income Household Water Assistance program. The increase in the human services functional area also includes Project Access funding that would have typically been included in the original budget ordinance; however, recent changes to state statute required funding for these entities to be approved separately to allow for commissioner recusal.
- \$3,172,897 in increases allocated to cultural and recreational were primarily to redistribute budgeted personnel expenses from other functional areas, honor commitments from fiscal year 2022, appropriate unspent restricted funds in fiscal year 2023, and recognize state-aid coronavirus fiscal recovery funds for libraries. The increase also includes funding for the North Carolina Museum of Life and Science that would have typically been included in the original budget ordinance; however, recent changes to state statute required funding for these entities to be approved separately to allow for commissioner recusal.
- \$1,486,747 in increases to education were primarily to honor commitments from fiscal year 2022; increase Durham Pre-K funds for childcare services; contract with the Boys and Girls Club for youth programming, afterschool care, and a pilot program for homework help and tutorial services, and allocate additional support for Kate's Korner, which provides safe and effective learning centers for Durham Public School students.
- \$328,245 in increases to transportation were primarily to redistribute budgeted personnel expenses from other functional areas, honor commitments from fiscal year 2022, fund repairs to Little Acres drive.
- \$35,334,529 in transfers out to cover operating transactions of other departments.

Of this increase, \$12,239,932 was to be funded from intergovernmental and other revenues. Operating transfers-in increased funding by \$205,500. The remaining \$64,051,021 was to be budgeted from available fund balance. During the year, revenues exceeded budgetary estimates by \$23,500,266 while other financing sources fell short of budgetary estimates by \$24,821. Expenditures were far less than budgetary estimates with a positive variance of \$33,920,442, 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, 2023 totaled \$630,272,674 (net of accumulated depreciation/amortization). These assets include land, easements, buildings, water systems, improvements, office furniture and equipment, machinery and equipment, computer hardware, computer software, vehicles, construction in progress, and right-to-use leases and subscriptions. The total increase in the County's net capital assets for the current fiscal year was \$49,168,366 (8.46 percent). Governmental activities increased \$49,014,394 (9.63 percent) and business-type activities increased by \$153,972 (.21 percent).

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

- Construction for the Durham Public School Projects continued in fiscal year 2023 in the amount of \$89,783,458. The County did not capitalize this construction activity because the County does not hold title to these properties.
- Property acquisition for Durham Technical Community College occurred in fiscal year 2023 in the amount of \$20,000. The County did not capitalize this construction activity because the County does not hold title to this property.
- Construction activity for Library (Main and Stanford L. Warren) upgrades continued in the amount of \$1,684,017 during fiscal year 2023.
- Construction for the Museum of Life and Science occurred in fiscal year 2023 in the amount of \$2,005,121. 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 and economic development occurred in the amount of \$30,425,893. Of this amount, the County capitalized \$25,337,135. The remaining amount of \$5,088,758 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 (\$365,361), the 300 Block Parking Deck (\$4,714,436), and the 500 Block Parking Deck (\$12,774,762). Other activity occurred in the Snow Hill Road Pump Station (\$8,161,373) and the Judicial Annex Building renovations (\$330,158). Additional activity occurred on the DSS main street renovations, judicial annex renovation, open space and farmland preservation, and public safety and service complex.

- Construction activity for general government occurred in the amount of \$10,141,117. Of this amount, the County capitalized \$9,647,554. The remaining amount of \$493,563 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 IST Hardware/Software (\$2,398,907), HVAC Replacement project (\$319,825), '21 IT hardware replacement (\$1,837,752), County Security Improvements (\$756,325), Detention Center Window replacement (\$591,465), Durham County Stadium Improvements (\$546,707), Duke Fiber project (\$523,959), Parking Resurfacing project (\$457,027), and Tax Department Software replacement (\$1,102,213). Other activity on County-owned projects occurred for the County-owned convenience site upgrades, County Courthouse Elevator Repair project, Elections equipment, and '21 AV Technologies.
- Construction activity for public safety occurred in the amount of \$20,170,294. The County capitalized the entire amount which was mainly for the new Youth home (\$19,356,587), Body Camera project (\$274,436), Sheriff firing range of \$235,335, and the Sheriff IT Life Cycle Replacement project in the amount of \$300,882.
- Major capital asset increases net of disposals occurred in the asset classes of office furniture and equipment (\$945,626), computer hardware (\$7,973,991), vehicles (\$2,258,966), and right-to-use leases and subscriptions (\$10,599,275), in governmental activities.

**(The remainder of this page is intentionally left blank.)**



**DURHAM COUNTY'S CAPITAL ASSETS**  
(Net of Depreciation)

	Governmental		Business - type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Land	\$ 10,001,626	\$ 10,001,626	\$ 5,536,715	\$ 5,248,865	\$ 15,538,341	\$ 15,250,491
Easements	3,053,493	2,911,040	5,000	5,000	3,058,493	2,916,040
Improvements - water and sewer lines	-	-	12,450,235	12,159,127	12,450,235	12,159,127
Buildings	323,216,064	280,800,573	33,524,791	35,897,225	356,740,855	316,697,798
Water systems	2,232,848	2,283,455	-	-	2,232,848	2,283,455
Office furniture and equipment	896,869	108,735	-	-	896,869	108,735
Machinery and equipment	3,714,872	4,369,338	7,292,769	2,078,003	11,007,641	6,447,341
Computer hardware	6,727,338	2,756,747	9,779	5,939	6,737,117	2,762,686
Computer software	48,763	111,234	-	-	48,763	111,234
Vehicles	5,376,512	3,936,151	125,509	49,310	5,502,021	3,985,461
Right-to-use leases/subscriptions	11,045,783	3,860,637	-	-	11,045,783	3,860,637
Construction in progress	191,888,446	198,048,684	13,125,262	16,472,619	205,013,708	214,521,303
Total	\$ 558,202,614	\$ 509,188,220	\$ 72,070,060	\$ 71,916,088	\$ 630,272,674	\$ 581,104,308

Additional information on the County's capital assets can be found in Note D on pages 80-82 of this report.

**(The remainder of this page is intentionally left blank.)**

**Long-term debt.** At the end of the current fiscal year, Durham County had total debt outstanding of \$722,918,046. Of this amount, \$227,590,505 comprises bonded debt backed by the full faith and credit of the government. Also included is \$3,657,718 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 \$429,558,044, installment notes in the amount of \$2,065,174, BANs in the amount of \$42,976,949, other financing agreements in the amount of \$6,572,553, leases in the amount of \$6,126,119, and subscriptions in the amount of \$4,370,984. 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, increased by \$99,047,506 (15.88 percent) during the current fiscal year. The key factors in this increase were issuances of limited obligation installment financing contracts of \$202,950,792, bond anticipation notes of \$14,080,038, and lease and subscription obligations of \$4,657,139 and \$4,370,984, respectively, which were offset by the annual retirements of governmental and business-type activities debt of \$127,011,447.

**(The remainder of this page is intentionally left blank.)**

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

	Governmental		Business - type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 227,590,505	\$ 253,482,741	\$ -	\$ -	\$ 227,590,505	\$ 253,482,741
Revenue bonds	-	-	3,657,718	4,305,000	3,657,718	4,305,000
Limited obligation bonds	429,558,044	226,607,252	-	-	429,558,044	226,607,252
Installment notes payable	2,065,174	101,653,706	-	-	2,065,174	101,653,706
Bond Anticipation Notes	42,976,949	28,896,911	-	-	42,976,949	28,896,911
Leases	6,126,119	1,468,980	-	-	6,126,119	1,468,980
Subscription-based technology	4,370,984	-	-	-	4,370,984	-
Other financing agreements	-	7,648	6,572,553	7,448,302	6,572,553	7,455,950
Total	\$ 712,687,775	\$ 612,117,238	\$ 10,230,271	\$ 11,753,302	\$ 722,918,046	\$ 623,870,540

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 \$3,997,877,854. The amount of debt relevant to the statutory limit is \$198,380,000, which yields a legal debt margin of \$3,799,497,854. The net bonded debt per capita is \$684.

Additional information on the County's long-term debt can be found in Note E on pages 83-97 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for the County is 3.2 percent as of June 2023, which is a decrease from a rate of 3.4 percent as of June 2022 due to the improved economic conditions as communities learned how to live and work safely during the COVID-19 pandemic, and the access to vaccines and other treatments. The County's unemployment rate is less than the state's unemployment rate of 3.6 percent and the national rate of 3.8 percent as of June 2023.

- The construction activity for non-residential and residential construction was \$2.3 billion for calendar year 2022 compared to almost \$2.2 billion for the calendar year 2021.
- The manufacturing sector employment had a decrease of 18.28 percent (5,398 positions) for calendar year 2022 (24,139) compared to calendar year 2021 (29,537).
- Retail sales are reported on total taxable sales based on sales and use tax returns. The total taxable sales for Durham County for 2023 reported were \$10.661 billion compared to \$10.074 billion reported for fiscal year 2022, an increase of \$.588 billion (5.83 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 2022 were over \$3.6 billion, and economic announcements occurring for 2023 amounted to over \$1.76 billion.
- The per capita income for Durham County for 2021 is \$60,330, an increase of 11.53 percent over 2020. Wake County has a per capita income of \$71,205. The per capita for North Carolina increased from 2021 to 2022 to \$58,109, an increase of 3.45 percent, while the per capita for the nation increased to \$65,470, an increase of 2.07 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 2024 fiscal year.

At the end of the current fiscal year, fund balance available for appropriation for the general fund was \$214,800,957 or 34.16 percent of total general fund expenditures, a decrease of \$48.41 million or 18.39 percent, respectively, from the previous fiscal year. The County has appropriated \$29,754,613 million of this amount for spending in the 2023 fiscal year budget.

Property taxes in the current fiscal year 2023 levy are based on the assessed values as of January 1, 2019, effective date of the County's last general reappraisal. For fiscal year 2023, the budgeted property tax collection percentage approved by the Board of County Commissioners is being adjusted from 99.10% to 99.50% given the more stable economy after the pandemic. Moreover, the County has taken a conservative approach to property valuation and is relying on the natural year-to-year growth of 4.36%, which is anticipated will provide an additional \$15.8 million. The tax rate assessed for the 2023 fiscal year is \$0.7222, which is the same as the prior fiscal year. The tax rate for fiscal year 2024 will increase three cents to \$0.7522. Also, there were various fee adjustments in general fund charges for services for the 2024 fiscal year in the public safety functional area for the emergency medical services division of OES for life support service fees and in the general government functional area for deed registration and transfer fees. Transfers from the special revenue funds are budgeted for the 2023 fiscal year as funding sources for public safety. Also, a transfer from the community health trust fund is budgeted for the 2023 fiscal year as a funding source for health-related spending.

The sewer rates were increased for fiscal year 2024 in the sewer utility fund. The consumption rate charge was increased by 10 percent for all customers, both residential and industrial, effective July

1, 2023. The rate increase was necessary to maintain operational expenses, capital costs, and funds to service debt. There were increases 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, based on an updated System Development Fee Study and approval by the Board of County Commissioners. There were no other increases in fees or new fees added this fiscal year.

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, effective July 1, 2020, to ensure that the user fees would be sufficient to fund these services. The stormwater rates/fees for fiscal year 2023 increased 100% from \$24 to \$48. The fee increased from \$48 to \$64 for fiscal year 2014. These increases for both years were to cover the cost of complying with Falls Lake and Jordan Lake rules designed to restore water quality in the lakes by reducing the amount of pollution entering upstream.

### **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, 7<sup>th</sup> Floor, Durham, NC 27701. You can also visit our website at <http://www.dconc.gov>.

THIS PAGE IS LEFT INTENTIONALLY BLANK

## **BASIC FINANCIAL STATEMENTS**





**DURHAM COUNTY, NORTH CAROLINA**

**Statement of Net Position**  
**June 30, 2023**

	Governmental Activities	Business Type Activities	Total Primary Government	Durham County ABC Board
<b>Assets</b>				
Cash and cash equivalents / investments	\$ 391,590,176	\$ 49,954,705	\$ 441,544,881	\$ 5,658,329
Cash and cash equivalents / investments - restricted	77,924,874	8,746,694	86,671,568	
Receivables:				
Stormwater fees receivable	-	158,340	158,340	-
Accounts receivable	846,393	134,152	980,545	-
Accrued interest receivable	762,372	114,427	876,799	-
Net property taxes receivable	3,030,698	-	3,030,698	-
Beer and wine tax receivable	950	-	950	-
Occupancy tax receivable	58,152	-	58,152	-
Gross tax receivable	53	-	53	-
Solid waste receivable	34,794	-	34,794	-
Animal taxes receivable	282	-	282	-
Water services receivable	322	-	322	-
Net emergency medical services receivable	3,291,204	-	3,291,204	-
WSR loan receivable	2,550,000	-	2,550,000	-
Leases	9,224,393	-	9,224,393	-
Inventory	2,079,918	-	2,079,918	9,187,161
Due from other governments - federal and state agencies	35,175,559	189,620	35,365,179	-
Due from other governments - local	11,091,662	70,931	11,162,593	-
Due from other agencies - other	13,541	-	13,541	-
Prepaid expenses	139,495	26,667	166,162	451,532
Investment in joint venture	8,935,897	-	8,935,897	-
Pension assets - ROD Supplemental Plan	423,132	-	423,132	-
Derivative financial instrument	560,278	-	560,278	-
Capital assets:				
Nondepreciable:				
Land	10,001,626	5,536,715	15,538,341	2,930,654
Easements	3,053,493	5,000	3,058,493	-
Construction in progress	191,888,446	13,125,262	205,013,708	193,023
Depreciable:				
Land improvements - sewer lines and systems	-	29,941,988	29,941,988	-
Buildings	473,988,563	56,854,766	530,843,329	9,942,824
Water systems	2,530,425	-	2,530,425	-
Office furniture and equipment	2,516,354	-	2,516,354	2,487,116
Machinery and equipment	17,249,615	10,817,918	28,067,533	-
Computer hardware	25,393,870	51,511	25,445,381	-
Computer software	16,544,851	73,157	16,618,008	-
Vehicles	25,982,740	670,275	26,653,015	348,896
Accumulated depreciation	(221,993,152)	(45,006,532)	(266,999,684)	(3,214,253)
Right of use assets	14,910,257	-	14,910,257	-
Accumulated amortization	(3,864,474)	-	(3,864,474)	1,832,945
Total capital assets, net of accumulated depreciation and amortization	558,202,614	72,070,060	630,272,674	14,521,205
<b>Total assets</b>	<b>1,105,936,759</b>	<b>131,465,596</b>	<b>1,237,402,355</b>	<b>29,818,227</b>
<b>Deferred outflows of resources</b>				
Contributions to ROD subsequent to measurement date	28,054	-	28,054	-
Contributions to LGERS subsequent to measurement date	15,858,246	285,001	16,143,247	-
Contributions to LEOSSA subsequent to measurement date	363,826	-	363,826	-
Contributions to OPEB subsequent to measurement date	4,479,951	-	4,479,951	-
ROD pension deferrals	308,760	-	308,760	-
LGERS pension deferrals	39,558,837	542,901	40,101,738	1,201,662
LEOSSA pension deferrals	1,853,251	-	1,853,251	-
OPEB deferrals	26,039,726	-	26,039,726	40,879
Deferred charges on refundings	10,301,516	176,354	10,477,870	-
<b>Total deferred outflows of resources</b>	<b>98,792,167</b>	<b>1,004,256</b>	<b>99,796,423</b>	<b>1,242,541</b>
<b>Liabilities</b>				
Accounts payable	25,917,501	794,964	26,712,465	1,568,964
Arbitrage rebate payable	-	13,000	13,000	-
Accrued interest payable	3,434,978	30,666	3,465,644	-
Accrued payroll and related amounts withheld	9,202,721	182,181	9,384,902	217,222
Due to other governments - federal and state agencies	1,706	-	1,706	1,330,944
Due to other governments - local	668,470	-	668,470	1,217,743
Security deposits	38,638	50,919	89,557	-
Retiree and COBRA prepaid benefit contributions	188,576	-	188,576	-
Escrow - register of deeds	561,419	-	561,419	-
Unearned revenue	63,309,545	-	63,309,545	-
Current portion of long-term liabilities:				
Accrued compensated absences due within one year	6,823,365	98,760	6,922,125	-
Bonds and other notes payable due within one year	53,208,931	1,543,033	54,751,964	265,936
Long-term liabilities due in more than one year:				
Net pension liability - LGERS	82,682,124	1,218,341	83,900,465	1,626,424
Total pension liability - LEOSSA	8,768,866	-	8,768,866	-
Total OPEB liability	161,425,607	-	161,425,607	497,125
Accrued compensated absences	4,485,434	138,217	4,623,651	140,977
Bonds and other notes payable	659,478,844	8,687,238	668,166,082	1,656,622
<b>Total liabilities</b>	<b>1,080,196,725</b>	<b>12,757,319</b>	<b>1,092,954,044</b>	<b>8,521,957</b>

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

DURHAM COUNTY, NORTH CAROLINA

Statement of Net Position  
June 30, 2023

	Governmental Activities	Business Type Activities	Total Primary Government	Durham County ABC Board
<b>Deferred inflows of resources</b>				
ROD pension deferrals	\$ 7,670	\$ -	\$ 7,670	\$ -
LGERS pension deferrals	1,165,162	47,034	1,212,196	16,800
LEOSSA pension deferrals	1,307,480	-	1,307,480	-
OPEB deferrals	64,584,007	-	64,584,007	-
Leases	8,982,501	-	8,982,501	-
<b>Total deferred inflows of resources</b>	<u>76,046,820</u>	<u>47,034</u>	<u>76,093,854</u>	<u>16,800</u>
<b>Net position</b>				
Net investment in capital assets	114,466,733	61,663,435	176,130,168	14,521,205
Restricted for:				
Stabilization by State Statute	81,782,818	-	81,782,818	-
Capital projects	10,895,929	8,746,694	19,642,623	1,835,092
Grants and technology	39,620,719	-	39,620,719	-
Fire services	243,528	-	243,528	-
Unrestricted net position (deficit)	<u>(198,524,346)</u>	<u>49,255,370</u>	<u>(149,268,976)</u>	<u>6,165,714</u>
<b>Total net position</b>	<u>\$ 48,485,381</u>	<u>\$ 119,665,499</u>	<u>\$ 168,150,880</u>	<u>\$ 22,522,011</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, 2023**

Functions/Programs	Program Revenues				Net Expense and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Durham County ABC Board
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 123,351,253	\$ 18,358,823	\$ 15,951,884	\$ -	\$ (89,040,546)	\$ -	\$ (89,040,546)	\$ -
Public safety	95,153,607	17,369,014	6,034,693	-	(71,749,900)	-	(71,749,900)	-
Transportation	912,757	1,881	559,289	-	(351,587)	-	(351,587)	-
Economic and physical development	16,179,664	53,528	320,560	-	(15,805,576)	-	(15,805,576)	-
Environmental protection	13,452,988	3,060,834	20,160	-	(10,371,994)	-	(10,371,994)	-
Human services	101,071,341	1,416,356	50,407,176	-	(49,247,809)	-	(49,247,809)	-
Education	259,618,044	1,881	-	4,467,661	(255,148,502)	-	(255,148,502)	-
Cultural and recreational	17,445,261	247,836	655,142	-	(16,542,283)	-	(16,542,283)	-
Interest and fiscal charges	22,396,244	-	-	-	(22,396,244)	-	(22,396,244)	-
Total governmental activities	649,581,159	40,510,153	73,948,904	4,467,661	(530,654,441)	-	(530,654,441)	-
Business-type activities:								
Sewer utility	12,110,564	20,023,410	-	869,362	-	8,782,208	8,782,208	-
Stormwater	1,277,471	2,853,679	-	-	-	1,576,208	1,576,208	-
Total business-type activities	13,388,035	22,877,089	-	869,362	-	10,358,416	10,358,416	-
Total primary government	\$ 662,969,194	\$ 63,387,242	\$ 73,948,904	\$ 5,337,023	(530,654,441)	10,358,416	(520,296,025)	-
Component units:								
Durham County ABC Board	\$ 58,905,606	\$ 62,228,353	\$ -	\$ -				\$ 3,322,747
Total component units	\$ 58,905,606	\$ 62,228,353	\$ -	\$ -				3,322,747
General revenues:								
Taxes:								
Property taxes, levied for general purposes					359,670,953	-	359,670,953	-
Property taxes, levied for fire districts					11,010,075	-	11,010,075	-
Property taxes, levied for other districts purposes					1,757,764	-	1,757,764	-
Local option sales tax					126,051,649	-	126,051,649	-
Occupancy tax					4,806,722	-	4,806,722	-
Gross receipts tax					697,021	-	697,021	-
Vehicle registration tax					192,600	-	192,600	-
Investment and interest income					10,368,982	635,861	11,004,843	55,009
Other revenues					1,042,545	-	1,042,545	60,974
Total general revenues					515,598,311	635,861	516,234,172	115,983
Change in net position					(15,056,130)	10,994,277	(4,061,853)	3,438,730
Net position, beginning					63,541,511	108,671,222	172,212,733	19,083,281
Net position, ending					\$ 48,485,381	\$ 119,665,499	\$ 168,150,880	\$ 22,522,011

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

DURHAM COUNTY, NORTH CAROLINA

Balance Sheet  
Governmental Funds  
June 30, 2023

	General Fund	American Rescue Plan Act Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents / investments	\$ 253,676,083	\$ 50,000	\$ 50,962,184	\$ 82,120,892	\$ 4,781,017	\$ 391,590,176
Cash and cash equivalents / investments - restricted	5,288,272	62,394,400	7,489,054	-	2,753,148	77,924,874
Receivables:						
Accounts receivable, net	844,035	-	-	2,358	-	846,393
Accrued interest receivable	762,372	-	-	-	-	762,372
Net property taxes receivable	2,941,275	-	-	-	89,423	3,030,698
Solid waste receivable	34,794	-	-	-	-	34,794
Beer & Wine receivable	950	-	-	-	-	950
Occupancy tax receivable	58,152	-	-	-	-	58,152
Gross tax receivable	53	-	-	-	-	53
Animal taxes receivable	282	-	-	-	-	282
Water services receivable	322	-	-	-	-	322
Net emergency medical services receivable	3,291,204	-	-	-	-	3,291,204
WSR loan receivable	-	-	2,550,000	-	-	2,550,000
Leases	9,224,393	-	-	-	-	9,224,393
Inventory	2,079,918	-	-	-	-	2,079,918
Due from other governments - federal and state agencies	31,967,224	-	3,158,971	-	49,364	35,175,559
Due from other governments - local	11,091,662	-	-	-	-	11,091,662
Due from agencies - other	13,541	-	-	-	-	13,541
Due from capital project fund	3,047,554	-	-	-	-	3,047,554
Prepaid expenditures	139,495	-	-	-	-	139,495
Total assets	<u>\$ 324,461,581</u>	<u>\$ 62,444,400</u>	<u>\$ 64,160,209</u>	<u>\$ 82,123,250</u>	<u>\$ 7,672,952</u>	<u>\$ 540,862,392</u>
<b>Liabilities</b>						
Accounts payable	\$ 10,508,728	\$ -	\$ 15,384,639	\$ -	\$ 24,134	\$ 25,917,501
Accrued payroll and related amounts withheld	9,202,721	-	-	-	-	9,202,721
Due to other governments - federal and state agencies	1,706	-	-	-	-	1,706
Due to other governments - local	668,336	-	-	134	-	668,470
Due to general fund	-	-	3,047,554	-	-	3,047,554
Security deposits	38,638	-	-	-	-	38,638
Retiree and COBRA prepaid benefit contributions	188,576	-	-	-	-	188,576
Escrow - register of deeds	561,419	-	-	-	-	561,419
Unearned revenue	859,468	62,444,400	-	-	5,677	63,309,545
Total liabilities	<u>22,029,592</u>	<u>62,444,400</u>	<u>18,432,193</u>	<u>134</u>	<u>29,811</u>	<u>102,936,130</u>
<b>Deferred inflows of resources</b>						
Net property taxes receivable	2,941,275	-	-	-	89,423	3,030,698
Solid waste receivable	34,794	-	-	-	-	34,794
Animal taxes receivable	282	-	-	-	-	282
Water services receivable	388	-	-	-	-	388
Net emergency medical services receivable	3,291,203	-	-	-	-	3,291,203
WSR loan receivable	-	-	2,550,000	-	-	2,550,000
Beer & Wine receivable	950	-	-	-	-	950
Occupancy tax receivable	58,152	-	-	-	-	58,152
Gross tax receivable	53	-	-	-	-	53
Leases	8,982,501	-	-	-	-	8,982,501
Total deferred inflows of resources	<u>15,309,598</u>	<u>-</u>	<u>2,550,000</u>	<u>-</u>	<u>89,423</u>	<u>17,949,021</u>
<b>Fund balances</b>						
Non-spendable:						
Inventories	2,079,918	-	-	-	-	2,079,918
Prepaid expenditures	139,495	-	-	-	-	139,495
Leases	241,891	-	-	-	-	241,891
Restricted:						
Stabilization by State Statute	69,860,130	-	11,922,688	-	-	81,782,818
Museum	717,871	-	-	-	-	717,871
Tax technology	86,135	-	-	-	-	86,135
Sheriff	461,982	-	-	-	-	461,982
Fire marshal	-	-	-	-	243,528	243,528
Social services programs	3,279,231	-	-	-	-	3,279,231
Library programs	70,819	-	-	-	-	70,819
Criminal justice programs	32,784	-	-	-	-	32,784
Environmental protection programs	124,215	-	-	-	-	124,215
Register of deeds	506,532	-	-	-	-	506,532
Special Butner	8,703	-	-	-	-	8,703
Opioid settlement funds	-	-	-	-	2,509,620	2,509,620
Education	-	-	761	-	-	761
Committed:						
Risk management	5,178,793	-	-	-	-	5,178,793
Public health	672,924	-	-	-	-	672,924
Debt service	7,841,867	-	-	-	-	7,841,867
Public arts	504,326	-	-	-	-	504,326
Sheriff inmate	936,246	-	-	-	-	936,246
Education: Article 46	10,323,605	-	-	-	-	10,323,605
OPEB	72,406,791	-	-	-	-	72,406,791
Self-insured health benefits	1,425,247	-	-	-	-	1,425,247
Reappraisal reserve	769,032	-	-	-	-	769,032
LEO Special Separation Allowance	1,681,396	-	-	-	-	1,681,396
Assigned, reported in:						
General fund	29,754,613	-	-	-	-	29,754,613
Capital projects fund	-	-	31,254,567	-	-	31,254,567
Debt service	-	-	-	82,123,116	-	82,123,116
Assigned, reported in nonmajor:						
Special revenue	-	-	-	-	4,800,570	4,800,570
Unassigned, general	78,017,845	-	-	-	-	78,017,845
Total fund balances	<u>287,122,391</u>	<u>-</u>	<u>43,178,016</u>	<u>82,123,116</u>	<u>7,553,718</u>	<u>419,977,241</u>
<b>Total liabilities, deferred inflow of resources and fund balances</b>	<u>\$ 324,461,581</u>	<u>\$ 62,444,400</u>	<u>\$ 64,160,209</u>	<u>\$ 82,123,250</u>	<u>\$ 7,672,952</u>	<u>\$ 540,862,392</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, 2023

---

Total fund balance - governmental funds	\$ 419,977,241
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	567,138,511
Other long-term assets used in governmental activities are not a current financial resource and, therefore, are not reported in the funds.	983,410
Deferred outflows of resources used in governmental activities represent a consumption of net assets that applies to future periods and so will not be recognized as an expense or expenditure until then, and therefore, are not reported in the funds.	98,792,167
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the funds.	8,966,520
Deferred inflows of resources used in governmental activities represent an acquisition of net assets that applies to future periods and so will not be recognized as a revenue until then, and therefore, are not reported in the funds.	(67,064,319)
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.	(980,308,149)
Net position of governmental activities	<u>\$ 48,485,381</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, 2023**

	General Fund	American Rescue Plan Act Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 490,660,505	\$ -	\$ -	\$ -	\$ 12,748,544	\$ 503,409,049
Licenses and permits	368,350	-	(5,000)	-	-	363,350
Intergovernmental revenues	71,395,486	50,875	4,467,661	-	2,502,545	78,416,567
Investments	5,691,692	-	1,186,916	822,317	163,285	7,864,210
Rent	256,953	-	-	-	-	256,953
Charges for services	38,375,429	-	-	494,039	1,250,000	40,119,468
Other revenues	1,042,545	-	-	-	-	1,042,545
Total revenues	607,790,960	50,875	5,649,577	1,316,356	16,664,374	631,472,142
<b>Expenditures</b>						
Current:						
General government	78,025,748	50,875	10,141,116	-	-	88,217,739
Public safety	87,716,880	-	20,170,294	-	8,767,918	116,655,092
Transportation	911,796	-	-	-	-	911,796
Economic and physical development	8,899,321	-	5,088,758	-	1,852,415	15,840,494
Environmental protection	6,371,595	-	25,337,134	-	-	31,708,729
Human services	108,474,971	-	-	-	-	108,474,971
Education	195,702,082	-	89,773,459	-	-	285,475,541
Cultural and recreational	16,775,145	-	3,689,138	-	-	20,464,283
Debt service:						
Principal retirement	12,149,445	-	-	37,131,381	-	49,280,826
Interest and fiscal charges	83,321	-	-	20,333,838	-	20,417,159
Debt issuance costs	-	-	-	1,567,111	-	1,567,111
Total expenditures	515,110,304	50,875	154,199,899	59,032,330	10,620,333	739,013,741
<b>Excess (deficiency) of revenues over (under) expenditures</b>	92,680,656	-	(148,550,322)	(57,715,974)	6,044,041	(107,541,599)
<b>Other financing sources (uses)</b>						
Transfers in	2,237,975	-	24,577,512	105,368,681	-	132,184,168
Transfers out	(126,803,065)	-	(439,378)	(2,300,000)	(2,641,725)	(132,184,168)
Lease liabilities issued	5,208,652	-	-	-	-	5,208,652
Subscription liabilities issued	7,987,232	-	-	-	-	7,987,232
Proceeds from the issuance of bonds	-	-	78,022,131	-	-	78,022,131
Issuance of installment purchases	-	-	55,337,593	-	-	55,337,593
Premium on issuance of refinancing	-	-	-	26,796,243	-	26,796,243
Issuance of refunding bonds	-	-	-	192,465,000	-	192,465,000
Payment to refunded debt escrow agent	-	-	-	(218,120,316)	-	(218,120,316)
Total other financing sources (uses)	(111,369,206)	-	157,497,858	104,209,608	(2,641,725)	147,696,535
<b>Net change in fund balances</b>	(18,688,550)	-	8,947,536	46,493,634	3,402,316	40,154,936
<b>Fund balance - beginning</b>	305,810,941	-	34,230,480	35,629,482	4,151,402	379,822,305
<b>Fund balance - ending</b>	\$ 287,122,391	\$ -	\$ 43,178,016	\$ 82,123,116	\$ 7,553,718	\$ 419,977,241

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, 2023

---

Net changes in fund balances - total governmental funds	\$	40,154,936
---	----	------------

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

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 and amortization expense. This is the amount by which capital outlay exceeded depreciation in the current year.	36,902,412
---	------------

Deferred outflows of resources used in governmental activities represent a consumption of net assets that applies to future periods and so will not be recognized as an expense or expenditure until then, and therefore, are not reported in the funds.	(10,747,469)
--	--------------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	3,968,967
--	-----------

Deferred inflows of resources used in governmental activities represent an acquisition of net assets that applies to future periods and so will not be recognized as a revenue until then, and therefore, are not reported in the funds.	(29,698,376)
--	--------------

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.	(55,636,600)
---	--------------

Change in net position of governmental activities	\$	<u>(15,056,130)</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, 2023**

	Budgeted Amounts		Actual	Positive (Negative) Variance
	Original	Final		
<b>Revenues</b>				
Taxes				
Current levy	\$ 346,751,335	\$ 346,751,335	\$ 357,330,752	\$ 10,579,417
Prior years' levy	1,250,000	1,250,000	582,174	(667,826)
Tax penalties and interest	600,000	600,000	799,676	199,676
Advertising and selling	15,000	15,000	15,183	183
Payments in lieu of taxes	-	-	61,128	61,128
Local option sales tax	106,111,598	106,111,598	126,051,649	19,940,051
Animal tax	-	-	770	770
Occupancy tax	4,150,000	4,150,000	4,864,874	714,874
Gross receipts tax	500,000	500,000	697,074	197,074
Vehicle registration tax	300,000	300,000	192,600	(107,400)
Solid waste tax	25,000	25,000	39,467	14,467
White goods tax	17,000	17,000	25,158	8,158
Total taxes	459,719,933	459,719,933	490,660,505	30,940,572
Intergovernmental revenues				
Beer and wine tax	190,000	190,000	166,015	(23,985)
Social services	30,324,573	32,805,151	38,788,163	5,983,012
Public health	9,410,044	17,412,862	10,505,908	(6,906,954)
Community intervention and support services	1,182,566	1,182,566	1,113,105	(69,461)
Library	471,548	731,448	655,142	(76,306)
Finance	16,644,568	16,864,568	11,340,493	(5,524,075)
ABC Board	2,600,000	2,600,000	1,844,331	(755,669)
Other	8,302,675	9,261,553	6,982,329	(2,279,224)
Total intergovernmental revenues	69,125,974	81,048,148	71,395,486	(9,652,662)
Charges for services				
Elections registration lists	615	615	55	(560)
Register of deeds	9,225,000	9,225,000	6,735,001	(2,489,999)
General government charges	8,574,128	8,574,128	9,094,684	520,556
Collection fees	2,021,500	2,021,500	2,295,332	273,832
Public protection	1,430,000	1,430,000	1,372,021	(57,979)
Environmental protection	12,000	12,000	15,234	3,234
Solid waste fees	2,422,144	2,422,144	2,369,197	(52,947)
Facilities fees	220,000	220,000	252,437	32,437
Library fees and charges	56,000	56,000	91,973	35,973
Public health	367,235	367,235	518,851	151,616
Social services	2,290	2,290	3,001	711
Office of emergency services	14,897,682	14,897,682	15,605,001	707,319
Other charges	11,620	11,620	22,642	11,022
Total charges for services	39,240,214	39,240,214	38,375,429	(864,785)
Investment and rental income				
Investment earnings	3,015,000	3,015,000	5,691,692	2,676,692
Rent	133,316	283,316	256,953	(26,363)
Total investment and rental income	3,148,316	3,298,316	5,948,645	2,650,329
Licenses and permits				
Cablevision and franchise fees	475,000	475,000	319,380	(155,620)
Wine and beer licenses	20,000	20,000	14,976	(5,024)
Other licenses and permits	45,000	45,000	33,994	(11,006)
Total licenses and permits	540,000	540,000	368,350	(171,650)

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, 2023 (continued)**

	Budgeted Amounts			Positive (Negative) Variance
	Original	Final	Actual	
Revenues (continued)				
Other revenues				
Miscellaneous	\$ 91,225	\$ 258,983	\$ 500,204	\$ 241,221
Confiscated property				
federal investigation	40,000	40,000	116,634	76,634
Inmate welfare	100,000	100,000	143,084	43,084
Sale of surplus property and materials	-	-	90,787	90,787
Other	45,100	45,100	191,836	146,736
Total other revenues	276,325	444,083	1,042,545	598,462
Total revenues	572,050,762	584,290,694	607,790,960	23,500,266
Expenditures				
General administration				
Board of county commissioners	966,973	1,075,295	956,913	118,382
County manager	4,758,589	5,487,856	4,686,050	801,806
Finance	5,509,517	6,020,426	5,910,516	109,910
Tax	8,590,255	9,116,579	8,130,511	986,068
Legal	3,497,007	3,799,669	3,966,672	(167,003)
Court facilities	557,456	607,456	264,509	342,947
Human resources	9,139,449	9,264,435	9,219,229	45,206
Elections	2,776,254	2,860,709	2,436,732	423,977
Risk management and insurance	4,957,535	5,949,925	5,089,712	860,213
General services	17,397,327	20,223,686	18,344,680	1,879,006
Geographic information systems	481,263	481,263	481,263	-
Information systems and technology	14,926,664	16,485,517	12,712,648	3,772,869
Register of deeds	2,348,602	2,609,373	2,360,268	249,105
Other	9,573,533	12,611,967	3,466,045	9,145,922
Total general administration	85,480,424	96,594,156	78,025,748	18,568,408
Economic and physical development				
Planning	1,307,159	1,307,159	1,227,349	79,810
Cooperative extension	2,789,829	3,791,423	3,233,878	557,545
Soil and water conservation	833,116	927,335	822,698	104,637
Open space management	100,000	268,484	67,271	201,213
Industrial extension	3,302,236	3,292,236	1,932,486	1,359,750
Other	1,511,152	1,714,916	1,615,639	99,277
Total economic and physical development	9,843,492	11,301,553	8,899,321	2,402,232
Human services				
Public health	35,737,731	45,227,866	35,796,451	9,431,415
Mental health	6,349,700	6,349,700	3,174,850	3,174,850
Social services	63,404,235	70,716,114	64,035,978	6,680,136
Community intervention and support services	3,084,747	4,528,179	4,657,336	(129,157)
Other	1,745,383	1,027,383	810,356	217,027
Total human services	110,321,796	127,849,242	108,474,971	19,374,271
Education				
Durham public schools				
Current	171,151,627	171,151,627	171,151,627	-
Capital	6,000,000	6,000,000	6,000,000	-
Durham technical community college				
Current	9,200,934	9,200,934	9,200,934	-
Capital	542,500	542,500	542,500	-
Other education	7,320,481	8,807,228	8,807,021	207
Total education	194,215,542	195,702,289	195,702,082	207

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, 2023 (continued)**

	Budgeted Amounts		Actual	Positive (Negative) Variance
	Original	Final		
<b>Expenditures (continued)</b>				
Public safety				
Criminal justice partnership	\$ 7,037,290	\$ 6,785,191	\$ 6,464,263	\$ 320,928
County sheriff	25,113,090	29,975,979	28,447,188	1,528,791
County jail	21,677,558	20,650,990	17,780,229	2,870,761
Youth home	2,018,928	2,283,065	1,999,086	283,979
Animal control	2,271,153	2,458,605	2,479,746	(21,141)
Emergency communications center	1,704,233	1,704,233	1,377,656	326,577
Office of emergency services	25,163,144	25,837,397	28,892,962	(3,055,565)
Medical examiner	350,000	350,000	275,750	74,250
Total public safety	85,335,396	90,045,460	87,716,880	2,328,580
Transportation				
Airport authority	12,500	12,500	12,500	-
Go Triangle	400,000	400,000	192,600	207,400
County transportation	860,889	1,189,134	706,696	482,438
Total transportation	1,273,389	1,601,634	911,796	689,838
Environmental protection				
Solid waste	2,635,513	2,936,408	2,710,922	225,486
Environmental engineering	3,335,931	4,396,768	3,587,655	809,113
Other	90,444	90,444	73,018	17,426
Total environmental protection	6,061,888	7,423,620	6,371,595	1,052,025
Cultural and recreational				
Library	14,881,895	16,101,451	14,363,804	1,737,647
Other	458,000	2,411,341	2,411,341	-
Total cultural and recreational	15,339,895	18,512,792	16,775,145	1,737,647
Debt service:				
Principal	-	-	12,149,445	(12,149,445)
Interest and fiscal charges	-	-	83,321	(83,321)
Total debt service	-	-	12,232,766	(12,232,766)
<b>Total expenditures</b>	<b>507,871,822</b>	<b>549,030,746</b>	<b>515,110,304</b>	<b>33,920,442</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>64,178,940</b>	<b>35,259,948</b>	<b>92,680,656</b>	<b>57,420,708</b>
<b>Other financing sources (uses)</b>				
Transfers in	2,060,296	2,262,796	2,237,975	(24,821)
Transfers out	(91,468,536)	(126,803,065)	(126,803,065)	-
Lease liabilities issued	-	-	5,208,652	5,208,652
Subscription liabilities issued	-	-	7,987,232	7,987,232
Appropriated fund balance	25,229,300	89,280,321	-	(89,280,321)
<b>Total other financing uses</b>	<b>(64,178,940)</b>	<b>(35,259,948)</b>	<b>(111,369,206)</b>	<b>(76,109,258)</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES UNDER EXPENDITURES AND OTHER USES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(18,688,550)</b>	<b>\$ (18,688,550)</b>
<b>FUND BALANCE -BEGINNING OF YEAR</b>			<b>305,810,941</b>	
<b>FUND BALANCE - END OF YEAR</b>			<b>\$ 287,122,391</b>	

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, 2023**

	Enterprise Funds		
	Nonmajor		Total
	Sewer Utility Fund	Stormwater Fund	
<b>Assets</b>			
Current assets			
Cash and cash equivalents / investments	\$ 46,646,721	\$ 3,307,984	\$ 49,954,705
Cash and cash equivalents / investments - restricted	8,746,694	-	8,746,694
Receivables:			
Stormwater fees receivable	-	158,340	158,340
Accounts receivable	130,127	4,025	134,152
Accrued interest receivable	106,868	7,559	114,427
Total receivables	236,995	169,924	406,919
Due from other governments - federal and state agencies	187,547	2,073	189,620
Due from other governments - local	70,931	-	70,931
Prepaid expenses	26,667	-	26,667
Total current assets	55,915,555	3,479,981	59,395,536
Noncurrent assets			
Capital assets:			
Land	5,536,715	-	5,536,715
Easements	5,000	-	5,000
Land improvements - sewer and water lines	29,941,988	-	29,941,988
Building treatment plant	56,854,766	-	56,854,766
Machinery and equipment	10,809,848	8,070	10,817,918
Vehicles	549,906	120,369	670,275
Computer hardware	43,907	7,604	51,511
Computer software	73,157	-	73,157
Construction in progress	13,125,262	-	13,125,262
Total capital assets	116,940,549	136,043	117,076,592
Less accumulated depreciation and amortization	(44,903,680)	(102,852)	(45,006,532)
Net capital assets	72,036,869	33,191	72,070,060
Total noncurrent assets	72,036,869	33,191	72,070,060
<b>Total assets</b>	<b>127,952,424</b>	<b>3,513,172</b>	<b>131,465,596</b>
<b>Deferred outflows of resources</b>			
Contributions to LGERS subsequent to measurement date	240,822	44,179	285,001
Pension deferrals - LGERS	539,078	3,823	542,901
Deferred charges on refundings	176,354	-	176,354
<b>Total deferred outflows of resources</b>	<b>956,254</b>	<b>48,002</b>	<b>1,004,256</b>
<b>Liabilities</b>			
Current liabilities			
Current portion of accrued compensated absences	65,716	33,044	98,760
Current portion of long-term debt	1,543,033	-	1,543,033
Accounts payable	774,046	20,918	794,964
Arbitrage rebate payable	13,000	-	13,000
Accrued interest payable	30,666	-	30,666
Accrued payroll and related amounts withheld	139,686	42,495	182,181
Security deposits	-	50,919	50,919
Total current liabilities	2,566,147	147,376	2,713,523
Noncurrent liabilities			
Accrued compensated absences	109,790	28,427	138,217
Net pension liability - LGERS	1,141,797	76,544	1,218,341
Long-term debt	8,687,238	-	8,687,238
Total noncurrent liabilities	9,938,825	104,971	10,043,796
<b>Total liabilities</b>	<b>12,504,972</b>	<b>252,347</b>	<b>12,757,319</b>
<b>Deferred inflows of resources</b>			
Pension deferrals - LGERS	45,948	1,086	47,034
<b>Net position</b>			
Net investment in capital assets	61,630,244	33,191	61,663,435
Restricted for capital projects	8,746,694	-	8,746,694
Unrestricted	45,980,820	3,274,550	49,255,370
<b>Total net position</b>	<b>\$ 116,357,758</b>	<b>\$ 3,307,741</b>	<b>\$ 119,665,499</b>

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, 2023**

	Enterprise Funds		
	Sewer Utility Fund	Nonmajor	Total
		Stormwater Fund	
<b>Operating revenues</b>			
Charges for services	\$ 14,704,413	\$ 1,683,936	\$ 16,388,349
<b>Operating expenses</b>			
Personnel services	2,392,803	869,800	3,262,603
Utilities	586,335	-	586,335
Maintenance and other	3,914,103	402,577	4,316,680
Depreciation	4,985,236	4,895	4,990,131
Total operating expenses	11,878,477	1,277,272	13,155,749
<b>Operating income</b>	2,825,936	406,664	3,232,600
<b>Nonoperating revenue (expense)</b>			
Investment and interest income	597,636	38,225	635,861
Sewer connection fees	5,318,997	-	5,318,997
Construction permits	-	1,138,916	1,138,916
Inspection fees	-	30,827	30,827
Interest and fiscal charges	(222,562)	-	(222,562)
Miscellaneous	(9,526)	(198)	(9,724)
Total nonoperating revenue (expense)	5,684,545	1,207,770	6,892,315
<b>Income before contributions</b>	8,510,481	1,614,434	10,124,915
Capital contributions	869,362	-	869,362
<b>Change in net position</b>	9,379,843	1,614,434	10,994,277
<b>Beginning net position</b>	106,977,915	1,693,307	108,671,222
<b>Total net position, ending</b>	\$ 116,357,758	\$ 3,307,741	\$ 119,665,499

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, 2023**

	Enterprise Fund		
	Sewer Utility Fund	Stormwater Fund	Total
<b>Operating activities</b>			
Cash received from customers	\$ 17,846,190	\$ 1,590,548	\$ 19,436,738
Cash paid to employees	(2,214,311)	(840,384)	(3,054,695)
Cash paid for operating plant	(4,623,146)	(401,719)	(5,024,865)
Sewer connection fees received	5,318,997	-	5,318,997
Construction permits received	-	1,138,916	1,138,916
Inspection fees received	-	30,827	30,827
Miscellaneous received	(9,526)	(198)	(9,724)
<b>Net cash provided from operating activities</b>	<b>16,318,204</b>	<b>1,517,990</b>	<b>17,836,194</b>
<b>Capital and related financing activities</b>			
Principal payments on long-term debt	(1,491,145)	-	(1,491,145)
Interest paid	(214,407)	-	(214,407)
Acquisition and construction costs of capital assets	(4,242,976)	(31,763)	(4,274,739)
<b>Net cash provided from capital and related financing activities</b>	<b>(5,948,528)</b>	<b>(31,763)</b>	<b>(5,980,291)</b>
<b>Investing activities</b>			
Investment income and dividends	584,663	35,446	620,109
<b>Net cash provided from investing activities</b>	<b>584,663</b>	<b>35,446</b>	<b>620,109</b>
<b>Net increase in cash and cash equivalents/investments</b>	<b>10,954,339</b>	<b>1,521,673</b>	<b>12,476,012</b>
<b>Cash and cash equivalents/investments</b>			
<b>Beginning of year</b>	<b>44,439,076</b>	<b>1,786,311</b>	<b>46,225,387</b>
<b>End of year</b>	<b>\$ 55,393,415</b>	<b>\$ 3,307,984</b>	<b>\$ 58,701,399</b>
<b>Reconciliation of operating income to net cash provided from operating activities</b>			
Operating income	\$ 2,825,936	\$ 406,664	\$ 3,232,600
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	4,985,236	4,895	4,990,131
Nonoperating miscellaneous income (expense)	5,309,473	1,169,543	6,479,016
Change in assets, deferred outflows of resources, deferred inflows of resources, and liabilities:			
Accounts receivable	96,325	(91,988)	4,337
Due from other governments - federal and state agencies	82,778	(1,400)	81,378
Due from other governments - local	2,962,674	-	2,962,674
Net pension asset	-	16,719	16,719
Deferred outflows of resources for pensions	(306,564)	17,581	(288,983)
Accounts payable	(104,594)	9,043	(95,551)
Compensated absences and accrued payroll	64,375	17,737	82,112
Due to other agencies	-	(8,185)	(8,185)
Deferred inflows of resources for pensions	(490,455)	(99,163)	(589,618)
Net pension liability	911,134	76,544	987,678
Prepaid expenses	(18,114)	-	(18,114)
Total adjustments	13,492,268	1,111,326	14,603,594
<b>Net cash provided from operating activities</b>	<b>\$ 16,318,204</b>	<b>\$ 1,517,990</b>	<b>\$ 17,836,194</b>
<b>Supplemental Schedule of Noncash Capital and Related Financing Activities:</b>			
Capital contributions	\$ 869,362	\$ -	\$ 869,362

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, 2023

	Private-purpose Trust Funds	Custodial Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 52,131	\$ 2,749,906
Accounts receivable	-	165,290
Taxes receivable for other governments, net	-	1,877,763
Gross Taxes Receivable	-	53
Due from governmental agencies	-	1,640,215
Total assets	52,131	6,433,227
<b>Liabilities</b>		
Accounts payable and accrued liabilities	-	80,223
Due to public schools	-	172,602
Due to governmental agencies	-	3,660,550
Total liabilities	-	3,913,375
<b>Net position</b>		
Held in trust for:		
Individuals, organizations, and other governments	52,131	2,519,852
<b>Total net position</b>	\$ 52,131	\$ 2,519,852

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, 2023

---

	Private-purpose Trust Funds	Custodial Funds
<b>Additions</b>		
Employee contributions	\$ 1,931	\$ -
Investment income	508	1,078,340
Collections for public schools	-	770,887
Tax collections for other governments	-	234,428,539
Collections on behalf of sheriff	-	715,458
Collections on behalf of inmates	-	777,957
Total additions	<u>2,439</u>	<u>237,771,181</u>
<b>Deductions</b>		
Benefit Payments	4,200	-
Payments on behalf of sheriff	-	653,517
Payments on behalf of inmates	-	794,818
Collection distributions to public schools	-	717,023
Tax distributions to other governments	-	231,712,629
Administrative costs	-	2,755,644
Interest costs	-	500
Total deductions	<u>4,200</u>	<u>236,634,131</u>
<b>Change in net position</b>	(1,761)	1,137,050
<b>Total net position - beginning</b>	<u>53,892</u>	<u>1,382,802</u>
<b>Total net position - ending</b>	<u>\$ 52,131</u>	<u>\$ 2,519,852</u>

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

THIS PAGE LEFT INTENTIONALLY BLANK



DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**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, 2023

---

**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’s 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, 2023

---

**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

*American Rescue Plan Act.* This fund accounts for the financial resources that are kept in a special revenue fund. American Rescue Plan Act (ARPA) revenues are unearned revenue until the Board determines their use. Once the use is determined the funds are transferred to the appropriate fund before being expended.

*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.

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,

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Redwood Fire District, New Hope Fire District, Eno Fire District, Bahama Fire District, Bethesda Service District, Durham County Fire and Rescue Service District, Special Park District, Community Health Trust Fund and Opioid Settlement Fund are all special revenue fund types. Special revenue funds account for and report the proceeds of specific revenue sources that are 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 Funds.* The County reports two types of fiduciary funds, *Private-Purpose Trust Funds* and *Custodial Funds*.

*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:

*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:

**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. 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.

*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.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, SBITAs, leases, 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 leases and IT subscriptions are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. 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. 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 receivable in these financial statements and are offset by allowance for doubtful accounts.

Sales tax distributions 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.

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, Opioid Settlement Fund, and ARPA Special Revenue Fund.

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

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

The following summarizes the supplementary appropriations made for the major governmental funds other than the capital projects fund during fiscal year 2023:

	<u>Original Budget</u>	<u>Total Amendments</u>	<u>Revised Budget</u>
General	<u>\$ 600,620,300</u>	<u>\$ 77,625,244</u>	<u>\$ 678,245,544</u>
Debt Service	<u>\$ 76,009,637</u>	<u>\$ 221,561,243</u>	<u>\$ 297,570,880</u>

All annual appropriations lapse at each fiscal year-end.

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

**Cash and Investments**

Pooled cash and investments are maintained and used by all funds except the Child Support Fund, Sheriff Fund, Jail Inmate Fund, Evidence Fund, American Rescue Plan Fund, 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 considered cash and cash equivalents. The Durham County ABC Board considers demand deposits and all highly liquid investments purchased with an original maturity of three months or less, to be cash and cash equivalents.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 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, 2023, the County's deposits had a carrying amount of \$206,051,524 and bank balances of \$216,142,991. Of the carrying amount, \$2,802,036 was related to fiduciary funds. Of the bank balance, \$750,000 was covered by federal depository insurance, and \$215,392,991 was covered by collateral held under the Pooling Method.

At June 30, 2023, the ABC Board's deposits had a carrying amount of \$2,389,416 and a bank balance of \$4,024,676. 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

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT), 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 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

The ABC Board's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by either quoted market prices, significant other observable inputs, or significant unobservable inputs. Non-participation interest earnings contracts and the NCCMT Government Portfolio, an SEC registered 2a-7 external investment pool, are measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued based at fair value as determined by significant other observable inputs. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost.

As of June 30, 2023, the County had the following investments and maturities:

Investment Type	Fair Value	Valuation Measurement Method	Less than 6 Months	6-12 Months	1-5 Years
US Government Agencies	\$ 41,752,820	Fair Value - Level 2	\$ 9,881,740	\$ 7,693,440	\$ 24,177,640
NC Capital Management Trust - Government Portfolio	280,710,648	Fair Value - Level 1	280,710,648	-	-
Certificate of Deposit	2,503,493	Fair Value - Level 1	2,503,493	-	-
<b>Total</b>	<b>\$ 324,966,961</b>		<b>\$ 293,095,881</b>	<b>\$ 7,693,440</b>	<b>\$ 24,177,640</b>

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.



DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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, 2023, the County held no investments in commercial paper. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAA by Standard & Poor's as of June 30, 2023. 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.

**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.

The ABC Board has no formal policy regarding custodial credit risk for deposits; however, it is the current informal policy to follow State requirements.

**Concentration of Credit Risk:**

The County places no limit on the amount that the County may invest in any one issuer. More than 12.85 percent of the County's investments are in the Federal Farm Credit Bank and Federal Home Loan Mortgage Corp. These investments are 4.81% and 8.04% respectively, of the County's total investment portfolio. All securities owned by the County at June 30, 2023 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.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

On June 22, 2023, due to the scheduled phasing out of the LIBOR index, the County modified its Confirmation with the SWAP counterparty, The Bank of New York Mellon, to substitute the LIBOR based rate for a SOFR based rate. A spread of plus 0.42826% was calculated at the time of closing to create an equivalent effective rate at transition.

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 1.132%. In 2006 the Bond Market Association became SIFMA. 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, 2023, the SWAP had a positive fair value totaling \$560,278 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 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, in the Statement of Net Position. The fair value increased by \$180,829 in fiscal year 2023. The changes in fair value are reported in investment income in the Statement of Activities.

**(The remainder of this page is intentionally left blank.)**

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

<u>Associated Bond Issues</u>	(In Thousands)						
	Notional <u>Amount</u>	Effective <u>Date</u>	Termination <u>Date</u>	Variable Rate <u>Paid</u>	Variable Rate <u>Received</u>	Fair <u>Value</u>	Counterparty <u>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	SIFMA SWAP Index/  Divisor	1.132% + 6- Month  LIBOR	\$560,278	Aa2/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, 2023, the County was exposed to credit risk, or economic loss due to a counterparty default on its outstanding SWAP in the amount of \$560,278 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 Aa2/AA-(S&P)/AA (Fitch) rated Bank of New York Mellon.

**6. 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 2023 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.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 an allowance for uncollectible taxes. In addition, property taxes collected in advance of the fiscal year to which they apply are recorded as deferred inflows of resources.

**7. Lease Receivable**

Durham County’s lease receivable is measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for leases. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease. For additional information, refer to the disclosures below.

**8. Allowance for Doubtful Accounts**

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.

**(The remainder of this page is intentionally left blank.)**

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Receivables at the government-wide level at June 30, 2023, were as follows:

	<u>Accounts</u>	<u>Accrued Interest</u>	<u>Taxes</u>	<u>Stormwater Fees</u>	<u>Solid Waste</u>
Governmental activities:					
General	\$ 938,712	\$ 762,372	\$ 3,061,112	\$ -	\$ 34,794
Capital projects	2,550,000	-	-	-	-
Debt Services	2,358	-	-	-	-
Other governmental	-	-	90,768	-	-
Total receivables	3,491,070	762,372	3,151,880	-	34,794
Allowance for doubtful accounts	(94,676)	-	(61,424)	-	-
Total governmental activities	<u>\$ 3,396,394</u>	<u>\$ 762,372</u>	<u>\$ 3,090,456</u>	<u>\$ -</u>	<u>\$ 34,794</u>
Business-type activities:					
Sewer utility	\$ 130,127	\$ 106,868	\$ -	\$ -	\$ -
Stormwater	4,025	7,559	-	158,340	-
Total receivables	134,152	114,427	-	158,340	-
Total business-type activities	<u>\$ 134,152</u>	<u>\$ 114,427</u>	<u>\$ -</u>	<u>\$ 158,340</u>	<u>\$ -</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, 2023, of \$304,467 has been included in the allowance for doubtful accounts.

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

---

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

	<b>Emergency Medical Services</b>	<b>Community Development Mortgage Loans</b>	<b>Lease Receivable</b>	<b>Due from Other Governments</b>	<b>Total</b>
Governmental activities:					
General	\$ 74,719,143	\$ 304,467	\$ 9,224,393	\$ 31,967,224	\$ 121,012,217
Capital projects	-	-	-	3,158,971	5,708,971
Debt Services	-	-	-	-	2,358
Other governmental	-	-	-	49,364	140,132
Total receivables	<u>74,719,143</u>	<u>304,467</u>	<u>9,224,393</u>	<u>35,175,559</u>	<u>126,863,678</u>
Allowance for doubtful accounts	<u>(71,427,939)</u>	<u>(304,467)</u>	<u>-</u>	<u>-</u>	<u>(71,888,506)</u>
Total governmental activities	<u><u>\$ 3,291,204</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,224,393</u></u>	<u><u>\$ 35,175,559</u></u>	<u><u>\$ 54,975,172</u></u>
Business-type activities:					
Sewer utility	\$ -	\$ -	\$ -	\$ 258,478	\$ 236,995
Stormwater	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,072</u>	<u>169,924</u>
Total receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>260,550</u>	<u>406,919</u>
Total business-type activities	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 260,550</u></u>	<u><u>\$ 406,919</u></u>

(The remainder of this page is intentionally left blank.)

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

9. 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*, represent a consumption of net assets that applies to future periods and so will not be recognized as an expense or expenditure until then. The County has several items that meet this criterion – deferred charges on refundings, pension related deferrals (ROD, LGERS, and LEOSSA), OPEB deferrals, and contributions made to the plans subsequent to the measurement date (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 assets 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 – net property taxes receivable, solid waste receivable, animal taxes receivable, water services receivable, net emergency medical services receivable, WSR loan receivable, OPEB deferrals, leases, and other pension related deferrals (ROD, LGERS, and LEOSSA).

10. 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 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 non-spendable 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.

11. 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 or non-consumable assets with an acquisition cost of more than \$5,000 and intangible assets with an acquisition cost or acquisition value, if donated or gifted, of more than \$50,000. The estimated useful life of tangible, non-consumable, and intangible assets must be 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 are recorded at acquisition value.

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

---

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 increase the service capacity of the asset or materially extend assets' lives are not capitalized.

**(The remainder of this page is intentionally left blank.)**



DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the County are depreciated or amortized on a straight-line basis over the following estimated useful lives:

Description	Estimated Useful Lives
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
Sewer system	50 years
Water system	50 years
Construction in progress (CIP)	N/A
Right to use lease assets, see Note D	Term of the lease
Right of use subscription assets, see Note D	Term of the subscription
Easements	Indefinite, to be monitored for impairment

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

Description	Estimated Useful Lives
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.

Leases and subscriptions are amortized 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, 2023

---

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Right-to-Use Assets

The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right-to-use lease assets are amortized on a straight-line basis over the life of the related lease. The related leases are discussed in the Leases subsection of the Long-term Obligations section of these notes.

The right-to-use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term are reported as a prepayment (asset). Such prepayments are reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives are reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount is included in the initial measurement of the subscription asset. The right-to-use subscription assets are amortized on a straight-line basis over the subscription term.

12. 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 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.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**13. Compensated Absences**

Permanent employees of the County can earn vacation leave at rates between 11.67 and 11.87 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, 2023 amounted to \$11,545,776. Of this amount, \$11,308,799 is recorded as a liability in the government-wide financial statements for governmental activities, and \$236,977 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, 2023 amounted to \$140,977. 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, 2023 amounted to \$41,869,078 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 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.

**14. Opioid Settlement Funds**

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of funds will be front loaded.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

North Carolina's Memorandum of Agreement (MOA) between the state and local governments for the settlement funds allocates the funds as follows:

- 15% directly to the State ("State Abatement Fund")
- 80% to abatement funds established by Local Governments ("Local Abatement Funds")
- 5% to a County Incentive Fund.

The County received \$445,273 as part of this settlement in fiscal year 2022. During fiscal year 2023, the County received an additional \$2,057,272 for a total of \$2,502,545. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted but are recognized as revenue when received. No funds have been expended as of June 30, 2023. In addition, no allocation plan has been approved by the Board. Therefore, no multi-year grant ordinance has been adopted as of June 30, 2023. The MOA offered two options of expending the funds. The county opted for Option A, which allows the County to fund one or more highlighted strategies from a list of evidence-based strategies to combat the opioid epidemic. The County enlisted the input of the Durham community via surveys and a town hall to aid in prioritizing the evidenced-based strategies.

**15. Reimbursements for Pandemic-related Expenditures**

In fiscal year 2021, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The American Rescue Plan will deliver \$350 billion for state, local, territorial, and tribal governments to respond to the COVID-19 emergency. Funding will also focus on infrastructure issues that face communities including efforts to bring back jobs. Durham County was allocated \$62,445,275 of fiscal recovery funds paid in two equal installments in July 2021 and July 2022.

A total of \$50,875 in ARPA funds have been expended as of June 30, 2023. The BOCC has established an allocation plan and adopted a multi-year budget ordinance for the full amount. Funds must be obligated by a funds reservation by December 31, 2024 and Counties have until December 31, 2026 to expend all remaining funds. ARPA funds can support several priorities including a public health response due to COVID-19, address negative economic impacts, replace public sector revenue loss, and fund premium pay for essential workers. The federal dollars can also address water, sewer, and broadband infrastructure.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**16. 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, 2023 are as follows:

Major Funds		
General Fund	ARPA Fund	Capital Projects Fund
\$ 22,133,806	\$ 4,919,125	\$ 8,694,954

**17. 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.

- 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.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- 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.
- Leases Receivable, net – portion of fund balance that is not an available resource because it is not in spendable form. The reported amount is calculated by reducing the lease receivable by the related deferred inflow of resources.

*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. Restricted by State Statute (RSS) is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories, prepaids and lease receivables in excess of deferred inflows of resources for leases, as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.
- Restricted for museum – portion of fund balance that is restricted by revenue source for museum purposes.
- 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.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- 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.
- 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 Opioid Settlement – portion of the fund balance that is restricted by revenue source to be used toward prevention and treatment of opioid addiction related to a national settlement with four pharmaceutical companies.
- 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.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- Committed for debt service – portion of fund balance that can only be used for debt service.
- Committed for public arts – portion of fund balance that can only be used for public arts.
- 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.
- 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 remainder of this page is intentionally left blank.)**



DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

---

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The following schedule presents the assigned fund balances at June 30, 2023:

	General Fund	ARPA	Capital Projects Fund	Debt Service Fund	Nonmajor Special Revenue Funds
Assigned Fund Balance:					
Assigned for subsequent year	\$ 29,754,613		\$ -	\$ -	\$ -
Assigned for health related purposes	-		-	-	35,681
Assigned for capital projects	-		31,254,567	-	-
Assigned for fire districts	-		-	-	4,524,272
Assigned for economic development purposes	-		-	-	240,617
Assigned for debt service	-		-	82,123,116	-
	<u>\$ 29,754,613</u>	<u>\$ -</u>	<u>\$ 31,254,567</u>	<u>\$ 82,123,116</u>	<u>\$ 4,800,570</u>

*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, 2023, the County's unassigned fund balance as a percentage of expenditures and the total fund balance available as a percentage of expenditures were 12.41% and 34.16%, respectively.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

18. 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.

19. Defined Benefit Pension and OPEB 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"); and one other postemployment benefit plan (OPEB), the Healthcare Benefits Plan (HCB). The County also administers a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers, the Law Enforcement Officers' Special Separation Allowance (LEOSSA). 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 total OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the HCB and additions to/deductions from the HCB's fiduciary net position have been determined on the same basis as they are reported by the HCB. For this purpose, the HCB recognizes benefit payments when due and payable in accordance with the benefit terms.

**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.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

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

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 \$(371,491,860) 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)	547,156,831
Investment in joint venture	8,935,897
Other capital assets (net of amortization)	<u>11,045,783</u>

Net adjustment to increase total fund balance for the governmental funds to arrive at net position for governmental activities	<u><u>567,138,511</u></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	560,278
Pension asset – ROD	<u>423,132</u>

Net adjustment to increase total fund balance for the governmental funds to arrive at net position for governmental activities	<u><u>983,410</u></u>
--	-----------------------

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

Pension deferrals – LGERS	55,417,083
Pension deferrals – ROD	336,814
Pension deferrals – LEOSSA	2,217,077
OPEB deferrals	30,519,677
Unamortized loss on debt refundings	<u>10,301,516</u>

Net adjustment to increase total fund balance for the governmental funds to arrive at net position for governmental activities	<u><u>98,792,167</u></u>
--	--------------------------

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

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

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)	3,030,698
Beer and wine tax receivable	950
Occupancy tax receivable	58,152
Gross tax receivable	53
Solid waste receivable	34,794
Animal taxes receivable	282
Emergency medical services receivable (net)	3,291,204
Water services receivable	387
WSR loan receivable	<u>2,550,000</u>

Net adjustment to increase total fund balance for  
the governmental funds to arrive at net position for  
governmental activities

8,966,520

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

Pension deferrals – LGERS	(1,165,162)
Pension deferrals – ROD	(7,670)
Pension deferrals – LEOSSA	(1,307,480)
Pension deferrals – OPEB	<u>(64,584,007)</u>

Net adjustment to decrease total fund balance for  
the governmental funds to arrive at net position for  
governmental activities

(67,064,319)

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

Bonds and other notes payable due within one year	(53,208,931)
Bonds and other notes payable	(659,478,844)
Total OPEB liability	(161,425,607)
Net pension liability – LGERS	(82,682,124)
Total pension liability – LEOSSA	(8,768,866)
Accrued compensated absences	(11,308,799)
Accrued interest payable	<u>(3,434,978)</u>

Net adjustment to decrease total fund balance for  
the governmental funds to arrive at net position for  
governmental activities

(980,308,149)

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**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 \$55,211,066 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	59,745,743
Less: depreciation expense	(18,914,194)
Less: amortization expense	(3,412,808)
Less: Loss on Fixed assets	(21,616)
Plus: decrease in investment in joint venture	<u>(494,713)</u>

Net adjustment to increase total fund balance for  
the governmental funds to arrive at net position for  
governmental activities

36,902,412

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

Contributions to LGERS subsequent to measurement date	(2,595,216)
Contributions to ROD subsequent to measurement date	8,583
Contributions to LEOSSA subsequent to measurement date	(49,996)
Contributions to OPEB subsequent to measurement date	(569,400)
ROD pension deferrals	(109,992)
LGERS pension deferrals	(16,793,161)
LEOSSA pension deferrals	683,979
OPEB deferrals	6,938,523
Deferred charges on refundings	<u>1,739,211</u>

Net adjustment to increase total fund balance for  
the governmental funds to arrive at net position for  
governmental activities

(10,747,469)

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**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 property taxes receivable (net)	901,335
Increase in emergency medical services receivable (net)	705,185
Decrease in deferred revenue of animal tax receivable	(298,368)
Increase in deferred revenue of solid waste receivable	5,668
Increase in derivative financial instrument	180,829
Increase in water services receivable	207
Decrease in pension asset – ROD	(240,865)
Decrease in investment earnings (fair market value)	<u>2,714,976</u>

Net adjustment to increase total fund balance for the governmental funds to arrive at net position for governmental activities	<u><u>3,968,967</u></u>
--	-------------------------

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

Decrease in pension deferrals - LGERS	32,395,991
Decrease in pension deferrals - ROD	82,141
Increase in pension deferrals - LEOSSA	(1,016,794)
Increase in pension deferrals - OPEB	(34,967,947)
County's portion of collective pension expense – LGERS	(23,288,286)
County's portion of collective pension expense – ROD	(85,356)
County's portion of collective pension expense – LEOSSA	(1,031,023)
County's portion of collective OPEB expense	<u>(1,787,102)</u>

Net adjustment to increase total fund balance for the governmental funds to arrive at net position for governmental activities	<u><u>(29,698,376)</u></u>
--	----------------------------

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**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	49,280,826
Increase in debt (net)	(94,406,984)
Decrease in OPEB liability	44,014,942
Increase in pension liability – LGERS	(59,215,508)
Decrease in pension liability – LEOSSA	1,354,674
Increase in accrued interest payable	(955,116)
Increase in accrued compensated absences	(1,112,120)
Amortization of bond premium	<u>5,402,686</u>
Net adjustment to decrease total fund balance for the governmental funds to arrive at net position for governmental activities	<u><u>(55,636,600)</u></u>

**C. LEASE RECEIVABLES**

Leases are financings of the right to use an underlying asset. As such, a lessor is required to recognize a lease receivable and a deferred inflow of resources.

For additional information, refer to the disclosures below.

On July 1, 2021, Durham County recorded a 15-month lease as Lessor for the use of 326 E. Main St (Coastal Horizons Center). An initial lease receivable was recorded in the amount of \$21,192. The lease term was extended on July 1, 2022, increasing the lease term by 12 months and receivable by \$17,037. As of June 30, 2023, the value of the lease receivable is \$4,271. The lessee made monthly fixed payments of \$1,425 during fiscal year 2023; however, with the increase in the lease term, the revised future required fixed monthly payments are \$1,383. The lease has an interest rate of 0.4503%. The value of the deferred inflow of resources as of June 30, 2023 was \$4,240, and Durham County recognized lease revenue of \$16,959 during the fiscal year.

On July 1, 2021, Durham County, NC recorded a 162-month lease as Lessor for the use of ATM-201 East Main St. An initial lease receivable was recorded in the amount of \$7,618. As of June 30, 2023, the value of the lease receivable is \$6,574. The lessee is required to make annual fixed

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**C. LEASE RECEIVABLES (continued)**

payments of \$600. The lease has an interest rate of 1.4290%. The value of the deferred inflow of resources as of June 30, 2023 was \$6,489, and Durham County recognized lease revenue of \$564 during the fiscal year. The lessee has 2 extension option(s), each for 60 months.

On July 1, 2021, Durham County, NC recorded a 336-month lease as Lessor for the use of Duke Regional Hospital to accurately reflect the payment terms of the lease. An initial lease receivable was recorded in the amount of \$11,504,979. As of June 30, 2023, the value of the lease receivable is \$ 9,213,548. The lessee is required to make annual fixed payments of \$1,250,000. The lease has an interest rate of 1.8570%. The value of the deferred inflow of resources as of June 30, 2023 was \$ 8,971,772, and Durham County recognized lease revenue of \$1,266,603 during the fiscal year.

The cost of leased facilities to the County was \$63,605,860, and the accumulated depreciation and carrying value as of June 30, 2023 were \$39,749,615 and \$23,856,245 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.

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 was 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.

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



DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

---

**C. LEASE RECEIVABLES (continued)**

per year. For fiscal year 2023, 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 2022 and 2023, the County received \$2,762,620 and \$2,983,707 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 \$3,578,848 and \$3,865,257 for fiscal years 2022 and 2023, 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.

**(The remainder of this page is intentionally left blank.)**

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

**D. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023 was as follows:

**Governmental Activities:**

	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Nondepreciable capital assets:				
Land	\$ 10,001,626	\$ -	\$ -	\$ 10,001,626
Easements	2,911,040	142,453	-	3,053,493
Construction in progress	198,048,684	56,413,502	(62,573,740)	191,888,446
Total nondepreciable capital assets	<u>210,961,350</u>	<u>56,555,955</u>	<u>(62,573,740)</u>	<u>204,943,565</u>
Depreciable capital assets:				
Buildings	419,991,611	53,996,952	-	473,988,563
Water Systems	2,530,425	-	-	2,530,425
Office furniture and Equipment	1,570,728	945,626	-	2,516,354
Machinery and Equipment	16,667,348	623,194	(40,927)	17,249,615
Computer Hardware	17,419,879	7,973,991	-	25,393,870
Computer Software	16,539,126	5,725	-	16,544,851
Vehicles	23,723,774	3,237,355	(978,389)	25,982,740
Total depreciable capital assets	<u>498,442,891</u>	<u>66,782,843</u>	<u>(1,019,316)</u>	<u>564,206,418</u>
Less accumulated depreciation for:				
Buildings	139,191,038	11,581,461	-	150,772,499
Water Systems	246,970	50,607	-	297,577
Office furniture and Equipment	1,461,993	157,492	-	1,619,485
Machinery and Equipment	12,298,010	1,277,660	(40,927)	13,534,743
Computer Hardware	14,663,132	4,003,400	-	18,666,532
Computer Software	16,427,892	68,196	-	16,496,088
Vehicles	19,787,623	1,775,378	(956,773)	20,606,228
Total accumulated depreciation	<u>204,076,658</u>	<u>18,914,194</u>	<u>(997,700)</u>	<u>221,993,152</u>
Total depreciable capital assets, net	<u>294,366,233</u>	<u>47,868,649</u>	<u>(21,616)</u>	<u>342,213,266</u>
Depreciable right-to-use assets:				
Right-to-use assets - leased buildings	1,867,190	5,208,652	(233,360)	6,842,482
Right-to-use assets - leased equipment	30,292	-	-	30,292
Right-to-use assets - subscriptions	2,413,500	5,623,983	-	8,037,483
Total amortizable capital assets	<u>4,310,982</u>	<u>10,832,635</u>	<u>(233,360)</u>	<u>14,910,257</u>
Less accumulated amortization for:				
Right-to-use assets - leased buildings	443,835	661,127	(233,360)	871,602
Right-to-use assets - leased equipment	6,510	6,510	-	13,020
Right-to-use assets - subscriptions	-	2,979,852	-	2,979,852
Total accumulated amortization	<u>450,345</u>	<u>3,647,489</u>	<u>(233,360)</u>	<u>3,864,474</u>
Total amortizable right-to-use assets, net	<u>3,860,637</u>	<u>7,185,146</u>	<u>-</u>	<u>11,045,783</u>
Governmental activities capital assets, net	<u>\$ 509,188,220</u>	<u>\$ 111,609,750</u>	<u>\$ (62,595,356)</u>	<u>\$ 558,202,614</u>

During 2023, the County incurred expenses of \$89,753,458 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, NORTH CAROLINA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

---

**D. CAPITAL ASSETS (continued)**

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

Governmental activities:

General government	\$ 17,348,523
Public safety	4,096,514
Environmental protection	120,289
Economic and physical development	12,349
Human Services	346,595
Educational	202,024
Cultural and recreational	435,389
Total depreciation and amortization expense	<u><u>\$ 22,561,683</u></u>

**Business-type Activities/Sewer Utility Fund:**

	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Nondepreciable capital assets:				
Land	\$ 5,248,865	\$ 287,850	\$ -	\$ 5,536,715
Easements	5,000	-	-	5,000
Construction In Progress	16,472,619	3,224,588	(6,571,945)	13,125,262
Total nondepreciable capital assets	<u>21,726,484</u>	<u>3,512,438</u>	<u>(6,571,945)</u>	<u>18,666,977</u>
Depreciable capital assets:				
Land Improvements: Water and Sewer Lines	29,072,626	869,362	-	29,941,988
Buildings	56,854,766	-	-	56,854,766
Machinery and Equipment	3,591,580	7,226,338	-	10,817,918
Computer Hardware	43,907	7,604	-	51,511
Computer Software	73,157	-	-	73,157
Vehicles	569,969	100,306	-	670,275
Total depreciable capital assets	<u>90,206,005</u>	<u>8,203,610</u>	<u>-</u>	<u>98,409,615</u>
Less accumulated depreciation for:				
Land Improvements: Water and Sewer Lines	16,913,499	578,254	-	17,491,753
Buildings	20,957,541	2,372,435	-	23,329,976
Machinery and Equipment	1,513,578	2,011,570	-	3,525,148
Computer Hardware	37,968	3,764	-	41,732
Computer Software	73,157	-	-	73,157
Vehicles	520,659	24,107	-	544,766
Total accumulated depreciation	<u>40,016,402</u>	<u>4,990,130</u>	<u>-</u>	<u>45,006,532</u>
Total depreciable capital assets, net	<u>50,189,603</u>	<u>3,213,480</u>	<u>-</u>	<u>53,403,083</u>
Business-type activities capital assets, net	<u><u>\$ 71,916,087</u></u>	<u><u>\$ 6,725,918</u></u>	<u><u>\$ (6,571,945)</u></u>	<u><u>\$ 72,070,060</u></u>

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

---

**D. CAPITAL ASSETS (continued)**

Capital assets activity for the ABC Board for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Nondepreciable capital assets:				
Land	\$ 2,580,733	\$ 708,788	\$ 358,867	\$ 2,930,654
Work in Process	3,805,538	690,637	4,303,152	193,023
Total nondepreciable capital assets	<u>6,386,271</u>	<u>1,399,425</u>	<u>4,662,019</u>	<u>3,123,677</u>
Depreciable capital assets:				
Buildings and improvements	7,582,071	3,125,536	764,783	9,942,824
Furniture and Equipment	2,186,310	488,534	187,728	2,487,116
Vehicles	348,896	-	-	348,896
Total depreciable capital assets	<u>10,117,277</u>	<u>3,614,070</u>	<u>952,511</u>	<u>12,778,836</u>
Less accumulated depreciation for:				
Buildings and improvements	1,702,450	292,223	318,947	1,675,726
Furniture and Equipment	1,269,648	254,700	185,791	1,338,557
Vehicles	158,438	41,532	-	199,970
Total accumulated depreciation	<u>3,130,536</u>	<u>588,455</u>	<u>504,738</u>	<u>3,214,253</u>
Total depreciable capital assets, net	<u>6,986,741</u>	<u>3,025,615</u>	<u>447,773</u>	<u>9,564,583</u>
Depreciable right-to-use assets:				
Right-to-use assets - leased buildings	2,635,031	-	43,058	2,591,973
Total amortizable capital assets	<u>2,635,031</u>	<u>-</u>	<u>43,058</u>	<u>2,591,973</u>
Less accumulated amortization for:				
Right-to-use assets - leased buildings	484,263	317,823	43,058	759,028
Total accumulated amortization	<u>484,263</u>	<u>317,823</u>	<u>43,058</u>	<u>759,028</u>
Total amortizable right-to-use assets, net	<u>2,150,768</u>	<u>(317,823)</u>	<u>-</u>	<u>1,832,945</u>
ABC Board capital assets, net	<u>\$ 15,523,780</u>	<u>\$ 4,107,217</u>	<u>\$ 5,109,792</u>	<u>\$ 14,521,205</u>

**(The remainder of this page is intentionally left blank.)**

**DURHAM COUNTY, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

**E. LONG-TERM OBLIGATIONS**

The following is a summary of transactions affecting the County's long-term obligations for the year ended June 30, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 220,710,000	\$ -	\$ 22,330,000	\$ 198,380,000	\$ 20,010,000
Leases	1,468,980	5,208,651	551,512	6,126,119	668,538
Subscriptions	-	7,987,232	3,616,248	4,370,984	2,458,684
Limited Obligations bonds	204,975,000	192,465,000	14,470,000	382,970,000	24,115,000
Direct Installment notes program	99,264,802	41,257,556	140,522,358	-	-
Bond Anticipation Notes	28,896,911	14,080,038	-	42,976,949	-
Unamortized bond premium	54,404,993	26,796,243	5,402,686	75,798,549	5,617,997
Direct installment placement financing*	2,388,904	2	323,732	2,065,174	338,712
Total OPEB Liability	205,440,549	-	44,014,942	161,425,607	-
Accrued compensated absences	10,196,679	7,935,485	6,823,365	11,308,799	6,823,365
Net pension liability (LERS)	23,466,616	59,215,508	-	82,682,124	-
Total pension liability (LEOSSA)	10,123,540	-	1,354,674	8,768,866	-
Other financing agreement	7,648	-	7,648	-	-
Total	<u>\$ 861,344,622</u>	<u>\$ 354,945,714</u>	<u>\$ 239,417,165</u>	<u>\$ 976,873,171</u>	<u>\$ 60,032,296</u>
Business-type activities					
State Revolving Loans	7,243,697	-	671,144	6,572,553	671,146
Revenue bonds	4,305,000	-	820,000	3,485,000	840,000
Unamortized bond premium	204,605	-	31,887	172,718	31,887
Accrued compensated absences	192,583	143,154	98,760	236,977	98,760
Net pension liability (LERS)	230,633	987,708	-	1,218,341	-
Total	<u>\$ 12,176,518</u>	<u>\$ 1,130,862</u>	<u>\$ 1,621,791</u>	<u>\$ 11,685,589</u>	<u>\$ 1,641,793</u>

**Leases**

On July 1, 2021, Durham County recorded a 71-month lease as Lessee for the use of 2445 S Alston Ave (BOE Storage). An initial lease liability was recorded in the amount of \$788,994. As of June 30, 2023, the value of the lease liability is \$543,482. Durham County is required to make monthly fixed payments of \$14,668. The lease has an interest rate of 1.1376%. The value of the right to use asset as of June 30, 2023 is \$788,994 with accumulated amortization of \$266,702 is included on the table found below.

On July 1, 2021, Durham County recorded a 31-month lease as Lessee for the use of 122 Stone Park Court (Bull City Branch LLC). An initial lease liability was recorded in the amount of \$170,093. As of June 30, 2023, the value of the lease liability is \$39,282. Durham County was required to make monthly fixed payments of \$5,514 through January 31, 2023, when the payments increased to \$5,624. The lease has an interest rate of 0.6478%. The value of the right to use asset as of June 30, 2023 is \$170,093 with accumulated amortization of \$131,685 is included on the table found below. Durham County has 2 extension option(s), each for 12 months.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**E. LONG-TERM OBLIGATIONS (continued)**

On July 1, 2021, Durham County recorded a 55-month lease as Lessee for the use of Postage Meter Machine. An initial lease liability was recorded in the amount of \$30,292. As of June 30, 2023, the value of the lease liability is \$16,977. Durham County is required to make quarterly fixed payments of \$1,721. The lease has an interest rate of 0.9796%. The value of the right to use asset as of June 30, 2023 is \$30,292 with accumulated amortization of \$13,021 is included on the table found below.

On July 1, 2021, Durham County recorded a 96-month lease as Lessee for the use of 2102 Fay St. An initial lease liability was recorded in the amount of \$393,626. As of June 30, 2023, the value of the lease liability is \$304,544. Durham County is required to make monthly fixed payments of \$4,094. The lease has an interest rate of 1.3720%. The value of the right to use asset as of June 30, 2023 is \$393,626 with accumulated amortization of \$98,407 is included on the table found below. Durham County has 5 extension option(s), each for 12 months.

On July 1, 2021, Durham County recorded a 64-month lease as Lessee for the use of 1309 Halley St (West End Community Foundation Inc.). An initial lease liability was recorded in the amount of \$237,119. As of June 30, 2023, the value of the lease liability is \$152,839. Durham County was required to make monthly fixed payments of \$3,530 until October 31, 2022 when the payments increased to \$3,636. The lease has an interest rate of 0.2370%. The value of the right to use asset as of June 30, 2023 is \$237,119 with accumulated amortization of \$88,920 is included on the table found below.

On July 1, 2021, Durham County recorded a 39-month lease as Lessee for the use of Phoenix Shopping Center. An initial lease liability was recorded in the amount of \$48,292. The liability balance was reduced by \$4,437 for operating expenses initially included in lease liability calculations. As of June 30, 2023, the value of the lease liability is \$15,945. Durham County was required to make monthly fixed payments of \$1,482 until October 1, 2022, when the payments increased to \$1,523. The lease has an interest rate of 0.6478%. The value of the right to use asset as of June 30, 2023 is \$43,999 with accumulated amortization of \$27,076 is included on the table found below. Durham County has 2 extension option(s), each for 12 months.

On January 4, 2023, Durham County entered into a 132-month lease as Lessee for the use of 107 Presidential Dr (Presidential Park West Property). An initial lease liability was recorded in the amount of \$5,208,651. As of June 30, 2023, the value of the lease liability is \$5,053,050. Durham County is required to make monthly fixed payments of \$37,819. The lease has an interest rate of 1.5942%. The value of the right to use asset as of June 30, 2023 is \$5,208,651 with accumulated amortization of \$232,811 is included in the table found below. Durham County, NC has 1 extension option(s), each for 36 months.

On July 1 2021, Durham County entered into a 20-month lease as Lessee for the use of 3325 Chapel Hill Blvd (NCDPS). This lease expired during fiscal year 2023 and was not extended. Durham County was required to make monthly fixed payments of \$11,629 until February 28<sup>th</sup>, 2023 at which time the values of the lease asset and liability were zero.

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

---

**E. LONG-TERM OBLIGATIONS (continued)**

In July 2021, Durham County ABC Board entered into lease agreements for buildings for three store locations. As of June 30, 2023, the value of the lease liability is \$1,922,558. The value of the right to use asset as of June 30, 2023 is \$2,591,973, with accumulated amortization of \$759,028.

**Subscriptions**

For the year ended June 30, 2023 the County implemented the requirements of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (Subscriptions). The Statement provides a definition of Subscriptions and provides uniform guidance for accounting and financial reporting for such transactions. The guidance will decrease diversity in the accounting and financial reporting for these transactions, thereby increasing comparability in financial reporting among governments. Further, the reporting of a subscription asset (a right-to-use intangible capital asset) and a subscription liability will enhance the relevance and reliability of the financial statements. For additional information, refer to the disclosures below.

On July 1, 2022, the County entered into a 55-month subscription for the use of Property Tax Software. An initial subscription liability was recorded in the amount of \$736,498. As of June 30, 2023, the value of the subscription liability is \$554,238. The County is required to make annual fixed payments of \$192,857. The subscription has an interest rate of 2.1857%. The value of the right to use asset as of June 30, 2023 is \$736,498 with accumulated amortization of \$160,690 is included on the Subscription Class activities table found below.

On January 1, 2023, the County entered into a 36-month subscription for the use of Microsoft Software - Enterprise. An initial subscription liability was recorded in the amount of \$3,608,556. As of June 30, 2023, the value of the subscription liability is \$2,374,906. The County is required to make annual fixed payments of \$1,233,749. The subscription has an interest rate of 2.5827%. The value of the right to use asset as of June 30, 2023 is \$3,608,556 with accumulated amortization of \$601,426 is included with Software on the table found below. The County has 1 extension option(s), each for 36 months.

On July 1, 2022, the County entered into a 36-month subscription for the use of Legal Research Software. An initial subscription liability was recorded in the amount of \$115,619. As of June 30, 2023, the value of the subscription liability is \$79,266. The County is required to make monthly fixed payments of \$3,181. The subscription has an interest rate of 2.0377%. The value of the right to use asset as of June 30, 2023 is \$115,619 with accumulated amortization of \$38,540 is included with Software on the table found below.

On July 1, 2022, the County entered into a 24-month subscription for the use of Hoopla Digital Platform. An initial subscription liability was recorded in the amount of \$495,354. As of June 30, 2023, the value of the subscription liability is \$245,354. The County is required to make annual

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**E. LONG-TERM OBLIGATIONS (continued)**

fixed payments of \$250,000. The subscription has an interest rate of 1.8937%. The value of the right to use asset as of June 30, 2023 is \$495,354 with accumulated amortization of \$247,677 is included with Software on the table found below.

On July 1, 2022, the County entered into a 15-month subscription for the use of Cisco EA Bundle. An initial subscription liability was recorded in the amount of \$324,440. As of June 30, 2023, the value of the subscription liability is \$0. The County is required to make annual fixed payments of \$327,203. The subscription has an interest rate of 1.5803%. The value of the right to use asset as of June 30, 2023 is \$324,440 with accumulated amortization of \$249,569 is included with Software on the table found below.

On July 1, 2022, the County entered into a 20-month subscription for the use of Articulate360 Software. An initial subscription liability was recorded in the amount of \$17,284. As of June 30, 2023, the value of the subscription liability is \$8,669. The County is required to make annual fixed payments of \$8,833. The subscription has an interest rate of 1.8937%. The value of the right to use asset as of June 30, 2023 is \$17,284 with accumulated amortization of \$10,353 is included with Software on the table found below.

On July 1, 2022, the County entered into an 18-month subscription for the use of Foundation Directory. An initial subscription liability was recorded in the amount of \$5,879. As of June 30, 2023, the value of the subscription liability is \$2,940. The County is required to make annual fixed payments of \$2,995. The subscription has an interest rate of 1.8937%. The value of the right to use asset as of June 30, 2023 is \$5,879 with accumulated amortization of \$3,919 is included with Software on the table found below.

On July 1, 2022, the County entered into a 36-month subscription for the use of E-rate Consulting and Applications. An initial subscription liability was recorded in the amount of \$23,156. As of June 30, 2023, the value of the subscription liability is \$15,281. The County is required to make annual fixed payments of \$7,875. The subscription has an interest rate of 2.0377%. The value of the right to use asset as of June 30, 2023 is \$23,156 with accumulated amortization of \$7,719 is included with Software on the table found below.

On July 1, 2022, the County entered into a 60-month subscription for the use of Integrated Library System. An initial subscription liability was recorded in the amount of \$359,298. As of June 30, 2023, the value of the subscription liability is \$284,298. The County is required to make annual fixed payments of \$75,000. The subscription has an interest rate of 2.1857%. The value of the right to use asset as of June 30, 2023 is \$404,298 with accumulated amortization of \$80,860 is included with Software on the table found below.

On July 1, 2022, the County entered into a 43-month subscription for the use of E-Bid Enterprise Sourcing. An initial subscription liability was recorded in the amount of \$81,237. As of June 30, 2023, the value of the subscription liability is \$54,975. The County is required to make annual fixed payments of \$27,330. The subscription has an interest rate of 2.1120%. The value of the



DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**E. LONG-TERM OBLIGATIONS (continued)**

right to use asset as of June 30, 2023 of \$81,237 with accumulated amortization of \$22,428 is included with Software on the table found below.

On July 1, 2022, the County entered into a 14-month subscription for the use of RightFax & OpenText Software. An initial subscription liability was recorded in the amount of \$6,933. As of June 30, 2023, the value of the subscription liability is \$0. The County is required to make annual fixed payments of \$9,904. The subscription has an interest rate of 1.5803%. The value of the right to use asset as of June 30, 2023 is \$6,933 with accumulated amortization of \$5,660 is included with Software on the table found below.

On July 1, 2022, the County entered into a 36-month subscription for the use of WebEOC Subscription. An initial subscription liability was recorded in the amount of \$80,393. As of June 30, 2023, the value of the subscription liability is \$54,137. The County is required to make annual fixed payments of \$26,256. The subscription has an interest rate of 2.0377%. The value of the right to use asset as of June 30, 2023 of \$80,393 with accumulated amortization of \$26,798 is included with Software on the table found below.

On August 1, 2022, the County entered into a 15-month subscription for the use of Sap Cloud Service. An initial subscription liability was recorded in the amount of \$2,015,426. As of June 30, 2023, the value of the subscription liability is \$636,926. The County was required to make monthly fixed payments of \$39,939 until November 1, 2022, when the payments increased to \$159,756. The subscription has an interest rate of 1.5803%. The value of the right to use asset as of June 30, 2023 is \$2,015,426 with accumulated amortization of \$1,477,979 is included with Software on the table found below.

On July 1, 2022, the County entered into a 20-month subscription for the use of VolunteerHub Software. An initial subscription liability was recorded in the amount of \$13,759. As of June 30, 2023, the value of the subscription liability is \$0. The County is required to make annual fixed payments of \$13,946. The subscription has an interest rate of 1.8937%. The value of the right to use asset as of June 30, 2023 is \$13,759 with accumulated amortization of \$8,002 is included with Software on the Subscription Class activities table found below.

On July 1, 2022, the County entered into a 28-month subscription for the use of Neptune360 Software. An initial subscription liability was recorded in the amount of \$2,215. As of June 30, 2023, the value of the subscription liability is \$1,104. The County is required to make annual fixed payments of \$1,125. The subscription has an interest rate of 1.8937%. The value of the right to use asset as of June 30, 2023 is \$2,215 with accumulated amortization of \$1,592 is included with Software on the table found below.

On July 1, 2022, the County entered into a 36-month subscription for the use of DebtBook Platform. An initial subscription liability was recorded in the amount of \$46,320. As of June 30, 2023, the value of the subscription liability is \$31,320. The County is required to make annual fixed payments of \$15,000. The subscription has an interest rate of 2.0377%. The value of the

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**E. LONG-TERM OBLIGATIONS (continued)**

right to use asset as of June 30, 2023 is \$50,070 with accumulated amortization of \$16,690.

On July 1, 2022, Durham County entered into a 33-month subscription for the use of SAP Analytics Subscription. An initial subscription liability was recorded in the amount of \$54,866. As of June 30, 2023, the value of the subscription liability is \$27,572. The County is required to make annual fixed payments of \$28,133. The subscription has an interest rate of 2.0377%. The value of the right to use asset as of June 30, 2023 is \$54,866 with accumulated amortization of \$19,951 is included with Software on the table found below.

**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 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. This reduced 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 the projects that had not yet been completed under the previous 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 and the new Northern High School site. In April 2021, the County applied and increased its authorization to borrow up to \$225,000,000. Of this amount, \$210,000,000 was tax-exempt and \$15,000,000 was taxable. The outstanding balance of this draw was paid as part of a fixed rate permanent financing the County undertook in April 2023.

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.

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

---

**E. LONG-TERM OBLIGATIONS (continued)**

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, 2023, the debt amount remaining is \$2,065,174.

For governmental activities and business-type activities, the respective portions of the compensated absence liability and the net LGERS pension liability are liquidated by the General Fund, Sewer Utility Fund and Stormwater Fund.

For governmental activities and business-type activities, the total OPEB liability and total LEOSA pension liability are liquidated by the General Fund.

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, 2023, such statutory limit for the County was \$3,997,877,854 and applicable debt related to this debt limit was \$198,380,000 resulting in a legal debt margin of \$3,799,497,854.

**Defeasance of debt**

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 were 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 were 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, were adjusted for the loss of defeasance (net of amortization) of \$6,286,444. As of June 30, 2023, the bond matured and was paid in full. This advance refunding was undertaken to reduce the total debt service payments over 12 years by \$4,064,220 and resulted in an economic gain of \$2,832,738.

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.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**E. LONG-TERM OBLIGATIONS (continued)**

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, 2023, the loss from defeasance (net of amortization) was \$838,511. 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 \$4,346,426. As of June 30, 2023, the loss from defeasance (net of amortization) was \$2,139,012.

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.

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

---

**E. LONG-TERM OBLIGATIONS (continued)**

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 2016, which refunded variable rate 2014 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, 2023, the loss from defeasance (net of amortization) was \$7,323,993. 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. There were no General obligation bonds issued in fiscal year 2023.

Interest requirements for the general obligation bonds are payable semi-annually at annual rates varying from 1.25% to 5.00%. General Fund revenues are used to repay general long-term debt obligations.

**Limited Obligation Bonds**

Durham County issues LOBs for the acquisition and construction of major capital facilities. Limited obligation bonds are collateralized by specific assets of the county.

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, 2023 was \$7,495,000. 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, 2023 were \$5,380,000 and \$22,860,000, respectively.

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

---

**E. LONG-TERM OBLIGATIONS (continued)**

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, 2023 was \$43,880,000.

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, 2023 was \$96,350,000.

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, 2023 was \$14,540,000.

In April of 2023, the County closed on a \$192,465,000 Limited Obligation Bond issuance, which served as permanent financing for the outstanding balance of the \$225,000,000 draw program entered into in 2021 as well as additional "new-money" for a number of projects that were determined to be close to completion. The financing is comprised of a tax-exempt \$168,780,000 Series A and a \$23,685,000 taxable Series B. Both series are amortized with level principal over a 20-year term. This financing permanently closed the draw facility. This financing is collateralized with the Health and Human Services Complex and the new Northern High School.

**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. The County authorized issuance of \$50,000,000 in April 2021. 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.

During the fiscal year, there was \$14,080,038 in additional GO BANs drawn down. As of June 30, 2023, there was \$42,976,949 in GO BANs outstanding.

**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 amount of the pledge is equal to the remaining principal and

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

---

**E. LONG-TERM OBLIGATIONS (continued)**

interest \$3,704,618. Principal and interest paid for the year and total customer revenues were \$927,195 and \$14,246,262, 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.

**(The remainder of this page is intentionally left blank.)**

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

**E. LONG-TERM OBLIGATIONS (continued)**

General obligation bonds, installment purchases, certificate of participation bonds, revenue bonds and other financing agreements outstanding at June 30, 2023 are as follows:

Governmental activities:

Public improvement refunding, Series 2014	2.00% to 5.00%	6/3/2014	4/1/2034	\$ 44,635,000	\$ 8,920,000
Public improvement refunding, Series 2015	3.00% to 5.00%	7/9/2015	10/1/2026	29,340,000	19,335,000
Public improvement refunding, Series 2016	3.00% to 5.00%	9/29/2016	10/1/2036	96,460,000	78,955,000
Public improvement, Series 2017	3.23%	3/16/2017	10/1/2026	3,800,000	1,520,000
Public improvement refunding, Series 2019	3.00% to 5.00%	3/5/2019	6/1/2039	44,220,000	35,360,000
Public improvement refunding, Series 2021	1.25% to 5.00%	2/23/2021	6/1/2040	61,805,000	54,290,000
Limited Obligation Bonds, 2012	2.00% to 5.00%	3/29/2012	6/1/2032	63,780,000	5,380,000
Limited Obligation Bonds, 2013	1.50% to 5.00%	3/28/2013	6/1/2043	112,470,000	7,495,000
Limited Obligation Bonds, 2016 Refunding	4.00% to 5.00%	4/1/2016	12/1/2030	34,590,000	22,860,000
Limited Obligation Bonds, 2018	3.00% to 5.00%	9/6/2018	10/1/2038	54,860,000	43,880,000
Limited Obligation Bonds, 2020A	2.375% to 3.085%	1/23/2020	6/1/2040	17,120,000	14,540,000
Limited Obligation Bonds, 2020B Refunding	1.69% to 3.085%	1/23/2020	12/1/2042	100,280,000	96,350,000
Limited Obligation Bonds, 2023A	5.00%	4/19/2023	6/1/2043	168,780,000	168,780,000
Limited Obligation Bonds, 2023B	3.985% to 5.064%	4/19/2023	6/1/2043	23,685,000	23,685,000
Installment purchase, utility purchase	2.285%	9/18/2012	9/18/2028	4,549,000	2,065,174
Bond Anticipation Notes	Variable Rate	8/10/2021	8/21/2024	4,066,403	42,976,949
Total governmental activities					<u>\$ 626,392,123</u>

Business-type activities:

Refunding, Revenue Bonds 2012					
sewer plant expansion/improvements	2.49%	8/23/2012	6/11/2027	\$ 13,985,000	\$ 3,485,000
Enterprise State Revolving Loan I	2.22%	10/7/2012	5/1/2032	-	1,250,179
Enterprise State Revolving Loan II	2.22%	1/28/2011	5/1/2033	-	5,322,374
Total business-type activities					<u>\$ 10,057,553</u>

Total bonded indebtedness					<u>\$ 636,449,676</u>
---------------------------	--	--	--	--	-----------------------

The annual requirements as of June 30, 2023 to amortize outstanding debt and funds available for draw under installment purchase contracts including interest payments, exclusive of accrued compensated absences are as follows:



**DURHAM COUNTY, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

**E. LONG-TERM OBLIGATIONS (continued)**

**Governmental activities:**

Year Ending June 30,	General Obligation Bonds		Limited Obligation Bonds		Installment Note Payable*		Lease Liabilities		Subscription Liabilities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 20,010,000	\$ 7,482,840	\$ 24,115,000	\$ 17,023,402	\$ 338,712	\$ 45,288	\$ 668,389	\$ 87,722	\$ 2,458,684	\$ 91,615	\$ 47,590,785	\$ 24,730,867
2025	20,020,000	6,258,466	24,050,000	14,875,896	354,541	37,459	649,034	78,895	1,578,347	46,033	46,651,922	21,296,749
2026	19,920,000	5,386,717	23,900,000	13,934,652	370,735	29,265	673,089	69,787	260,558	7,299	45,124,382	19,427,720
2027	17,710,000	4,571,893	23,845,000	12,896,970	387,800	20,700	656,122	60,312	73,395	1,604	42,672,317	17,551,479
2028	14,080,000	3,824,006	23,750,000	11,929,690	405,263	11,737	529,985	51,418	-	-	38,765,248	15,816,851
2029-2033	60,265,000	10,671,781	108,160,000	45,313,277	208,123	2,378	2,949,500	133,003	-	-	171,582,623	56,120,439
2034-2038	37,785,000	3,517,984	85,130,000	25,741,314	-	-	-	-	-	-	122,915,000	29,259,298
2039-2043	8,590,000	243,913	70,020,000	8,669,617	-	-	-	-	-	-	78,610,000	8,913,530
	<u>\$ 198,380,000</u>	<u>\$ 41,957,600</u>	<u>\$ 382,970,000</u>	<u>\$ 150,384,818</u>	<u>\$ 2,065,174</u>	<u>\$ 146,827</u>	<u>\$ 6,126,119</u>	<u>\$ 481,137</u>	<u>\$ 4,370,984</u>	<u>\$ 146,551</u>	<u>\$ 593,912,277</u>	<u>\$ 193,116,933</u>

**\*NOTE:** The installment note payable principal amount on the above schedule amortizing outstanding debt as of June 30, 2023 does not include outstanding bond anticipation notes (BANs) or installment financing contracts (IFCs) 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 and IFCs 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. The County also issued a draw-down program in April of 2021. With the current draw program, the County is authorized to borrow up to \$225,000,000 of IFCs and up to \$50,000,000 in BANs. During fiscal year 2023, there was an additional \$41,257,556 drawn down in IFCs which increased the total outstanding to \$140,522,358. The County obtained permanent financing in April 2023 to pay off the outstanding balance of the IFCs. Of these amounts, \$0 and \$42,976,949, were outstanding, respectively.

**(The remainder of this page is intentionally left blank.)**

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

---

**E. LONG-TERM OBLIGATIONS (continued)**

**Business-type activities:**

Year Ending June 30,	State Revolving Loan		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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	671,146	101,213	905,000	22,535	1,576,146	123,748
2028	671,146	86,313	-	-	671,146	86,313
2029-2033	3,216,823	208,073	-	-	3,216,823	208,073
	<u>\$ 6,572,553</u>	<u>\$ 788,633</u>	<u>\$ 3,485,000</u>	<u>\$ 219,620</u>	<u>\$ 10,057,553</u>	<u>\$ 1,008,253</u>

(The remainder of this page is intentionally left blank.)

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**E. LONG-TERM OBLIGATIONS (continued)**

**Durham County ABC Board:**

Year Ending June 30,	Lease Liabilities	
	Principal	Interest
2024	\$ 265,936	\$ 48,686
2025	216,802	42,463
2026	225,168	36,484
2027	248,146	30,090
2028	257,460	23,236
2029-2033	709,046	27,305
	<u>\$ 1,922,558</u>	<u>\$ 208,264</u>

(The remainder of this page is intentionally left blank.)

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**F. COMMITMENTS**

1. 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.

The annual requirements to amortize reimbursements payable under this policy at June 30, 2023 are as follows:

	Governmental activities	
	PRINCIPAL	INTEREST
<hr/>		
YEAR ENDING JUNE 30,		
2024	\$ 2,474,159	\$ -
2025	2,945,587	-
2026	2,945,587	-
2027	2,945,587	-
2028	2,507,016	-
2029-2033	4,937,222	-
2034	264,873	-
	<hr/>	<hr/>
	\$ 19,020,032	\$ -
	<hr/>	<hr/>

Interest requirements related to the Industrial Extensions Policy are nominal.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**F. COMMITMENTS (continued)**

2. School Facilities

In 2019, the 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 2023 for these projects was \$89,753,458 while total combined construction in progress since inception was \$410,055,881.

3. 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.

The CIP allocated funding for fiscal year 2023 in the amount of \$195,422,004. Funds provided approximately \$142,000,000 for education, \$7,900,000 for culture and recreation, \$6,517,309 for public safety, \$7,687,298 for capital projects of general governmental activities, \$2,876,200 for business-type activities, \$500,000 for environmental protection activities, and \$27,941,197 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.

4. Capital commitments

The County had commitments at June 30, 2023 of \$4,148,815 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, limited obligation bonds (LOBs), revenue bonds, general contributions, sewer utility contributions and other miscellaneous revenues.

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

---

**F. COMMITMENTS (continued)**

5. 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.

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, 2023:

Due to:

General Fund from Capital Projects Fund

Amount due per BOCC approved interfund loan	\$ 3,047,554
---	--------------

Due from:

Capital Projects Fund to General Fund

Amount due per BOCC approved interfund loan	\$ 3,047,554
---	--------------

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.

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

---

**G. INTERFUND BALANCES AND ACTIVITIES (continued)**

Transfers:

The following is a summary of transfers for the year ended June 30, 2023:

	Transfers in:			
	General Fund	Capital Projects Fund	Debt Service Fund	Total
Transfers out:				
General fund	\$ -	\$ 22,277,512	\$ 104,525,553	\$ 126,803,065
Capital projects fund	142,500	-	296,878	439,378
Debt service fund	-	2,300,000	-	2,300,000
Nonmajor governmental funds	2,095,475	-	546,250	2,641,725
Total transfers	<u>\$ 2,237,975</u>	<u>\$ 24,577,512</u>	<u>\$ 105,368,681</u>	<u>\$ 132,184,168</u>

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 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 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 and health-related expenditures, and public safety debt service expenditures, respectively.

**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

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)**

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](http://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.

*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, 2023, was 13.04% of compensation for law enforcement officers and 12.14 % for general employees and firefighters. The ABC Board's required contribution rate for the year



DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)**

ended June 30, 2023, was 12.16% for general employees. 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 \$16,143,247 for the year ended June 30, 2023. Contributions to the pension plan from the ABC Board were \$371,457 for the year ended June 30, 2023.

*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, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2023, the County reported a liability of \$83,900,465 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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, 2023, (measured as of June 30, 2022) the County's proportionate share was 1.487%, which was a decrease of 0.058% from its proportion reported as of June 30, 2022 (measured as of June 30, 2021).

**(The remainder of this page is intentionally left blank.)**

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

**H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)**

For the year ended June 30, 2023, the County recognized pension expense of \$23,683,407. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 3,615,194	\$ 354,449
Changes of Assumptions	8,371,377	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	27,729,975	-
Changes in Proportion and Differences between County Contributions on Proportionate Share of Contributions County Contributions Subsequent to the Measurement Date	385,192	857,747
	16,143,247	-
<b>Total</b>	<u><u>\$ 56,244,985</u></u>	<u><u>\$ 1,212,196</u></u>

\$16,143,247 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, 2024. Other amounts reported as deferred inflows and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30:**

2024	\$ 12,201,082
2025	10,584,838
2026	2,892,549
2027	13,211,079
	<u><u>\$ 38,889,548</u></u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	3.25 to 8.25% *
Investment Rate of Return	6.50% **

\*includes inflation and productivity of 3.25%

\*\*includes inflation of 2.50%

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)**

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, 2021 valuation were based on the results of an actuarial experience study as of December 31, 2019.

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

---

**H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)**

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 6.50%. 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 6.50%, 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, 5.50%, or 1-percentage-point higher, 7.50%, than the current rate:

	<b>1% Decrease 5.50%</b>	<b>Discount Rate 6.50%</b>	<b>1% Increase 7.50%</b>
County's Proportionate Share of the Net Pension Liability (Asset)	\$ 151,429,499	\$ 83,900,465	\$ 28,252,584

*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.

**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.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)**

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2021, the valuation date, the Separation Allowance's membership consisted of:

Retirees Receiving Benefits	32
Active Plan Members	172
Total	<u>204</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:

- 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.

*Actuarial Assumptions.* The total pension liability in the December 31, 2021 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	4.31%

\*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, 2021.

The actuarial assumptions used in the December 31, 2021 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.

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

---

**H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)**

*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, 2023 the County paid \$712,161 as the benefit became due.

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

At June 30, 2023, the County reported a total pension liability of \$8,768,866. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was rolled forward to December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the County recognized pension expense of \$1,031,023.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 550,962	\$ 5,404
Changes of Assumptions and Other Inputs	1,302,289	1,302,076
Benefit Payments and Administrative expenses Subsequent to the Measurement Date	363,826	-
<b>Total</b>	<b>\$ 2,217,077</b>	<b>\$ 1,307,480</b>

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

---

**H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)**

The County paid \$363,826 in benefit payments, which included \$1,356 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, 2024. Other amounts reported as deferred inflows and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30:**

2024	\$ 398,920
2025	356,262
2026	77,461
2027	(263,890)
2028	(22,982)
	<u>\$ 545,771</u>

*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 4.31% as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower, 3.31%, or 1-percentage-point higher, 5.31% than the current rate:

	<b>1% Decrease 3.31%</b>	<b>Discount Rate 4.31%</b>	<b>1% Increase 5.31%</b>
Total Pension Liability	\$ 9,417,434	\$ 8,768,866	\$ 8,175,383

(The remainder of this page is intentionally left blank.)

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)**

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

	<u>2022</u>
Beginning Balance	\$ 10,123,540
Service Cost	408,552
Interest on the Total Pension Liability	220,090
Differences between Expected and Actual Experience in the Measurement of the Total Pension Liability	100,416
Changes of Assumptions and Other Inputs	(1,400,188)
Benefit Payments	<u>(683,544)</u>
Ending Balance of the Total Pension Liability	<u><u>\$ 8,768,866</u></u>

*Changes of assumptions and benefit terms.* Changes of assumptions and other inputs reflect a change in the discount rate from 2.25% at December 31, 2021 to 4.31% at December 31, 2022. 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 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, 2023 were \$1,129,386, which consisted of \$643,679 from the County and \$485,707 from the law enforcement officers. The County's



DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)**

required contributions and the officers' voluntary contributions represented 5% and 3.77%, 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](http://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 \$28,054 for the year ended June 30, 2023.

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

At June 30, 2023, the County reported an asset of \$423,132 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)**

pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2023, the County's proportion was 3.196%, which was a decrease of 0.260% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the County recognized pension expense (revenue) of \$ 85,356. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 3,260	\$ 7,670
Changes of Assumptions	22,403	-
Net Difference between Projected and Actual Earnings		
on Pension Plan Investments	175,868	-
Changes in Proportion and Differences between		
County Contributions and Proportionate Share of Contributions	107,229	-
County Contributions subsequent to the Measurement Date	28,054	-
Total	<u>\$ 336,814</u>	<u>\$ 7,670</u>

**(The remainder of this page is intentionally left blank.)**

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)**

\$28,054 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, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30:**

2024	\$ 141,555
2025	56,756
2026	58,548
2027	44,231
	<hr/>
	\$ 301,090

*Actuarial Assumptions.* The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	3.25 to 8.25% *
Investment Rate of Return	3.00% **

\*includes inflation and productivity of 3.25%

\*\*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, 2021 valuation were based on the results of an actuarial experience study as of December 31, 2019.

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

**(The remainder of this page is intentionally left blank.)**

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)**

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, 2023, is 0.5%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2023 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 2.50%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 3.00%. 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.

*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 3.00%, 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, 2.00% ,or 1-percentage-point higher, 4.00%, than the current rate:

	<b>1% Decrease 2.00%</b>	<b>Discount Rate 3.00%</b>	<b>1% Increase 4.00%</b>
County's Proportionate Share of the Net Pension Liability (Asset)	\$ (298,909)	\$ (423,132)	\$ (527,732)

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina.

***Pension Liabilities (Assets), Pension Expense, 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, 2021, 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, 2022, with an actuarial valuation date of December 31, 2021. 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)	\$ 83,900,465	\$ -	\$ (423,132)	\$ 83,477,314
Proportion of the net pension liability (asset)	1.487%	N/A	(3.196%)	N/A
Total pension liability	\$ -	\$ 8,768,866	\$ -	\$ 8,768,866
Pension expense	\$ 23,683,407	\$ 1,031,023	\$ 85,356	\$ 24,799,786

**(The remainder of this page is intentionally left blank.)**

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

---

**H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)**

At June 30, 2023 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>
<b><u>Deferred Outflows of Resources</u></b>				
Differences between Expected and Actual Experience	\$ 3,615,194	\$ 550,962	\$ 3,260	\$ 4,169,416
Changes of Assumptions	8,371,383	1,302,289	22,403	9,696,075
Net Difference between Projected and Actual Earnings on Pension Plan Investments	27,729,975	-	175,868	27,905,843
Changes in Proportion and Differences between County Contributions and Proportionate Share of Contributions	385,192	-	107,229	492,421
County Contributions/Benefit Payments and Administration Costs Subsequent to the Measurement Date*	16,143,247	363,826	28,054	16,535,126
*Contributions are for LGERS and RODSPF, Benefit and Administration Costs are for LEOSSA				
<b><u>Deferred Inflows of Resources</u></b>				
Differences between Expected and Actual Experience	\$ 354,449	\$ 5,404	\$ 7,670	\$ 367,523
Changes of Assumptions	-	1,302,076	-	1,302,076
Changes in Proportion and Differences between County Contributions and Proportionate Share of Contributions	857,747	-	-	857,747

**5. 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 Empower. 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.

**(The remainder of this page is intentionally left blank.)**

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)**

*Funding Policy.* The County's contributions were calculated using a covered payroll amount of \$114,401,094. Total contributions for the year ended June 30, 2023 were \$9,784,406 which consisted of \$5,725,141 from the County and \$4,059,265 from the non-law enforcement personnel. The County's required contribution and the non-law enforcement personnel's voluntary contribution represented 8.55% of the covered payroll amount.

**6. 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. At that time coverage is terminated, and the County pays full cost of a Medicare supplemental policy. The cost is prorated for employees that do not meet the service-hour requirement. 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, 2022, the date of the latest actuarial valuation:

Inactive Members or Beneficiaries	
Currently Receiving Benefits	797
Inactive Members Entitled to but not yet	
Receiving Benefits	-
Active Members	<u>1,804</u>
<b>Total Membership</b>	<b><u>2,601</u></b>

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**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	574
Retiree & Spouse	857
Retiree & Family	1,553

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  
less than 20 years of Service**

Retiree Only	\$ 895
Retiree & Children	1,469
Retiree & Spouse	1,752
Retiree & Family	2,447

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
Retiree & Children	111
Retiree & Spouse	120
Retiree & Family	151



DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

---

**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
Retiree & Children	16
Retiree & Spouse	15
Retiree & Family	24

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, 2023

---

**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 \$72,406,791. 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 \$161,425,607 was measured as of June 30, 2022 and was determined based on an actuarial valuation as of June 30, 2022.

*Actuarial Methods and Assumptions.* The total OPEB liability is based upon an actuarial valuation performed as of the valuation date, June 30, 2022. The total OPEB liability as of the June 30, 2022 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	0.75%
Wage Inflation	3.25%
Salary Increases, including Wage Inflation	
General Employees	3.25 to 8.41%
Firefighters	3.25 to 8.15%
Law Enforcement Officers	3.25 to 7.90%
Municipal Bond Index Rate	
Prior Measurement Date	2.16%
Measurement Date	3.54%
Healthcare Cost Trends	
Pre-Medicare	7.00% *
Medicare	5.125% *

\*Listed rate is for 2022, decreasing to an ultimate rate of 4.50% by 2032 for Pre-Medicare and 2025 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 Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

---

**H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)**

Demographic actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board.

The remaining actuarial assumptions used the June 30, 2022 valuation, which were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation.

**Changes in the Total OPEB Liability**

<b>Total OPEB Liability as of June 30, 2021</b>	\$ 205,440,549
<b>Changes for the Year:</b>	
Service Cost at the End of the Year	7,189,102
Interest on Total OPEB Liability, service cost, and Cash Flows	4,550,953
Difference between Expected and Actual Experience	(13,363,774)
Changes of Assumptions or Other Inputs	(38,495,649)
Net Benefit Payments	<u>(3,895,574)</u>
<b>Net Changes</b>	<u>\$ (44,014,942)</u>
<b>Total OPEB Liability as of June 30, 2022</b>	<u><u>\$ 161,425,607</u></u>

*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, 2.54%, or 1-percentage point higher, 4.54%, than the current discount rate, 3.54%:

	<b>1% Decrease 2.54%</b>	<b>Discount Rate 3.54%</b>	<b>1% Increase 4.54%</b>
<b>Total OPEB Liability</b>	\$ 189,986,573	\$ 161,425,607	\$ 138,937,040

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

---

**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:

	<b>1% Decrease Pre-Medicare 6.00% <u>Medicare 4.125%</u></b>	<b>Discount Rate Pre-Medicare 7.00% <u>Medicare 5.125%</u></b>	<b>1% Increase Pre-Medicare 8.00% <u>Medicare 6.125%</u></b>
<b>Total OPEB Liability</b>	\$ 138,487,750	\$ 161,425,607	\$ 190,954,602

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

For the year ended June 30, 2023, the County recognized OPEB expense of \$ 1,787,102. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience	\$ -	\$ 27,271,679
Changes of Assumptions and Other Inputs	26,039,726	37,312,328
Benefit Payments and Administrative Expenses		
Subsequent to the Measurement Date	<u>4,479,951</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 30,519,677</u></b>	<b><u>\$ 64,584,007</u></b>

(The remainder of this page is intentionally left blank.)

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)**

\$4,479,951 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date of June 30, 2022, will be recognized as a decrease of the total pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30:**

2024	\$ (9,952,953)
2025	(7,571,765)
2026	(4,593,654)
2027	(5,982,606)
2028	(8,052,326)
<b>Thereafter</b>	<u>(2,390,977)</u>
	<u><u>\$ (38,544,281)</u></u>

**A. Other Employment Benefits**

**Death Benefit Plan**

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. The beneficiaries of those 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

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**H. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)**

Plan cannot be separated between the post-employment benefit amount and the other benefit amount. For the fiscal year ended June 30, 2023 the County made contributions to the State for death benefits of \$66,249. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.04% 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.

**Life Insurance Plan**

The County provides paid life insurance to all full-time and part-time benefit eligible employees. The life insurance benefit amount is equal to the employee's annual salary on July 1st of the present fiscal year rounded to the next higher \$1,000. Employees can purchase additional amounts to increase the amount in equal increments from \$10,000 to \$500,000, amounts equal to \$150,000 or more may be subject to an earnings cap. Spousal and Domestic partner insurance can be purchased in the same increments, but may not exceed 100% of the employee amount. Life insurance amounts for dependent children can be purchased in amounts from \$2,500 to \$10,000 in \$2,500 increments. The cost of the County-provided life insurance over \$50,000 is considered a fringe benefit by the Internal Revenue Service and is taxable income to the employee based on a life insurance benefit table published by the Internal Revenue Service in Publication 15-B.

**Accidental Death & Dismemberment Plan**

The County provides paid accidental death & dismemberment insurance to all full-time and part-time benefit eligible employees. The AD&D benefit is equal to the employee's annual salary on July 1<sup>st</sup> of the present fiscal year rounded to the next higher \$1,000.

**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 2023, a total of \$ 32,194,332 was incurred for benefits and administrative costs of the County's benefit plan. As of June 30, 2023, the incurred but not reported liability for health and dental was \$3,321,971.

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

---

**I. RISK MANAGEMENT (continued)**

The following is a reconciliation of changes in liabilities for self-insured claims from amounts reported June 30, 2021 to the current fiscal year ended June 30, 2023:

	Dental Claims	Health Claims	Total
Balance June 30, 2021	\$ 225,387	\$ 2,901,137	\$ 3,126,524
Claims reported and changes in estimates for FY 2022	1,347,809	12,529,472	13,877,281
Claims paid in FY 2022	<u>(1,792,526)</u>	<u>(18,498,187)</u>	<u>(20,290,713)</u>
Balance June 30, 2022	219,330	3,067,578	3,286,908
Claims reported and changes in estimates for FY 2023	1,524,151	12,132,045	13,656,196
Claims paid in FY 2023	<u>(1,975,005)</u>	<u>(18,290,070)</u>	<u>(20,265,075)</u>
Balance June 30, 2023	<u>\$ 231,524</u>	<u>\$ 3,090,447</u>	<u>\$ 3,321,971</u>

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 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.

DURHAM COUNTY, NORTH CAROLINA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2023

---

**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 \$67,241 to the Council during the fiscal year ended June 30, 2023. 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 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.



DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**L. JOINT VENTURES WITHOUT EQUITY INTEREST (continued)**

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 2023 appropriation of approximately \$11,164,565 to the College represents approximately 22.3% 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 \$542,500 to capital outlay bringing the County’s contribution to Durham Technical Community College capital outlay to 34.5%. 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, 2023. Complete financial statements for the College may be obtained at their administrative offices at 1637 Lawson Street, Durham, North Carolina 27703.

**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.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**M. JOINT VENTURES WITH EQUITY INTEREST (continued)**

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

At June 30, 2023, the County recorded an equity interest in the Bureau of \$1,083,800 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.

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, 2023, the County’s equity interest in the Authority was \$7,852,097. 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 2023, the amount funded by the County was approximately \$458,000. 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.

DURHAM COUNTY, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

---

**M. JOINT VENTURES WITH EQUITY INTEREST (continued)**

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, 2023 is \$8,935,897.

**N. CHANGE IN ACCOUNTING PRINCIPLE**

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 91, *Conduit Debt Obligations* effective December 31st, 2022. The statement improves reporting for Conduit Debt Obligations and the related note disclosures. However, the County did not have any Conduit Debt Obligations as defined by GASB 91 and there was no impact on these financial statements required.

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the current year. The statement improves the accounting and financial reporting for subscription agreements by requiring recognition of Information Technology Subscription assets and liabilities that previously were classified as operating expenses based on the understanding that subscriptions are financings of the right to use an underlying asset. The statement also recognizes an inflow of resources or outflows of resources based on the payment provisions of the contract. The statement requires recognition of a subscription liability and an intangible right-to-use subscription asset.

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 99, *Omnibus*, effective July 1, 2022. However, implementation did not have an effect impact on these financial statements.

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 94, *Public-Private and Public-Public Partnerships*, effective July 1, 2022. The statement improves reporting for Public-Private Partnerships and the related note disclosures. However, implementation did not have an effect on equity and no restatement is required.

**O. SUBSEQUENT EVENTS**

On August 3, 2023, the County issued \$45,980,000 in general obligation bonds to pay the outstanding balance of the August 2021 BANs and closed the draw-program. This exhausted the entire capacity authorized under the 2016 general obligation bond referendum.

On August 23, 2023, the County closed on the issuance of general obligation bond anticipation notes (BANs) in the amount of \$185,000,000 for the acquisition and construction of major capital facilities.

In connection with the preparation of these financial statements, the County has evaluated subsequent events through December 31, 2023, which is the date the financial statements were available to be issued.

THIS PAGE IS LEFT BLANK INTENTIONALLY

**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 Ten Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
County's Proportion of the Net Pension Liability (Asset)	1.487%	1.545%	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)	\$ 83,900,465	\$ 23,697,279	\$ 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	\$ 117,891,133	\$ 114,415,107	\$ 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	71.17%	20.71%	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 (Asset)	84.14%	95.51%	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.

**DURHAM COUNTY, NORTH CAROLINA**

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

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually Required Contribution	\$ 16,143,247	\$ 13,503,999	\$ 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	16,143,247	13,503,999	11,742,724	10,019,489	8,217,794	7,905,425	7,204,103	6,610,387	6,377,809	6,003,706
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 132,003,950	\$ 117,891,133	\$ 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	12.23%	11.45%	10.26%	9.05%	7.82%	8.49%	7.39%	6.78%	7.09%	7.08%



## DURHAM COUNTY, NORTH CAROLINA

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
County's Proportion of the Net Pension Liability (Asset) %	3.196%	3.456%	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)	\$ (423,132)	\$ (663,997)	\$ (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 (Asset)	139.04%	156.53%	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.

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

**DURHAM COUNTY, NORTH CAROLINA****Register of Deeds' Supplemental Pension Fund  
Schedule of the County's Contributions  
Last Ten Fiscal Years**

	<u>2023</u>	<u>2022</u>	<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	\$ 28,054	\$ 36,637	\$ 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>28,054</u>	<u>36,637</u>	<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>	<u>\$ -</u>	<u>\$ -</u>

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

## DURHAM COUNTY, NORTH CAROLINA

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 10,123,540	\$ 10,182,265	\$ 6,842,207	\$ 6,248,325	\$ 6,452,405	\$ 6,214,839	\$ 6,160,911
Service Cost	408,552	463,953	292,259	251,631	270,911	236,502	241,762
Interest on the Total Pension Liability	220,090	190,827	215,088	218,714	197,743	228,799	213,538
Differences between Expected and Actual Experience in the Measurement of the Total Pension Liability	100,416	122,058	621,465	412,107	(54,529)	(117,655)	-
Changes of Assumptions and Other Inputs	(1,400,188)	(245,875)	2,700,061	190,850	(228,803)	374,725	(132,489)
Benefit Payments	(683,544)	(589,688)	(488,815)	(479,420)	(389,402)	(394,805)	(358,883)
Ending Balance of the Total Pension Liability	<u>\$ 8,768,866</u>	<u>\$ 10,123,540</u>	<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>

Information not available for years prior to 2017. Ten years will be presented when ten years of information are available.

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

Durham County has no assets accumulated in a trust that meets the criteria of GAAP to pay related benefits.

## DURHAM COUNTY, NORTH CAROLINA

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability	\$ 8,768,866	\$ 10,123,540	\$ 10,182,265	\$ 6,842,207	\$ 6,248,325	\$ 6,452,405	\$ 6,124,839
Covered Payroll	10,834,646	11,482,482	11,398,113	10,421,911	10,206,729	10,102,994	9,604,677
Total Pension Liability as a Percentage of Covered Payroll	80.93%	88.17%	89.33%	65.65%	61.22%	63.87%	63.77%

Information not available for years prior to 2017. Ten years will be presented when ten years of information are available.

The County has no assets accumulated in a trust that meet the criteria of GAAP.

## DURHAM COUNTY, NORTH CAROLINA

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

	2023	2022	2021	2020	2019	2018
Beginning Balance	\$ 205,440,549	\$ 195,593,637	\$ 173,238,390	\$ 155,156,262	\$ 168,664,542	\$ 177,636,687
Service Cost	7,189,102	7,179,886	5,754,256	5,134,773	5,738,411	6,568,857
Interest	4,550,953	4,438,909	6,197,657	5,968,815	5,939,151	5,302,656
Differences between Expected and Actual Experience	(13,363,774)	(550,811)	(20,384,708)	(231,840)	(13,631,775)	(316,743)
Changes of Assumptions	(38,495,649)	2,635,824	34,654,749	10,676,002	(7,852,805)	(17,567,533)
Benefit Payments	(3,895,574)	(3,856,896)	(3,866,707)	(3,465,622)	(3,701,262)	(2,959,382)
Ending Balance of Total OPEB Liability	<u>\$ 161,425,607</u>	<u>\$ 205,440,549</u>	<u>\$ 195,593,637</u>	<u>\$ 173,238,390</u>	<u>\$ 155,156,262</u>	<u>\$ 168,664,542</u>
Discount Rate**	3.54%	2.16%	2.21%	3.50%	3.89%	3.56%

\*Information not available for years prior to 2018. Ten years will be presented when ten years of information are available.

\*\*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.

The County has no assets accumulated in a trust that meet the criteria of GASB codification page 22.101 or page 52.101 to pay related benefits.

THIS PAGE LEFT INTENTIONALLY BLANK

## **SUPPLEMENTARY INFORMATION (TAB)**





**COMBINING and INDIVIDUAL  
FUND STATEMENTS and SCHEDULES**



## **MAJOR GOVERNMENTAL FUNDS**

**American Rescue Plan Act** – to account for and report financial resources that are kept in a special revenue fund. ARPA revenues are unearned revenue until the Board determines their use. Once the use is determined the funds are transferred to the appropriate fund before being expended.

**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.

THIS PAGE LEFT INTENTIONALLY BLANK

**DURHAM COUNTY, NORTH CAROLINA**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - American Rescue Plan Act  
Year Ended June 30, 2023**

	<b>Budget</b>			<b>Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>				
Intergovernmental revenues	\$ -	\$ 62,445,275	\$ 50,875	\$ (62,394,400)
Charges for services	-	-	-	-
Total revenues	-	62,445,275	50,875	(62,394,400)
<b>Expenditures</b>				
Current:				
General government	-	4,970,000	50,875	4,919,125
Total expenditures	-	4,970,000	50,875	4,919,125
<b>Excess (deficiency) of revenues over (under) expenditures</b>	-	57,475,275	-	(57,475,275)
<b>Other financing sources (uses)</b>				
Appropriated fund balance	-	62,394,400	-	(62,394,400)
Total other financing sources (uses)	-	62,394,400	-	(62,394,400)
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ 119,869,675</b>	<b>-</b>	<b>\$ (119,869,675)</b>
<b>Fund balance - beginning</b>				-
<b>Fund balance - ending</b>			<b>\$ -</b>	

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

**DURHAM COUNTY, NORTH CAROLINA**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**

**Budget and Actual - Debt Service Fund**

**Year Ended June 30, 2023**

	<b>Budget</b>			<b>Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>				
Investments	\$ -	\$ 225,881	\$ 822,317	\$ 596,436
Intergovernmental revenues	225,881	-	-	-
Charges for services	500,000	500,000	494,039	(5,961)
Total revenues	725,881	725,881	1,316,356	590,475
<b>Expenditures</b>				
Debt service:				
Principal retirement	52,918,927	52,918,927	37,131,381	15,787,546
Interest and fiscal charges	23,090,710	23,090,710	20,333,838	2,756,872
Debt issuance costs	-	1,140,927	1,567,111	(426,184)
Total expenditures	76,009,637	77,150,564	59,032,330	18,118,234
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(75,283,756)</b>	<b>(76,424,683)</b>	<b>(57,715,974)</b>	<b>18,708,709</b>
<b>Other financing sources (uses)</b>				
Transfers in	75,071,803	105,368,681	105,368,681	-
Transfers out	-	(2,300,000)	(2,300,000)	-
Premium on issuance of refinancing	-	26,796,243	26,796,243	-
Issuance of refunding bonds	-	192,465,000	192,465,000	-
Payment to refunded debt escrow agent	-	(218,120,316)	(218,120,316)	-
Appropriated fund balance	211,953	2,511,953	-	(2,511,953)
Total other financing sources (uses)	75,283,756	106,721,561	104,209,608	(2,511,953)
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ 30,296,878</b>	<b>46,493,634</b>	<b>\$ 16,196,756</b>
<b>Fund balance - beginning</b>			<b>35,629,482</b>	
<b>Fund balance - ending</b>			<b>\$ 82,123,116</b>	

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

# 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, 2023

PROJECT	EXPENDITURES		SPENT TO DATE	REMAINING COMMITMENT
	CURRENT YEAR	PRIOR YEARS		
Durham Public School Projects	\$ 89,753,458	\$ 168,127,441	\$ 257,880,899	\$ 549,872,503
Museum Exhibit Upgrades and Maintenance	109,553	1,943,990	2,053,543	-
Museum Classrooms Expansion	871,977	2,191,499	3,063,476	31,046
Museum Entry Plaza and Lobby Renovation	899,136	920,506	1,819,642	-
Museum New Parking Deck	124,455	6,975,545	7,100,000	-
New Youth Home	19,356,587	4,838,469	24,195,055	7,910,026
EMS Equipment Replacement	-	2,771,664	2,771,663	1,578,337
Elections Equipment	269,338	578,893	848,231	11,769
Ongoing Parking Resurfacing Project	457,027	1,247,418	1,704,445	940,657
Ongoing HVAC Replacement Project	319,825	2,702,635	3,022,460	1,007,255
County Building Envelope Upgrade	55,933	1,601,868	1,657,801	1,854,911
Stanford L. Warren Library Upgrade	1,675,904	317,624	1,993,528	1,479,718
(Leased) Convenience Center Site Upgrades	493,563	3,558,284	4,051,847	614,043
Redwood Convenience Center Site Upgrades	30,992	63,483	94,475	660,143
Durham County Stadium Cap Improvements	546,707	2,368,181	2,914,888	400,050
County Security Improvements	756,325	980,304	1,736,629	452,099
Open Space/Farmland Preservation	16,500	7,518,667	7,535,167	6,279,353
Detention Center Renovations	-	234,456	234,456	48,352
EMS Station #1 Renovations	3,055	4,583,099	4,586,154	400,530
Main Library Upgrade	8,113	47,629,546	47,637,659	123,631
Hollow Rock/New Hope	-	222,290	222,290	443,647
BOCC Chambers AV Upgrade	3,856	379,539	383,395	33,799
Sheriff Firing Range and Renovations	235,335	685,795	921,130	333,478
Ongoing Roof Replacement	301,586	2,869,219	3,170,805	288,613
20 IT Hardware Upgrade	3,048	2,126,651	2,129,699	-
HCM SAP Software Upgrade	-	389,896	389,896	-
Duke Fiber Project	523,959	310,560	834,519	689,646
EMS Land Acquisition	-	6,100	6,100	293,900
Administration Building Refurbish	365,361	14,752,755	15,118,116	228,311
LCHC Phase II Renovations	6,679	2,247,419	2,254,098	23,515
Alliance Backfill Renovation Project	3,928	1,557,423	1,561,351	6,049
Public Safety and Service Complex	38,754	18,792	57,546	111,454
Snow Hill Road Pump Station	488,705	16,632,170	17,120,875	13,174,125
Judicial Annex Building Renovation	7,310	4,610,788	4,618,098	377,986
300 Block E Main Redevelopment	4,714,436	19,427,008	24,141,444	646,440
500 Block E Main Redevelopment	12,774,762	1,921,938	14,696,700	19,347,916
Research Triangle Foundation	5,088,758	14,911,241	19,999,999	-
DSS Main Street Renovation	-	232,912	232,912	567,091
Detention Center Window Replacement	591,465	62,086	653,551	2,406,752
Body Worn Camera Project	274,436	899,086	1,173,522	35,822
Tax Dept Software Replacement	1,102,213	210,000	1,312,213	37,787
Sheriff IT Life Cycle Replacement Project	300,882	430,929	731,811	2,661,410
IST Hardware and Software	2,398,907	3,618,726	6,017,633	1,038,727
County Courthouse Elevator Repair Project	105,000	35,000	140,000	91,495
Administration Building II Upgrade	296,294	102,650	398,944	279,765
21 IT Hardware Replacement	1,837,752	1,166,483	3,004,235	7,293,765
21 Audio-Visual Technologies	250,396	38,558	288,954	981,046
Detention Center Capital Infrastructure	68,770	-	68,770	4,356,732
21 Telecommunications	24,180	-	24,180	845,820
Bull City United	6,000,000	-	6,000,000	-
Shoppes of Hope Valley	104,625	-	104,625	12,042,092
Elections South Roxboro Renovation Project	519,780	-	519,780	2,580,220
DTCC-Lawson Street Purchase	20,000	-	20,000	2,280,000
	<u>\$ 154,199,625</u>	<u>\$ 351,019,586</u>	<u>\$ 505,219,209</u>	<u>\$ 647,161,826</u>

THIS PAGE LEFT INTENTIONALLY BLANK



## **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 fire taxes for the Bethesda, Lebanon, Parkwood, Redwood, New Hope, Eno, and Bahama Rural Fire Districts. Effective July 1, 2013 and July 1, 2015, fire taxes are no longer the primary funding source for the Bethesda and Parkwood Fire Districts, respectively. Therefore, the activity in these funds is mainly collections of delinquent taxes. 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, service taxes became the primary funding source for providing of fire protection to this district. 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.

**Community Health Trust Fund** - to account for and report the proceeds of financial resources acquired through the leasing of Duke Regional Hospital to Duke University and the earnings of this financial resources and ensures the financial resources are used for health-related operating and capital expenditures.

**Opioid Fund** – to account for and report the proceeds of Opioid abatement and remediation activities.

THIS PAGE LEFT INTENTIONALLY BLANK

## DURHAM COUNTY, NORTH CAROLINA

### Combined Balance Sheet Nonmajor Governmental Funds June 30, 2023

---

	Special Revenue Funds
<b>Assets</b>	
Cash and cash equivalents / investments	\$ 4,781,017
Cash and cash equivalents / investments - restricted	2,753,148
Net property taxes receivable	89,423
Due from other governments - federal and state agencies	49,364
<b>Total assets</b>	<u><u>\$ 7,672,952</u></u>
<b>Liabilities</b>	
Accounts payable	\$ 24,134
<b>Total liabilities</b>	<u>24,134</u>
<b>Deferred inflows of resources</b>	
Prepaid taxes	5,677
Net property taxes receivable	89,423
<b>Total deferred inflows of resources</b>	<u>95,100</u>
<b>Fund balances</b>	
Restricted:	
Firefighters' relief funds	243,528
Opioid settlement funds	2,509,620
Assigned	4,800,570
<b>Total fund balances</b>	<u><u>7,553,718</u></u>
<b>Total liabilities, deferred inflow of resources and fund balances</b>	<u><u>\$ 7,672,952</u></u>

## DURHAM COUNTY, NORTH CAROLINA

### Combined Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2023

---

	Special Revenue Funds
<b>Revenues</b>	
Taxes	\$ 12,748,544
Investments	163,285
Intergovernmental revenues	2,502,545
Charges for services	1,250,000
Total revenues	<u>16,664,374</u>
<b>Expenditures</b>	
Current:	
Public safety	8,767,918
Economic and physical development	1,852,415
Total expenditures	<u>10,620,333</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>6,044,041</u>
<b>Other financing sources (uses)</b>	
Transfers out	<u>(2,641,725)</u>
Total other financing sources (uses)	<u>(2,641,725)</u>
<b>Net change in fund balances</b>	3,402,316
<b>Fund balance - beginning</b>	<u>4,151,402</u>
<b>Fund balance - ending</b>	<u>\$ 7,553,718</u>

THIS PAGE LEFT INTENTIONALLY BLANK

DURHAM COUNTY, NORTH CAROLINA

Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2023

	FIRE TAX DISTRICTS				
	Bethesda	Lebanon	Parkwood	Redwood	New Hope
<b>Assets</b>					
Cash and cash equivalents / investments	\$ 289	\$ 158,324	\$ 54	\$ 551,332	\$ 26,235
Cash and cash equivalents / investments - restricted	-	-	-	-	-
Net property taxes receivable	-	16,989	56	28,268	82
Due from other governments - federal and state agencies	-	15,797	-	8,991	317
<b>Total assets</b>	<u>\$ 289</u>	<u>\$ 191,110</u>	<u>\$ 110</u>	<u>\$ 588,591</u>	<u>\$ 26,634</u>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 42	\$ -	\$ 8	\$ 2
<b>Total liabilities</b>	<u>-</u>	<u>42</u>	<u>-</u>	<u>8</u>	<u>2</u>
<b>Deferred inflows of resources</b>					
Prepaid taxes	-	53	-	134	-
Net property taxes receivable	-	16,989	56	28,268	82
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>17,042</u>	<u>56</u>	<u>28,402</u>	<u>82</u>
<b>Fund balances</b>					
Restricted:					
Firefighters' relief funds	-	-	-	-	-
Opioid Settlement funds	-	-	-	-	-
Assigned	289	174,026	54	560,181	26,550
<b>Total fund balances</b>	<u>289</u>	<u>174,026</u>	<u>54</u>	<u>560,181</u>	<u>26,550</u>
<b>Total liabilities , deferred inflows of resources and fund balances</b>	<u>\$ 289</u>	<u>\$ 191,110</u>	<u>\$ 110</u>	<u>\$ 588,591</u>	<u>\$ 26,634</u>

		Bethesda Service Tax District	Durham County Fire and Rescue Service Tax District	Special Park Tax District	Community Health Trust Fund	Opioid Settlement Fund	Total Nonmajor Special Revenue Funds
Eno	Bahama						
\$ 49,234	\$ 789,887	\$ 332,950	\$ 2,572,296	\$ 264,735	\$ 35,681	\$ -	\$ 4,781,017
-	-	-	243,528	-	-	2,509,620	2,753,148
4	8,067	189	32,406	3,362	-	-	89,423
309	7,585	-	16,031	334	-	-	49,364
<u>\$ 49,547</u>	<u>\$ 805,539</u>	<u>\$ 333,139</u>	<u>\$ 2,864,261</u>	<u>\$ 268,431</u>	<u>\$ 35,681</u>	<u>\$ 2,509,620</u>	<u>\$ 7,672,952</u>
\$ -	\$ 7	\$ -	\$ 138	\$ 23,937	\$ -	\$ -	\$ 24,134
-	7	-	138	23,937	-	-	24,134
-	400	-	4,575	515	-	-	5,677
4	8,067	189	32,406	3,362	-	-	89,423
4	8,467	189	36,981	3,877	-	-	95,100
-	-	-	243,528	-	-	-	243,528
-	-	-	-	-	-	2,509,620	2,509,620
49,543	797,065	332,950	2,583,614	240,617	35,681	-	4,800,570
49,543	797,065	332,950	2,827,142	240,617	35,681	2,509,620	7,553,718
<u>\$ 49,547</u>	<u>\$ 805,539</u>	<u>\$ 333,139</u>	<u>\$ 2,864,261</u>	<u>\$ 268,431</u>	<u>\$ 35,681</u>	<u>\$ 2,509,620</u>	<u>\$ 7,672,952</u>

**DURHAM COUNTY, NORTH CAROLINA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
Year Ended June 30, 2023**

	FIRE TAX DISTRICTS				
	Bethesda	Lebanon	Parkwood	Redwood	New Hope
<b>Revenues</b>					
Taxes	\$ 44	\$ 1,673,803	\$ -	\$ 1,420,593	\$ 102,872
Investments	-	6,114	-	16,833	1,45
Charges for services	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-
Total revenues	44	1,679,917	-	1,437,426	104,323
<b>Expenditures</b>					
Current:					
Public safety	-	1,003,662	-	1,230,061	100,110
Economic and physical development	-	-	-	-	-
Total expenditures	-	1,003,662	-	1,230,061	100,110
<b>Excess (deficiency) of revenues over (under) expenditures</b>	44	676,255	-	207,365	4,213
<b>Other financing sources (uses)</b>					
Transfers out	-	(845,475)	-	-	-
Total other financing sources (uses)	-	(845,475)	-	-	-
<b>Net change in fund balances</b>	44	(169,220)	-	207,365	4,213
<b>Fund balance - beginning</b>	245	343,246	54	352,815	22,338
<b>Fund balance - ending</b>	\$ 289	\$ 174,026	\$ 54	\$ 560,181	\$ 26,550



		Bethesda Service Tax District	Durham County Fire and Rescue Service Tax District	Special Park Tax District	Community Health Trust Fund	OPIOID Settlement Fund	Total Nonmajor Special Revenue Funds
Eno	Bahama						
\$ 38,413	\$ 1,795,059	\$ -	\$ 5,961,253	\$ 1,756,507	\$ -	\$ -	\$ 12,748,544
1,134	18,126	5,200	58,939	19,572	28,841	7,075	163,285
-	-	-	-	-	1,250,000	-	1,250,000
-	-	-	-	-	-	2,502,545	2,502,545
39,547	1,813,185	5,200	6,020,192	1,776,079	1,278,841	2,509,620	16,664,374
37,533	1,524,033	-	4,872,519	-	-	-	8,767,918
-	-	-	-	1,852,415	-	-	1,852,415
37,533	1,524,033	-	4,872,519	1,852,415	-	-	10,620,333
2,014	289,152	5,200	1,147,673	(76,336)	1,278,841	2,509,620	6,044,041
-	-	-	(546,250)	-	(1,250,000)	-	(2,641,725)
-	-	-	(546,250)	-	(1,250,000)	-	(2,641,725)
2,014	289,152	5,200	601,423	(76,336)	28,841	2,509,620	3,402,316
47,529	507,913	327,750	2,225,719	316,953	6,840	-	4,151,402
\$ 49,543	\$ 797,065	\$ 332,950	\$ 2,827,142	\$ 240,617	\$ 35,681	\$ 2,509,620	\$ 7,553,718

**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, 2023**

---

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>Revenues</b>				
Taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44</u>	<u>\$ 44</u>
Total revenues	<u>-</u>	<u>-</u>	<u>44</u>	<u>44</u>
<b>Net change in fund balances</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>44</u>	<u><u>\$ 44</u></u>
<b>Fund balance - beginning</b>			<u>245</u>	
<b>Fund balance - ending</b>			<u><u>\$ 289</u></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, 2023**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>Revenues</b>				
Taxes	\$ 1,639,369	\$ 1,639,369	\$ 1,673,803	\$ 34,434
Investments	-	-	6,114	6,114
Total revenues	<u>1,639,369</u>	<u>1,639,369</u>	<u>1,679,917</u>	<u>40,548</u>
<b>Expenditures</b>				
Public safety	<u>1,004,073</u>	<u>1,004,073</u>	<u>1,003,662</u>	<u>411</u>
Total expenditures	<u>1,004,073</u>	<u>1,004,073</u>	<u>1,003,662</u>	<u>411</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>635,296</u>	<u>635,296</u>	<u>676,255</u>	<u>40,959</u>
<b>Other financing sources (uses)</b>				
Transfers out	(810,296)	(870,296)	(845,475)	24,821
Appropriated fund balance	<u>175,000</u>	<u>235,000</u>	-	(235,000)
Total other financing sources (uses)	<u>(635,296)</u>	<u>(635,296)</u>	<u>(845,475)</u>	<u>(210,179)</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	(169,220)	<u>\$ (169,220)</u>
<b>Fund balance - beginning</b>			<u>343,246</u>	
<b>Fund balance - ending</b>			<u>\$ 174,026</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, 2023**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-
Investments	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses)</b>				
Transfers out	-	-	-	-
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund balance - beginning</b>			<u>54</u>	
<b>Fund balance - ending</b>			<u>\$ 54</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, 2023

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>Revenues</b>				
Taxes	\$ 1,210,228	\$ 1,210,228	\$ 1,420,593	\$ 210,365
Investments	-	-	16,833	16,833
Total revenues	<u>1,210,228</u>	<u>1,210,228</u>	<u>1,437,426</u>	<u>227,198</u>
<b>Expenditures</b>				
Public safety	<u>1,230,228</u>	<u>1,230,228</u>	<u>1,230,061</u>	<u>167</u>
Total expenditures	<u>1,230,228</u>	<u>1,230,228</u>	<u>1,230,061</u>	<u>167</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(20,000)</u>	<u>(20,000)</u>	<u>207,365</u>	<u>227,365</u>
<b>Other financing sources (uses)</b>				
Appropriated fund balance	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
Total other financing sources (uses)	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>207,365</u>	<u>\$ 207,366</u>
<b>Fund balance - beginning</b>			<u>352,815</u>	
<b>Fund balance - ending</b>			<u>\$ 560,180</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, 2023**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>Revenues</b>				
Taxes	\$ 100,115	\$ 100,115	\$ 102,872	\$ 2,757
Investments	-	-	1,451	1,451
Total revenues	<u>100,115</u>	<u>100,115</u>	<u>104,323</u>	<u>4,208</u>
<b>Expenditures</b>				
Public safety	<u>100,115</u>	<u>100,115</u>	<u>100,110</u>	<u>5</u>
Total expenditures	<u>100,115</u>	<u>100,115</u>	<u>100,110</u>	<u>5</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>-</u>	<u>4,213</u>	<u>4,213</u>
<b>Other financing sources (uses)</b>				
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>4,213</u>	<u>\$ 4,213</u>
<b>Fund balance - beginning</b>			<u>22,338</u>	
<b>Fund balance - ending</b>			<u>\$ 26,551</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, 2023**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>Revenues</b>				
Taxes	\$ 37,554	\$ 37,554	\$ 38,413	\$ 859
Investments	-	-	1,134	1,134
Total revenues	<u>37,554</u>	<u>37,554</u>	<u>39,547</u>	<u>1,993</u>
<b>Expenditures</b>				
Public safety	<u>37,554</u>	<u>37,554</u>	<u>37,533</u>	<u>21</u>
Total expenditures	<u>37,554</u>	<u>37,554</u>	<u>37,533</u>	<u>21</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>-</u>	<u>2,014</u>	<u>2,014</u>
<b>Other financing sources (uses)</b>				
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>2,014</u>	<u>\$ 2,014</u>
<b>Fund balance - beginning</b>			<u>47,529</u>	
<b>Fund balance - ending</b>			<u>\$ 49,543</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, 2023**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>Revenues</b>				
Taxes	\$ 1,524,064	\$ 1,524,064	\$ 1,795,059	\$ 270,995
Investments	-	-	18,126	18,126
Total revenues	<u>1,524,064</u>	<u>1,524,064</u>	<u>1,813,185</u>	<u>289,121</u>
<b>Expenditures</b>				
Public safety	<u>1,524,064</u>	<u>1,524,064</u>	<u>1,524,033</u>	<u>31</u>
Total expenditures	<u>1,524,064</u>	<u>1,524,064</u>	<u>1,524,033</u>	<u>31</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>-</u>	<u>289,152</u>	<u>289,152</u>
<b>Other financing sources (uses)</b>				
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>289,152</u>	<u>\$ 289,152</u>
<b>Fund balance - beginning</b>			<u>507,913</u>	
<b>Fund balance - ending</b>			<u>\$ 797,065</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, 2023**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Investments	-	-	5,200	5,200
Total revenues	<u>-</u>	<u>-</u>	<u>5,200</u>	<u>5,200</u>
<b>Other financing sources (uses)</b>				
Transfers out	-	-	-	-
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	5,200	<u>\$ 5,200</u>
<b>Fund balance - beginning</b>			<u>327,750</u>	
<b>Fund balance - ending</b>			<u>\$ 332,950</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, 2023**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>Revenues</b>				
Taxes	\$ 5,548,972	\$ 5,548,972	\$ 5,961,253	\$ 412,281
Investments	-	-	58,939	58,939
Total revenues	<u>5,548,972</u>	<u>5,548,972</u>	<u>6,020,192</u>	<u>471,220</u>
<b>Expenditures</b>				
Public safety	5,987,554	5,987,554	4,872,519	1,115,035
Total expenditures	<u>5,987,554</u>	<u>5,987,554</u>	<u>4,872,519</u>	<u>1,115,035</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(438,582)</u>	<u>(438,582)</u>	<u>1,147,673</u>	<u>1,586,255</u>
<b>Other financing sources (uses)</b>				
Transfers out	(546,250)	(546,250)	(546,250)	-
Appropriated fund balance	984,832	984,832	-	(984,832)
Total other financing sources (uses)	<u>438,582</u>	<u>438,582</u>	<u>(546,250)</u>	<u>(984,832)</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	601,423	<u>\$ 601,423</u>
<b>Fund balance - beginning</b>			<u>2,225,719</u>	
<b>Fund balance - ending</b>			<u>\$ 2,827,142</u>	

**DURHAM COUNTY, NORTH CAROLINA****Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual- Special Park Tax District Special Revenue Fund  
Year Ended June 30, 2023**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>Revenues</b>				
Taxes	\$ 1,623,320	\$ 1,623,320	\$ 1,756,507	\$ 133,187
Investments	-	-	19,572	19,572
Total revenues	<u>1,623,320</u>	<u>1,623,320</u>	<u>1,776,079</u>	<u>152,759</u>
<b>Expenditures</b>				
Economic and physical development	<u>1,855,036</u>	<u>1,855,036</u>	<u>1,852,415</u>	<u>2,621</u>
Total expenditures	<u>1,855,036</u>	<u>1,855,036</u>	<u>1,852,415</u>	<u>2,621</u>
<b>Excess (deficiency) of revenues     over (under) expenditures</b>	<u>(231,716)</u>	<u>(231,716)</u>	<u>(76,336)</u>	<u>155,380</u>
<b>Other financing sources (uses)</b>				
Appropriated fund balance	<u>231,716</u>	<u>231,716</u>	-	<u>(231,716)</u>
Total other financing sources (uses)	<u>231,716</u>	<u>231,716</u>	-	<u>(231,716)</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(76,336)</u>	<u>\$ (76,336)</u>
<b>Fund balance - beginning</b>			<u>316,953</u>	
<b>Fund balance - ending</b>			<u>\$ 240,617</u>	

**DURHAM COUNTY, NORTH CAROLINA****Schedule of Revenues, Expenditures and Changes in Fund Balance****Budget and Actual- Community Health Trust Fund****Year Ended June 30, 2023**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>Revenues</b>				
Investments	\$ -	\$ -	\$ 28,841	\$ 28,841
Charges for services	1,250,000	1,250,000	1,250,000	-
Total revenues	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,278,841</u>	<u>28,841</u>
<b>Expenditures</b>				
Economic and physical development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,278,841</u>	<u>28,841</u>
<b>Other financing sources (uses)</b>				
Transfers out	(1,250,000)	(1,250,000)	(1,250,000)	-
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	<u>(1,250,000)</u>	<u>(1,250,000)</u>	<u>(1,250,000)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	28,841	<u>\$ 28,841</u>
<b>Fund balance - beginning</b>			<u>6,840</u>	
<b>Fund balance - ending</b>			<u>\$ 35,681</u>	

# DURHAM COUNTY, NORTH CAROLINA

## Schedule of Revenues, Expenditures and Changes in Fund Balance

### Budget and Actual- Opioid Settlement Fund

Year Ended June 30, 2023

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
<b>Revenues</b>				
Investments	\$ -	\$ -	\$ 7,075	\$ 7,075
Intergovernmental revenues	-	-	2,502,545	2,502,545
Total revenues	-	-	2,509,620	2,509,620
<b>Expenditures</b>				
Economic and physical development	-	-	-	-
Total expenditures	-	-	-	-
<b>Excess (deficiency) of revenues over (under) expenditures</b>	-	-	2,509,620	2,509,620
<b>Other financing sources (uses)</b>				
Transfers out				-
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	2,509,620	<u>\$ 2,509,620</u>
<b>Fund balance - beginning</b>			-	
<b>Fund balance - ending</b>			<u>\$ 2,509,620</u>	

THIS PAGE LEFT INTENTIONALLY BLANK

## **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.

THIS PAGE LEFT INTENTIONALLY BLANK



# DURHAM COUNTY, NORTH CAROLINA

## Schedule of Revenues and Expenditures - Budget and Actual - (Non-GAAP Basis) Enterprise Fund - Sewer Utility Fund Year Ended June 30, 2023

	Budget	Actual	Positive (Negative) Variance
<b>Revenues:</b>			
Charges for services	\$ 11,931,580	\$ 17,846,190	\$ 5,914,610
<b>Expenditures:</b>			
Operating	8,507,846	6,255,596	2,252,250
Repairs and maintenance	738,171	587,905	150,266
<b>Excess (deficiency) of revenues over (under) expenditures</b>	2,685,563	11,002,689	8,317,126
<b>Other Financing Sources (Uses):</b>			
Capital expenses	(1,279,201)	(4,242,976)	(2,963,775)
Debt service - principal	(1,491,146)	(1,491,145)	1
Debt service - interest and fiscal charges	(273,005)	(214,407)	58,598
Investment income	-	584,663	584,663
Sewer connection fees	1,287,810	5,318,997	4,031,187
Miscellaneous	-	(9,526)	(9,526)
Total other financing sources (uses)	(1,755,542)	(54,394)	1,701,148
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	930,021	10,948,295	10,018,274
<b>Fund balance appropriated</b>	4,043,790	-	4,043,790
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<u>\$ 4,973,811</u>	<u>\$ 10,948,295</u>	<u>\$ 5,974,484</u>

## **DURHAM COUNTY, NORTH CAROLINA**

### **Reconciliation of Modified Accrual Basis to Full Accrual Basis - Enterprise Fund - Sewer Utility Fund Year Ended June 30, 2023**

---

<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES (BUDGETARY BASIS)</b>	<b>\$ 10,948,295</b>
--	----------------------

**RECONCILING ITEMS:**

Capital outlay	4,242,976
Capital contributions	869,362
Debt principal payments	1,491,146
Decrease in accrued interest payable	4,047
Increase in accrued vacation	32,322
Increase in accrued payroll	32,053
Increase in accrued interest receivable	12,973
Increase in accounts receivable	(96,325)
Increase in due from other governments - federal & state agencies	(82,778)
Increase in due from other governments - local	(2,962,674)
Depreciation	(4,985,236)
Pension expense	(358,432)
Deferred outflows of resources for pensions, current fiscal year contributions	244,317
Amortization of loss on refundings	(44,089)
Amortization of bond premium	31,887

<b>CHANGE IN NET POSITION (GAAP BASIS)</b>	<b>\$ 9,379,843</b>
--	---------------------

**DURHAM COUNTY, NORTH CAROLINA**

**Schedule of Revenues and Expenditures - Budget and Actual -  
(Non-GAAP Basis) Enterprise Fund - Stormwater Fund  
Year Ended June 30, 2023**

	<b>Budget</b>	<b>Actual</b>	<b>Positive (Negative) Variance</b>
<b>Revenues:</b>			
Charges for services	\$ 1,630,824	\$ 1,590,548	\$ (40,276)
<b>Expenditures:</b>			
Operating	2,743,036	1,241,476	1,501,560
Repairs and maintenance	1,300	1,483	(183)
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(1,113,512)	347,589	1,461,101
<b>Other Financing Sources (Uses):</b>			
Capital expenses	(61,220)	(31,763)	29,457
Investment income	-	35,446	35,446
Intergovernmental	225,000	-	(225,000)
Construction permits	594,500	1,138,916	544,416
Inspection fees	5,000	30,827	25,827
Miscellaneous	500	(198)	(698)
Total other financing sources (uses)	763,780	1,173,228	409,448
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	(349,732)	1,520,817	1,870,549
<b>Fund balance appropriated</b>	(460,437)	-	(460,437)
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<u>\$ (810,169)</u>	<u>\$ 1,520,817</u>	<u>\$ 2,330,986</u>

**DURHAM COUNTY, NORTH CAROLINA**

**Reconciliation of Modified Accrual Basis to Full Accrual Basis -  
Enterprise Fund - Stormwater Fund  
Year Ended June 30, 2023**

---

<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES (BUDGETARY BASIS)</b>	<b>\$</b>	<b>1,520,817</b>
--	-----------	------------------

**RECONCILING ITEMS:**

Capital outlay	31,763
Decrease in accrued vacation	(12,072)
Increase in accrued payroll	(5,665)
Increase in accrued interest receivable	2,779
Increase in accounts receivable	91,988
Increase in due from other governments - federal & state agencies	1,400
Depreciation	(4,895)
Pension expense	(36,689)
Deferred outflows of resources for pensions, current fiscal year contributions	<u>25,008</u>

<b>CHANGE IN NET POSITION (GAAP BASIS)</b>	<b>\$</b>	<b><u>1,614,434</u></b>
--	-----------	-------------------------

## **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 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, the Town of Cary, and the Town of Morrisville.

THIS PAGE LEFT INTENTIONALLY BLANK

**DURHAM COUNTY, NORTH CAROLINA**

**Combining Statement of Fiduciary Net Position  
Private-purpose Trust Funds  
June 30, 2023**

	<b>George R. Linder Memorial Private- purpose Trust Fund</b>	<b>Vic Pearson EMS Memorial Private- purpose Trust Fund</b>	<b>Total Private- purpose Trust Funds</b>
<b>Assets</b>			
Cash and equivalents	\$ 6,149	\$ 45,982	\$ 52,131
Total assets	<u>6,149</u>	<u>45,982</u>	<u>52,131</u>
<b>Net position</b>			
Held in trust for:			
Individuals, organizations, and other governments	6,149	45,982	52,131
Total net position	<u>\$ 6,149</u>	<u>\$ 45,982</u>	<u>\$ 52,131</u>

## DURHAM COUNTY, NORTH CAROLINA

### Combining Statement of Changes in Fiduciary Net Position Private-purpose Trust Funds Year ended June 30, 2023

	George R. Linder Memorial Private- purpose Trust Fund	Vic Pearson EMS Memorial Private- purpose Trust Fund	Total Private- purpose Trust Funds
<b>Additions</b>			
Employee Contributions	\$ -	\$ 1,931	\$ 1,931
Investment Income	105	403	508
Total assets	<u>105</u>	<u>2,334</u>	<u>2,439</u>
<b>Deductions</b>			
Benefit Payments	-	4,200	4,200
Total Deductions	<u>-</u>	<u>4,200</u>	<u>4,200</u>
<b>Change in Net Position</b>	105	(1,866)	(1,761)
Total net position - beginning	<u>6,044</u>	<u>47,848</u>	<u>53,892</u>
Total net position - ending	<u>\$ 6,149</u>	<u>\$ 45,982</u>	<u>\$ 52,131</u>



THIS PAGE LEFT INTENTIONALLY BLANK

**DURHAM COUNTY, NORTH CAROLINA****Combining Statement of Fiduciary Net Position****Custodial Funds****Year ended June 30, 2023**

	<b>Sheriff's Evidence Fund</b>	<b>Jail Inmate Fund</b>	<b>Sheriff's Fund</b>	<b>Durham Public Schools Fund</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 626,580	\$ 45,837	\$ 48,350	\$ 5,572
Accounts receivable	-	-	-	165,290
Net Property receivable	-	-	-	-
Gross Taxes receivable	-	-	-	-
Due from governmental agencies	-	-	-	-
Total assets	<u>626,580</u>	<u>45,837</u>	<u>48,350</u>	<u>170,862</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	-	-	-	72,364
Due to public schools	-	-	-	172,602
Due to other governments	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,966</u>
<b>NET POSITION</b>				
Restricted for:				
Individuals, organizations, and other governments	<u>\$ 626,580</u>	<u>\$ 45,837</u>	<u>\$ 48,350</u>	<u>\$ (74,104)</u>

<b>Town of Chapel Hill Tax Fund</b>	<b>City of Durham Tax Fund</b>	<b>City of Raleigh Tax Fund</b>	<b>Town of Morrisville Tax Fund</b>	<b>Town of Cary</b>	<b>Total Custodial Funds</b>
\$ 97,121	\$ 1,876,393	\$ 47,990	\$ 2,056	\$ 7	\$ 2,749,906
-	-	-	-	-	165,290
13,413	1,860,731	3,539	80	-	1,877,763
-	53	-	-	-	53
22,747	1,608,854	8,614	-	-	1,640,215
133,281	5,346,031	60,143	2,136	7	6,433,227
-	7,789	70	-	-	80,223
-	-	-	-	-	172,602
36,160	3,610,435	13,666	80	209	3,660,550
36,160	3,618,224	13,736	80	209	3,913,375
\$ 97,121	\$ 1,727,807	\$ 46,407	\$ 2,056	\$ (202)	\$ 2,519,852

# DURHAM COUNTY, NORTH CAROLINA

## Combining Statement of Changes in Fiduciary Net Position Custodial Funds June 30, 2023

	Sheriff's Evidence Fund	Jail Inmate Fund	Sheriff's Fund	Durham Public Schools Fund
<b>Additions</b>				
Investment income	\$ -	\$ -	\$ -	\$ 3,614
Collections for public schools	-	-	-	770,887
Tax collections for other governments	-	-	-	-
Collections on behalf of sheriff	156,478	-	558,980	-
Collections on behalf of inmates	-	777,957	-	-
Total assets	156,478	777,957	558,980	774,501
<b>Deductions</b>				
Payments on behalf of sheriff	131,702	-	521,815	-
Payments on behalf of inmates	-	794,818	-	-
Collection distributions to public schools	-	-	-	717,023
Tax distributions to other governments	-	-	-	-
Administrative costs	-	-	-	64,900
Interest costs	-	-	-	-
Total Deductions	131,702	794,818	521,815	781,923
<b>Change in Net Position</b>	24,776	(16,861)	37,165	(7,422)
Total net position - beginning	601,804	62,698	11,185	(66,682)
Total net position - ending	\$ 626,580	\$ 45,837	\$ 48,350	\$ (74,104)

<b>Town of Chapel Hill Tax Fund</b>	<b>City of Durham Tax Fund</b>	<b>City of Raleigh Tax Fund</b>	<b>Town of Morrisville Tax Fund</b>	<b>Town of Cary</b>	<b>Total Custodial Funds</b>
\$ 18,316	\$ 1,044,886	\$ 10,854	\$ 670	\$ -	\$ 1,078,340
-	-	-	-	-	770,887
3,096,684	230,154,049	1,097,853	77,057	2,896	234,428,539
-	-	-	-	-	715,458
-	-	-	-	-	777,957
<u>3,115,000</u>	<u>231,198,935</u>	<u>1,108,707</u>	<u>77,727</u>	<u>2,896</u>	<u>237,771,181</u>
-	-	-	-	-	653,517
-	-	-	-	-	794,818
-	-	-	-	-	717,023
3,049,782	227,507,521	1,076,533	75,733	3,060	231,712,629
49,264	2,622,452	17,819	1,163	46	2,755,644
-	500	-	-	-	500
<u>3,099,046</u>	<u>230,130,473</u>	<u>1,094,352</u>	<u>76,896</u>	<u>3,106</u>	<u>236,634,131</u>
15,954	1,068,462	14,355	831	(210)	1,137,050
<u>81,167</u>	<u>659,345</u>	<u>32,052</u>	<u>1,225</u>	<u>8</u>	<u>1,382,802</u>
<u>\$ 97,121</u>	<u>\$ 1,727,807</u>	<u>\$ 46,407</u>	<u>\$ 2,056</u>	<u>\$ (203)</u>	<u>\$ 2,519,851</u>

THIS PAGE LEFT INTENTIONALLY BLANK

**CAPITAL ASSETS, LONG-TERM DEBT  
and OTHER INFORMATION  
(DIVIDER)**





THIS PAGE LEFT INTENTIONALLY BLANK

# DURHAM COUNTY, NORTH CAROLINA

## Capital Assets Used in the Operation of Governmental Funds Schedule by Function and Activity<sup>1</sup> as of June 30, 2023

	Total Assets	Land	Easements	Buildings	Office Furniture and Equipment
<b>General Government:</b>					
County commissioners	\$ 948,128	\$ -	\$ -	\$ -	\$ -
Board of Elections	978,809	-	-	-	10,117
Finance	4,647,561	-	-	417,874	-
Tax administration	4,122,612	-	-	-	-
Legal	121,808	-	-	-	-
Risk management	128,254	-	-	38,200	-
Court facilities	13,751,926	-	-	13,739,306	12,620
Register of deeds	2,482,962	-	-	-	944,572
General services	402,645,787	4,790,491	-	392,205,134	359,642
Information systems and technology	35,748,755	-	-	-	29,298
Veteran's services	32,447	-	-	-	-
Human resources	10,820	-	-	-	-
Total general government	465,619,869	4,790,491	-	406,400,514	1,356,249
<b>Public Safety:</b>					
Sheriff	56,335,722	1,398,962	-	40,480,337	1,002,713
County fire protection	1,793,240	-	-	1,244,463	6,744
Emergency management	5,291,046	-	-	1,144,636	45,635
Animal control	4,007,958	-	-	3,259,400	20,704
Criminal justice partnership	980,428	-	-	844,521	-
Youth home	582,595	-	-	367,000	-
Office of emergency services	19,462,542	-	-	2,856,008	-
Total public safety	88,453,531	1,398,962	-	50,196,365	1,075,796
<b>Environmental Protection:</b>					
Environmental engineering	11,874,860	2,730,566	1,857,992	77,873	7,315
Open space and real estate	2,263,108	1,067,607	1,195,501	-	-
Total Environmental Protection	14,137,968	3,798,173	3,053,493	77,873	7,315
<b>Economic and Physical Development:</b>					
Cooperative extension	24,184	-	-	-	-
Planning	6,500	6,500	-	-	-
Soil and water conservation	84,511	-	-	-	-
Total Economic and Physical Development	115,195	6,500	-	-	-
<b>Human Services:</b>					
Public health	1,844,700	-	-	-	47,868
Mental health	713,709	-	-	-	-
Community intervention and support services	102,285	-	-	-	-
Social services	4,566,008	-	-	3,101,314	-
Other human services	22,762	-	-	-	-
Total human services	7,249,464	-	-	3,101,314	47,868

Machinery and Equipment	Computer Hardware	Vehicles	Computer Software	Water System	Right-to-use Lease Assets	Right-to-use Subscription Assets	Construction in Progress
\$ 948,128	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
117,816	-	30,839	-	-	788,994	31,043	-
27,381	26,450	-	4,044,548	-	-	131,308	-
89,810	37,911	279,676	2,978,717	-	-	736,498	-
-	6,190	-	-	-	-	115,618	-
33,091	-	56,963	-	-	-	-	-
-	-	-	-	-	-	-	-
62,520	110,272	-	1,365,598	-	-	-	-
2,788,910	19,374	2,396,249	55,695	-	30,292	-	-
133,905	24,088,743	-	5,406,194	-	-	6,090,615	-
-	-	32,447	-	-	-	-	-
-	10,820	-	-	-	-	-	-
4,201,561	24,299,760	2,796,174	13,850,752	-	819,286	7,105,082	-
2,363,594	760,441	9,301,657	634,392	-	393,626	-	-
166,391	-	309,553	66,089	-	-	-	-
3,670,029	60,429	293,317	77,000	-	-	-	-
21,420	-	668,411	38,023	-	-	-	-
-	72,696	63,211	-	-	-	-	-
111,468	-	104,127	-	-	-	-	-
1,355,971	74,221	9,253,494	544,104	-	5,378,744	-	-
7,688,873	967,787	19,993,770	1,359,608	-	5,772,370	-	-
4,597,445	8,998	60,531	-	2,530,425	-	3,715	-
-	-	-	-	-	-	-	-
4,597,445	8,998	60,531	-	2,530,425	-	3,715	-
-	-	24,184	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	56,795	27,716	-	-	-	-
-	-	80,979	27,716	-	-	-	-
441,638	13,666	1,235,532	61,997	-	43,999	-	-
42,324	6,165	-	665,220	-	-	-	-
-	-	102,285	-	-	-	-	-
39,757	79,126	907,910	200,782	-	237,119	-	-
-	-	22,762	-	-	-	-	-
523,719	98,957	2,268,489	927,999	-	281,118	-	-

**DURHAM COUNTY, NORTH CAROLINA**

**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity<sup>1</sup> as of June 30, 2023 (continued)**

	<b>Total Assets</b>	<b>Land</b>	<b>Easements</b>	<b>Buildings</b>	<b>Office Furniture and Equipment</b>
<b>Education:</b>					
Durham public schools	\$ 8,080,942	\$ -	\$ -	\$ 8,080,942	\$ -
<b>Cultural and Recreational:</b>					
Library	8,514,825	7,500	-	6,131,555	29,126
<b>Capital Projects:</b>					
Construction in progress	191,888,446	-	-	-	-
<b>Total Capital Assets</b>	<b>\$ 784,060,240</b>	<b>\$ 10,001,626</b>	<b>\$ 3,053,493</b>	<b>\$ 473,988,563</b>	<b>\$ 2,516,354</b>

<sup>1</sup> This schedule presents only the capital asset balances related to governmental funds.

---

<b>Machinery and Equipment</b>	<b>Computer Hardware</b>	<b>Vehicles</b>	<b>Computer Software</b>	<b>Water System</b>	<b>Right-to-use Lease Assets</b>	<b>Right-to-use Subscription Assets</b>	<b>Construction in Progress</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
238,017	18,368	782,797	378,776	-	-	928,686	-
-	-	-	-	-	-	-	191,888,446
<u>\$ 17,249,615</u>	<u>\$ 25,393,870</u>	<u>\$ 25,982,740</u>	<u>\$ 16,544,851</u>	<u>\$ 2,530,425</u>	<u>\$ 6,872,774</u>	<u>\$ 8,037,483</u>	<u>\$ 191,888,446</u>

# DURHAM COUNTY, NORTH CAROLINA

## Capital Assets Used in the Operation of Governmental Funds Schedule of Changes by Function and Activity<sup>1</sup> Year Ended June 30, 2023

	Capital Assets July 1, 2022	Additions	Transfers and Deletions	Capital Assets June 30, 2023
<b>General Government:</b>				
Board of county commissioners	\$ 948,128	\$ -	\$ -	\$ 948,128
Board of elections	158,772	-	-	158,772
Finance	4,516,253	-	-	4,516,253
Tax administration	3,386,114	-	-	3,386,114
Legal	6,190	-	-	6,190
Risk management and insurance	128,254	-	-	128,254
Court facilities	13,751,926	-	-	13,751,926
Register of deeds	2,482,962	-	-	2,482,962
General services	349,023,729	53,724,702	(132,936)	402,615,495
Information systems and technology	21,774,342	7,883,798	-	29,658,140
Veterans services	32,447	-	-	32,447
Human resources	10,820	-	-	10,820
Total general government	<u>396,219,937</u>	<u>61,608,500</u>	<u>(132,936)</u>	<u>457,695,501</u>
<b>Public Safety:</b>				
County sheriff	53,569,864	3,053,634	(681,402)	55,942,096
Fire marshal	1,709,348	83,892	-	1,793,240
Criminal justice partnership	944,080	36,348	-	980,428
Animal control	4,007,958	-	-	4,007,958
Youth home	551,210	31,385	-	582,595
Office of emergency services	18,250,855	1,123,989	-	19,374,844
Total public safety	<u>79,033,315</u>	<u>4,329,248</u>	<u>(681,402)</u>	<u>82,681,161</u>
<b>Environmental Protection:</b>				
Environmental engineering	11,871,145	-	-	11,871,145
Open space management	2,120,655	142,453	-	2,263,108
Total Environmental Protection	<u>\$ 13,991,800</u>	<u>\$ 142,453</u>	<u>\$ -</u>	<u>\$ 14,134,253</u>

<sup>1</sup> 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 Activity<sup>1</sup> Year Ended June 30, 2023

	Right-to-Use Assets July 1, 2022 (as Restated)	Additions	Transfers and Deletions	Right-to-Use Assets June 30, 2023
<b>General Government:</b>				
Finance	\$ 131,307	\$ -	\$ -	\$ 131,307
Tax administration	736,498	-	-	736,498
Legal	115,619	-	-	115,619
Court facilities	229,067	-	229,067	-
Elections	820,037	-	-	820,037
General services	30,292	-	-	30,292
Information systems and technology	466,633	5,623,982	-	6,090,615
Total general government	<u>2,529,453</u>	<u>5,623,982</u>	<u>229,067</u>	<u>7,924,368</u>
<b>Public Safety:</b>				
Sheriff	393,626	-	-	393,626
Office of emergency services	170,093	5,208,651	-	5,378,744
Total public safety	<u>563,719</u>	<u>5,208,651</u>	<u>-</u>	<u>5,772,370</u>
<b>Environmental Protection:</b>				
Environmental engineering	<u>3,715</u>	<u>-</u>	<u>-</u>	<u>3,715</u>

## DURHAM COUNTY, NORTH CAROLINA

### Capital Assets Used in the Operation of Governmental Funds

#### Schedule of Changes by Function and Activity<sup>1</sup>

Year Ended June 30, 2023 (continued)

	Right-to-Use Assets July 1, 2022 (as Restated)	Additions	Transfers and Deletions	Capital Assets June 30, 2023
<b>Human Services:</b>				
Public health	43,999	-	-	43,999
Social services	237,119	-	-	237,119
Total human services	281,118	-	-	281,118
<b>Cultural and Recreational:</b>				
Library	928,686	-	-	928,686
<b>Total Right-to-Use Assets</b>	<u>\$ 4,306,691</u>	<u>\$ 10,832,633</u>	<u>\$ 229,067</u>	<u>\$ 14,910,257</u>

<sup>1</sup> 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 Activity<sup>1</sup>

Year Ended June 30, 2023 (continued)

	Capital Assets July 1, 2022	Additions	Transfers and Deletions	Capital Assets June 30, 2023
<b>Economic and Physical Development:</b>				
Cooperative extension	\$ 24,184	\$ -	\$ -	\$ 24,184
Planning	6,500	-	-	6,500
Soil and water conservation	84,511	-	-	84,511
Total Economic and Physical Development	115,195	-	-	115,195
<b>Human Services:</b>				
Public health	1,639,630	376,799	(215,728)	1,800,701
Community intervention and support services	-	102,285	-	102,285
Mental health	713,709	-	-	713,709
Social services	4,107,564	287,894	(66,569)	4,328,889
Other human services	22,762	-	-	22,762
Total human services	6,483,665	766,978	(282,297)	6,968,346
<b>Education:</b>				
Durham public schools	8,080,942	-	-	8,080,942
<b>Cultural and Recreational:</b>				
Library	7,430,703	155,436	-	7,586,139
<b>Capital Projects:</b>				
Construction in progress	198,048,684	56,413,502	(62,573,740)	191,888,446
<b>Total Capital Assets</b>	<b>\$ 709,404,241</b>	<b>\$ 123,416,116</b>	<b>\$ (63,670,375)</b>	<b>\$ 769,149,983</b>

<sup>1</sup> This schedule presents only the capital asset balances related to governmental funds.

DURHAM COUNTY, NORTH CAROLINA

GROSS BONDED DEBT AND OTHER LONG-TERM DEBT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

DESCRIPTION	INTEREST RATE	ISSUE DATE	AMOUNT OUTSTANDING 6-30-22	ISSUED DURING YEAR	ADJUSTED DURING YEAR
<b>GENERAL LONG-TERM DEBT:</b>					
<b>BONDED DEBT:</b>					
REFUNDING, SERIES 2011	3.00%-5.00%	06/08/11	\$ 2,285,000	\$ -	\$ -
PUBLIC IMPROVEMENT REFUNDING, SERIES 2014	2.00%-5.00%	06/03/14	11,150,000	-	-
PUBLIC IMPROVEMENT REFUNDING, SERIES 2015	3.00%-5.00%	07/09/15	24,695,000	-	-
PUBLIC IMPROVEMENT REFUNDING, SERIES 2016	3.00%-5.00%	09/29/16	85,620,000	-	-
PUBLIC IMPROVEMENT, SERIES 2017	3.23%	03/16/17	1,900,000	-	-
PUBLIC IMPROVEMENT REFUNDING, SERIES 2019	3.00%-5.00%	03/05/19	37,575,000	-	-
PUBLIC IMPROVEMENT REFUNDING, SERIES 2021	1.25%-5.00%	02/23/21	57,485,000	-	-
UNAMORTIZED BOND PREMIUM			32,772,741	-	(2)
<b>TOTAL BONDED DEBT:</b>			<b>253,482,741</b>	<b>-</b>	<b>(2)</b>
<b>OTHER LONG-TERM DEBT:</b>					
<b>INSTALLMENT PURCHASE AGREEMENTS:</b>					
<b>LIMITED OBLIGATION BONDS:</b>					
LOBS 2012	2.00%-5.00%	03/29/12	8,570,000	-	-
LOBS 2013	1.50%-5.00%	03/28/13	11,245,000	-	-
LOBS 2016	4.00%-5.00%	04/01/16	25,770,000	-	-
LOBS 2018	4.00%-5.00%	09/06/18	46,625,000	-	-
LOBS 2020A	2.375%-5.00%	01/23/20	15,400,000	-	-
LOBS 2020B	1.668%-3.085%	01/23/20	97,365,000	-	-
LOBS 2023A	5.00%	04/19/23	-	168,780,000	-
LOBS 2023B	3.985% to 5.064%	04/19/23	-	23,685,000	-
UNAMORTIZED BOND PREMIUM			21,632,252	26,796,243	(305,584)
<b>TOTAL LIMITED OBLIGATION BONDS:</b>			<b>226,607,252</b>	<b>219,261,243</b>	<b>(305,584)</b>
<b>Other Financing Agreements</b>					
<b>Direct Installment Notes</b>					
INSTALLMENT NOTES FINANCING CONTRACT (LOBs) TAX-EXEMPT FY21			85,972,203	39,550,155	-
INSTALLMENT NOTES FINANCING CONTRACT (LOBs) TAXABLE FY21			13,292,599	1,707,401	-
Total Direct Installment Notes Programs			99,264,802	41,257,556	-
BOND ANTICIPATION NOTES (BANs) FY22			28,896,911	14,080,038	-
<b>Other Agreements</b>					
LEASES			1,468,980	5,208,651	-
SUBSCRIPTIONS			-	2,363,250	5,623,982
NC HOUSING FINANCE AGENCY			7,648	-	-
UTILITY PERFORMANCE CONTRACT (direct install placement financing)			2,388,904	-	2
Total Other Agreements			3,865,532	7,571,901	5,623,984
<b>TOTAL OTHER FINANCING AGREEMENTS</b>			<b>132,027,245</b>	<b>62,909,495</b>	<b>5,623,984</b>
<b>TOTAL INSTALLMENT PURCHASE AGREEMENTS:</b>			<b>358,634,497</b>	<b>282,170,738</b>	<b>5,318,400</b>
EARNED VACATION PAY			10,196,679	7,935,485	-
NET PENSION LIABILITY (LGERS)			23,466,616	59,215,508	-
TOTAL PENSION LIABILITY (LEOSSA)			10,123,540	-	-
TOTAL OPEB LIABILITY			205,440,549	-	-
<b>TOTAL OTHER LONG-TERM DEBT:</b>			<b>607,861,881</b>	<b>349,321,731</b>	<b>5,318,400</b>
<b>TOTAL GENERAL LONG-TERM DEBT:</b>			<b>\$ 861,344,622</b>	<b>\$ 349,321,731</b>	<b>\$ 5,318,398</b>

DEFEASED DURING YEAR	DUE FISCAL YEAR 2022- 2023		AMOUNT OUTSTANDING 6-30-23	DUE FISCAL YEAR 2023- 2024		LONG-TERM PRINCIPAL DUE THEREAFTER
	PRINCIPAL	INTEREST		PRINCIPAL	INTEREST	
\$ -	\$ 2,285,000	\$ 57,125	\$ -	\$ -	\$ -	-
-	2,230,000	473,875	8,920,000	2,230,000	362,375	6,690,000
-	5,360,000	1,100,750	19,335,000	5,355,000	832,875	13,980,000
-	6,665,000	3,277,725	78,955,000	6,640,000	2,945,100	72,315,000
-	380,000	55,233	1,520,000	380,000	42,959	1,140,000
-	2,215,000	1,685,375	35,360,000	2,210,000	1,574,625	33,150,000
-	<b>3,195,000</b>	<b>1,820,756</b>	54,290,000	3,195,000	1,724,906	51,095,000
-	3,562,234	-	29,210,505	2,793,105	-	26,417,400
-	<b>25,892,234</b>	<b>8,470,839</b>	<b>227,590,505</b>	<b>22,803,105</b>	<b>7,482,840</b>	<b>204,787,400</b>
-	3,190,000	339,588	5,380,000	-	180,188	5,380,000
-	3,750,000	496,712	7,495,000	3,750,000	309,213	3,745,000
-	2,910,000	1,193,750	22,860,000	2,885,000	1,070,875	19,975,000
-	2,745,000	1,913,500	43,880,000	2,745,000	1,791,875	41,135,000
-	860,000	656,613	14,540,000	860,000	622,213	13,680,000
-	1,015,000	2,475,784	96,350,000	4,255,000	2,426,127	92,095,000
-	-	-	168,780,000	8,435,000	9,423,550	160,345,000
-	-	-	23,685,000	1,185,000	1,199,362	22,500,000
-	1,534,866	-	46,588,044	2,824,892	-	43,763,152
-	<b>16,004,866</b>	<b>7,075,947</b>	<b>429,558,044</b>	<b>26,939,892</b>	<b>17,023,403</b>	<b>402,618,152</b>
125,522,358	-	-	-	-	-	-
15,000,000	-	-	-	-	-	-
140,522,358	-	-	-	-	-	-
-	-	-	42,976,949	-	-	-
-	551,512	46,370	6,126,119	668,538	-	5,457,581
-	3,616,248	36,952	4,370,984	2,458,684	91,615	1,912,300
-	7,648	-	-	-	-	-
-	323,732	52,768	2,065,174	338,712	45,288	1,726,462
-	4,499,140	136,090	12,562,277	3,465,934	136,903	9,096,343
<b>140,522,358</b>	<b>4,499,140</b>	<b>136,090</b>	<b>55,539,226</b>	<b>3,465,934</b>	<b>136,903</b>	<b>9,096,343</b>
<b>140,522,358</b>	<b>20,504,006</b>	<b>7,212,037</b>	<b>485,097,270</b>	<b>30,405,826</b>	<b>17,160,306</b>	<b>411,714,495</b>
-	6,823,365	-	11,308,799	6,823,365	-	4,485,434
-	-	-	82,682,124	-	-	82,682,124
1,354,674	-	-	8,768,866	-	-	8,768,866
44,014,942	-	-	161,425,607	-	-	161,425,607
<b>185,891,974</b>	<b>27,327,371</b>	<b>7,212,037</b>	<b>749,282,666</b>	<b>37,229,191</b>	<b>17,160,306</b>	<b>669,076,526</b>
<b>\$ 185,891,974</b>	<b>\$ 53,219,605</b>	<b>\$ 15,682,876</b>	<b>\$ 976,873,171</b>	<b>\$ 60,032,296</b>	<b>\$ 24,643,146</b>	<b>\$ 873,863,926</b>

DURHAM COUNTY, NORTH CAROLINA

GROSS BONDED DEBT AND OTHER LONG-TERM DEBT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (continued)

DESCRIPTION	INTEREST RATE	ISSUE DATE	AMOUNT OUTSTANDING 6-30-22	ISSUED DURING YEAR	ADJUSTED DURING YEAR
<b>PROPRIETARY DEBT:</b>					
<b>ENTERPRISE FUND:</b>					
ENTERPRISE REVOLVING LOAN	2.22%	07/01/10	\$ 1,389,086	\$ -	\$ -
ENTERPRISE REVOLVING II LOAN	2.22%	07/01/10	5,854,611	-	-
REVENUE BONDS REFUNDING, SERIES 2012	2.49%	08/23/12	4,305,000	-	-
UNAMORTIZED BOND PREMIUM			204,605	-	-
<b>TOTAL ENTERPRISE FUND BONDED DEBT:</b>			<b>11,753,302</b>	<b>-</b>	<b>-</b>
EARNED VACATION PAY			192,583	143,154	-
NET PENSION LIABILITY (LGERS)			230,633	987,708	-
<b>TOTAL PROPRIETARY DEBT:</b>			<b>12,176,518</b>	<b>1,130,862</b>	<b>-</b>
<b>TOTAL GENERAL LONG-TERM DEBT</b>					
<b>AND PROPRIETARY DEBT:</b>			<b>\$ 873,521,140</b>	<b>\$ 350,452,593</b>	<b>\$ 5,318,398</b>

DEFEASED DURING YEAR	DUE FISCAL YEAR 2022- 2023			AMOUNT OUTSTANDING 6-30-23	DUE FISCAL YEAR 2023- 2024			LONG-TERM PRINCIPAL DUE THEREAFTER					
	PRINCIPAL		INTEREST		PRINCIPAL		INTEREST						
\$	-	\$	138,909	\$	30,838	\$	1,250,179	\$	138,909	\$	27,754	\$	1,111,270
-			532,237		129,972		5,322,374		532,237		118,157		4,790,137
-			820,000		107,195		3,485,000		840,000		86,777		2,645,000
-			31,887		-		172,718		31,887		-		140,831
-			1,523,033		268,005		10,230,271		1,543,033		232,688		8,687,238
-			98,760		-		236,977		98,760		-		138,217
-			-		-		1,218,341		-		-		1,218,341
-			1,621,793		268,005		11,685,589		1,641,793		232,688		10,043,796
\$	185,891,974	\$	54,841,398	\$	15,950,881	\$	988,558,760	\$	61,674,089	\$	24,875,834	\$	883,907,722

## DURHAM COUNTY, NORTH CAROLINA

### Analysis of Current Tax Levy Fiscal Year Ending June 30, 2023

---

#### Property Valuations

Real property	\$	40,886,026,499
Personal property		5,272,493,913
Public service		677,619,677
DMV-registered vehicles		3,137,333,083
Total subject to tax	\$	<u>49,973,473,172</u>
Real property/personal property/corporate excess levy	\$	554,946,068
DMV -registered vehicles levy		<u>37,495,840</u>
Gross Levy	\$	592,441,908
Abatements/discoveries		<u>(2,253,407)</u>
Net Levy	\$	590,188,500
Uncollected at June 30, 2022		<u>2,825,196</u>
Current year taxes collected	\$	<u>587,363,304</u>
Percent of current taxes collected		<u>99.52%</u>

This schedule includes current year levy and collections for the Agency 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, 2023

Year of Levy	Uncollected Balance July 1, 2022	Current Year Gross Levy	Collections	Abatements/ Discoveries	Uncollected Balance June 30, 2023
2022	\$ -	\$ 592,441,908	\$ 587,363,304	\$ (2,253,407)	\$ 2,825,196
2021	1,040,632	-	560,641	(157,822)	322,169
2020	403,800	-	126,051	(43,877)	233,872
2019	663,442	-	85,745	(7,592)	570,105
2018	493,185	-	45,698	667	448,154
2017	125,648	-	23,354	-	102,294
2016 and prior	722,592	-	52,521	(255,665)	414,406
	<u>\$ 3,449,299</u>	<u>\$ 592,441,908</u>	<u>\$ 588,257,314</u>	<u>\$ (2,717,696)</u>	<u>4,916,195</u>

Less allowance for uncollectible ad valorem taxes receivable (97,952)

Ad valorem taxes receivable (net) \$ 4,818,243

### Receivable by fund, net:

General Fund	\$ 2,588,891	
Capital financing	<u>352,383</u>	
General Fund		2,941,274
City of Durham	1,859,937	
Town of Chapel Hill	13,413	
City of Raleigh	3,539	
Town of Morrisville	80	
Town of Cary	<u>-</u>	
Custodial funds		<u>1,876,969</u>
		<u>\$ 4,818,243</u>

Note: This schedule includes the general fund and custodial funds.

**DURHAM COUNTY, NORTH CAROLINA**

**Schedule of Ad Valorem Taxes Receivable by Year  
Year Ended June 30, 2023**

<b>Fiscal Year</b>	<b>Uncollected Balance June 30, 2022</b>	<b>Additions</b>	<b>Collections</b>	<b>Abatements/ Discoveries</b>	<b>Uncollected Balance June 30, 2023</b>
2022-2023	\$ -	\$ 592,441,908	\$ 587,363,304	\$ (2,253,407)	\$ 2,825,196
2021-2022	1,040,632	-	560,641	(157,822)	322,169
2020-2021	403,800	-	126,051	(43,877)	233,872
2019-2020	663,442	-	85,745	(7,592)	570,105
2018-2019	493,185	-	45,698	667	448,154
2017-2018	125,648	-	23,354	-	102,294
2016 and prior	722,592	-	52,521	(255,665)	414,406
	<u>\$ 3,449,299</u>	<u>\$ 592,441,908</u>	<u>\$ 588,257,314</u>	<u>\$ (2,717,697)</u>	<u>4,916,195</u>
Less allowance for uncollectible ad valorem taxes receivable					(97,952)
Ad valorem taxes receivable (net)					<u>\$ 4,818,243</u>
Reconcilement with revenues:					
Taxes - ad valorem - governmental funds					\$ 357,912,364
Taxes - ad valorem - custodial funds					<u>230,344,950</u>
Total collections and credits					<u>\$ 588,257,314</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; non-spendable, 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.

THIS PAGE LEFT INTENTIONALLY BLANK

**DURHAM COUNTY, NORTH CAROLINA**

**Net Position by Component  
Last Ten Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Governmental activities</b>										
Net investment in capital assets	\$ 114,466,733	\$ 108,073,865	\$ 183,610,404	\$ 136,546,994	\$ 169,099,967	\$ 62,072,041	\$ 171,070,634	\$ 120,531,058	\$ 34,987,961	\$ 20,701,314
Restricted	132,542,994	100,410,092	97,332,350	68,391,721	64,193,834	57,833,938	52,646,580	56,579,115	57,772,872	52,415,572
Unrestricted	(198,524,346)	(144,942,446)	(221,962,274)	(151,535,380)	(192,337,701)	(96,020,674)	(112,774,836)	(89,071,940)	(44,425,284)	(69,263,012)
Total governmental activities net position	<u>\$ 48,485,381</u>	<u>\$ 63,541,511</u>	<u>\$ 58,980,480</u>	<u>\$ 53,403,335</u>	<u>\$ 40,956,100</u>	<u>\$ 23,885,305</u>	<u>\$ 110,942,378</u>	<u>\$ 88,038,233</u>	<u>\$ 48,335,549</u>	<u>\$ 3,853,874</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 61,663,435	\$ 60,383,228	\$ 54,524,004	\$ 55,060,180	\$ 53,816,232	\$ 53,624,526	\$ 53,217,258	\$ 53,957,575	\$ 49,473,281	\$ 47,154,452
Restricted	8,746,694	7,265,351	10,508,607	2,108,332	3,374,189	688,047	1,332,847	952,588	5,781,893	7,854,486
Unrestricted	49,255,370	41,022,643	36,203,632	39,353,018	36,995,955	36,741,062	33,334,232	28,459,495	25,993,181	21,724,599
Total business-type activities net position	<u>\$ 119,665,499</u>	<u>\$ 108,671,222</u>	<u>\$ 101,236,243</u>	<u>\$ 96,521,530</u>	<u>\$ 94,186,376</u>	<u>\$ 91,053,635</u>	<u>\$ 87,884,337</u>	<u>\$ 83,369,658</u>	<u>\$ 81,248,355</u>	<u>\$ 76,733,537</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 176,130,168	\$ 168,457,093	\$ 238,134,408	\$ 191,607,174	\$ 222,916,199	\$ 115,696,567	\$ 224,287,892	\$ 174,488,633	\$ 84,461,242	\$ 67,855,766
Restricted	141,289,688	107,675,443	107,840,957	70,500,053	67,568,023	58,521,985	53,979,427	57,531,703	63,554,765	60,270,058
Unrestricted	(149,268,976)	(103,919,803)	(185,758,642)	(112,182,362)	(155,341,746)	(59,279,612)	(79,440,604)	(60,612,445)	(18,432,103)	(47,538,413)
Total primary government net position	<u>\$ 168,150,880</u>	<u>\$ 172,212,733</u>	<u>\$ 160,216,723</u>	<u>\$ 149,924,865</u>	<u>\$ 135,142,476</u>	<u>\$ 114,938,940</u>	<u>\$ 198,826,715</u>	<u>\$ 171,407,891</u>	<u>\$ 129,583,904</u>	<u>\$ 80,587,411</u>

**DURHAM COUNTY, NORTH CAROLINA**

**Changes in Net Position  
Last Ten Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Expenses</b>										
Governmental activities:										
General government	\$ 123,351,253	\$ 114,410,610	\$ 101,205,831	\$ 89,530,531	\$ 65,306,869	\$ 67,278,145	\$ 64,194,870	\$ 60,091,561	\$ 57,622,575	\$ 55,772,804
Public safety	95,153,607	81,778,636	98,843,230	96,780,516	86,231,267	83,743,115	75,533,420	69,100,186	63,834,548	61,569,018
Transportation	912,757	800,206	291,640	228,549	244,338	238,948	353,001	205,873	309,017	12,500
Economic and physical development	16,179,664	16,303,883	13,107,386	9,416,002	5,996,057	5,761,844	7,368,799	7,343,752	4,773,955	5,490,387
Environmental protection	13,452,988	12,584,107	9,573,869	8,349,531	6,760,218	5,997,974	5,966,371	4,303,325	3,860,175	3,657,826
Human services	101,071,341	110,942,747	105,617,896	101,256,274	91,657,739	86,632,504	93,649,136	92,160,946	87,852,834	85,440,041
Education	259,618,044	245,537,946	181,869,621	182,574,991	172,358,720	155,678,995	149,192,760	144,524,127	137,832,688	148,666,331
Cultural and recreational	17,445,261	16,313,104	16,001,339	17,520,440	15,782,278	20,693,870	14,802,765	12,762,810	12,240,868	12,671,110
Interest and fiscal charges	22,396,244	14,794,595	14,578,173	254,616	19,100,202	16,547,326	12,999,003	19,749,259	20,880,870	22,953,477
Total governmental activities	649,581,159	613,465,834	541,088,985	505,911,450	463,437,688	442,572,721	424,060,125	410,241,839	389,207,530	396,233,494
Business-type activities:										
Sewer utility	12,110,564	10,470,472	9,864,971	9,705,514	10,123,859	8,302,269	7,970,882	7,447,186	7,187,975	6,387,907
Stormwater	1,277,471	1,220,996	984,943	-	-	-	-	-	-	-
Total business-type activities	13,388,035	11,691,468	10,849,914	9,705,514	10,123,859	8,302,269	7,970,882	7,447,186	7,187,975	6,387,907
Total primary government expenses	662,969,194	625,157,302	551,938,899	515,616,964	473,561,547	450,874,990	432,031,007	417,689,025	396,395,505	402,621,401
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	18,358,823	20,839,897	18,384,547	15,462,682	13,568,132	14,528,090	13,196,914	13,473,564	13,672,364	9,710,327
Public safety	17,369,014	15,347,858	13,282,256	12,335,220	12,933,084	13,190,898	12,301,993	11,700,522	11,029,058	8,861,551
Transportation	1,881	2,429	-	-	-	-	-	-	-	-
Economic and physical development	53,528	42,721	38,873	34,022	47,202	44,544	52,116	67,361	68,673	18,654
Environmental protection	3,060,834	3,078,358	3,108,944	3,875,824	3,911,415	3,830,149	3,298,084	3,217,315	2,862,153	2,898,313
Human services	1,416,356	1,350,360	1,198,229	2,420,120	3,830,491	5,251,427	5,096,785	5,306,527	5,359,752	4,354,144
Education	1,881	1,881	1,332	-	-	-	-	-	-	-
Cultural and recreational	247,836	219,251	183,507	314,749	402,152	398,319	386,919	456,385	473,764	299,711
Operating grants and contributions:										
General government	15,951,884	14,666,474	15,250,936	9,075,077	6,297,110	5,260,234	5,686,528	3,499,215	4,683,445	4,464,142
Public safety	6,034,693	6,090,007	11,623,397	5,905,052	4,863,835	4,249,789	4,840,111	5,270,013	4,789,575	4,549,651
Transportation	559,289	599,383	-	-	-	-	-	-	-	-
Economic and physical development	320,560	337,685	799,373	285,930	899,686	591,505	334,540	542,097	618,300	588,110
Environmental protection	20,160	24,000	174,107	-	99,569	119,019	74,244	169,636	193,511	52,678
Human services	50,407,176	68,852,541	47,856,947	38,442,882	36,776,037	36,437,658	48,568,587	47,419,147	46,346,963	40,084,357
Education	-	2,000	-	-	-	-	-	-	-	-
Cultural and recreational	655,142	423,716	525,562	423,926	516,005	251,390	287,840	355,168	240,335	266,690
Capital grants and contributions:										
General government	-	-	-	-	1,000,000	999,880	1,260,807	2,361,838	1,639,435	1,123,462
Public safety	-	-	-	-	-	-	-	-	655,147	1,341,125
Environmental protection	-	-	30,693	-	-	446,622	2,004,287	24,007	233,750	-
Education	4,467,661	1,157,830	720,245	1,130,189	1,322,406	1,088,886	1,821,738	1,978,837	907,707	1,469,322
Cultural and recreational	-	-	-	400,000	800,000	-	-	-	-	-
Total governmental activities program revenues	118,926,718	133,036,391	113,178,948	90,105,673	87,267,124	86,688,410	99,211,493	95,841,632	93,773,932	80,082,237
Business-type activities:										
Charges for services:										
Sewer utility	20,023,410	15,918,770	13,928,001	11,658,657	12,659,769	10,199,023	12,331,995	9,200,098	11,243,175	12,007,107
Stormwater	2,853,679	2,236,163	1,639,669	-	-	-	-	-	-	-
Capital grants and contributions:										
Sewer utility	869,362	892,852	5,805	-	-	959,110	42,925	284,195	600,000	780,802
Stormwater	-	-	17,116	-	-	-	-	-	-	-
Total business-type activities program revenues	23,746,451	19,047,785	15,590,591	11,658,657	12,659,769	11,158,133	12,374,920	9,484,293	11,843,175	12,787,909
Total primary government program revenues	142,673,169	152,084,176	128,769,539	101,764,330	99,926,893	97,846,543	111,586,413	105,325,925	105,617,107	92,870,146

**DURHAM COUNTY, NORTH CAROLINA**

**Changes in Net Position (continued)**

**Last Ten Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2013
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (530,654,441)	\$ (480,429,443)	\$ (427,910,037)	\$ (415,805,777)	\$ (376,170,564)	\$ (355,884,311)	\$ (324,848,632)	\$ (314,400,207)	\$ (295,433,598)	\$ (316,151,257)
Business-type activities	10,358,416	7,356,317	4,740,677	1,953,143	2,535,910	2,855,864	4,404,038	2,037,107	4,655,200	6,400,002
Total primary government net expense	(520,296,025)	(473,073,126)	(423,169,360)	(413,852,634)	(373,634,654)	(353,028,447)	(320,444,594)	(312,363,100)	(290,778,398)	(309,751,255)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes, levied for general purposes	359,670,953	341,750,218	325,474,847	316,894,035	292,291,159	278,719,636	262,886,545	259,451,036	252,758,385	244,922,483
Property taxes, levied for fire districts	11,010,075	9,933,127	9,218,291	8,807,839	8,296,148	7,823,215	7,870,019	7,826,322	7,482,408	6,661,282
Property taxes, levied for other districts purposes	1,757,764	1,532,491	1,477,449	1,133,988	1,070,763	1,145,501	1,219,855	959,142	754,365	736,793
Local option sales tax	126,051,649	114,631,886	97,605,674	87,505,306	84,521,869	83,808,889	76,855,214	74,471,794	70,484,647	61,414,402
Occupancy tax	4,806,722	3,397,090	1,680,342	3,622,475	4,310,529	3,970,516	3,961,343	3,509,649	3,014,169	2,592,696
Animal tax	-	-	-	-	-	-	-	-	-	(1,277,314)
Gross receipts tax	697,021	624,673	546,969	485,215	571,291	483,133	479,899	429,419	410,964	406,605
Vehicle registration tax	192,600	191,524	223,347	216,049	231,838	226,448	340,501	193,373	296,517	-
Investment and interest income	10,368,982	(3,572,981)	(3,767,330)	8,800,011	965,567	7,430,012	(1,149,566)	4,684,275	13,472,042	5,086,255
Other revenues	1,042,545	16,502,446	1,027,593	788,094	982,195	1,062,967	1,090,502	953,890	1,300,117	4,574,741
Total governmental activities	515,598,311	484,990,474	433,487,182	428,253,012	393,241,359	384,670,317	353,554,312	352,478,900	349,973,614	325,117,943
Business-type activities:										
Investment and interest income	635,861	65,231	(38,941)	382,011	600,355	320,391	110,656	71,355	16,054	42,036
Other revenues	-	13,431	12,977	-	(3,524)	(6,957)	-	12,841	-	25,889
Total business-type activities	635,861	78,662	(25,964)	382,011	596,831	313,434	110,656	84,196	16,054	67,925
Total primary government	516,234,172	485,069,136	433,461,218	428,635,023	393,838,190	384,983,751	353,664,968	352,563,096	349,989,668	325,185,868
<b>Change in Net Position</b>										
Government activities	(15,056,130)	4,561,031	5,577,145	12,447,235	17,070,795	28,786,006	28,705,680	38,078,693	54,540,016	8,966,686
Business-type activities	10,994,277	7,434,979	4,714,713	2,335,154	3,132,741	3,169,298	4,514,694	2,121,303	4,671,254	6,467,927
Total primary government	\$ (4,061,853)	\$ 11,996,010	\$ 10,291,858	\$ 14,782,389	\$ 20,203,536	\$ 31,955,304	\$ 33,220,374	\$ 40,199,996	\$ 59,211,270	\$ 15,434,613

**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 Total
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total	Total
2023	\$ 2,461,304	\$75,148,402	\$ 101,740,227	\$29,754,613	\$ 78,017,845	\$ 287,122,391	\$ -	\$ 14,676,597	\$ -	\$ 118,178,253	\$ -	\$ 132,854,850	\$ 419,977,241
2022	2,081,799	43,177,825	112,730,123	28,509,242	119,311,952	305,810,941	-	33,431,634	-	40,579,730	-	74,011,364	379,822,305
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



**DURHAM COUNTY, NORTH CAROLINA**

**Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Revenues</b>										
Taxes	\$ 503,409,049	\$ 473,878,569	\$ 436,076,567	\$ 417,138,314	\$ 390,922,436	\$ 376,306,638	\$ 353,995,914	\$ 347,348,935	\$ 336,011,104	\$ 317,692,860
Licenses and permits	363,350	428,244	626,990	1,622,962	1,679,317	1,638,616	1,393,097	1,535,091	1,119,886	1,357,467
Intergovernmental	78,416,567	92,153,636	76,981,260	55,663,056	52,574,648	49,444,983	64,878,682	61,619,958	61,652,361	54,190,412
Investments	7,864,210	2,249,715	2,196,480	5,441,723	6,947,307	4,645,417	3,985,884	4,181,190	4,233,162	4,600,076
Rent	256,953	182,652	723,085	729,374	902,528	1,134,280	972,562	988,807	1,058,153	1,077,167
Charges for services	40,119,468	40,227,111	34,062,116	32,700,705	32,175,804	34,182,908	31,855,249	31,035,290	31,092,863	23,450,422
Other revenues	1,042,545	16,502,446	1,027,593	788,094	982,195	1,062,967	1,090,502	953,890	1,300,117	4,563,275
Total revenues	631,472,142	625,622,373	551,694,091	514,084,228	486,184,235	468,415,809	458,171,890	447,663,161	436,467,646	406,931,679
<b>Expenditures</b>										
General government	88,217,739	84,303,102	74,240,947	68,053,928	66,464,213	64,068,864	60,722,635	57,491,702	54,099,981	51,067,380
Public safety	116,655,092	90,996,345	88,498,753	86,712,694	78,549,477	80,538,865	70,917,455	67,063,053	64,652,305	60,700,087
Transportation	911,796	818,605	291,640	228,549	244,338	238,948	353,001	205,873	309,017	12,500
Economic and physical development	15,840,494	16,052,338	17,331,081	9,108,007	5,816,772	5,643,177	7,350,476	7,364,572	4,841,896	5,479,543
Environmental protection	31,708,729	32,894,330	28,032,436	14,050,736	18,258,082	26,246,637	23,860,525	7,207,867	5,771,300	13,469,306
Human services	108,474,971	118,399,585	95,511,667	91,434,044	86,525,498	83,234,656	92,909,696	93,140,635	89,516,898	85,339,186
Education	285,475,541	245,330,079	201,860,785	182,372,967	172,330,527	155,476,971	151,366,905	144,322,104	137,630,665	148,464,307
Cultural and recreational	20,464,283	18,335,820	15,308,823	24,846,253	37,320,280	32,283,359	15,509,314	13,202,921	12,197,724	12,348,532
Debt service:										
Principal retirement	49,280,826	45,537,546	43,574,785	41,300,728	36,131,116	37,322,892	37,427,611	35,596,413	36,159,495	34,261,816
Interest and fiscal charges	20,417,159	17,937,476	18,337,916	19,709,824	20,122,333	19,606,512	18,653,456	20,599,097	22,573,434	23,354,161
Debt issuance costs	1,567,111	115,256	619,803	770,191	929,899	247	1,002,975	741,165	23,000	644,769
Total expenditures	739,013,741	670,720,482	583,608,636	538,587,921	522,692,535	504,661,128	480,074,049	446,935,402	427,775,715	435,141,587
<b>Excess of revenues over (under) expenditures</b>	<b>(107,541,599)</b>	<b>(45,098,109)</b>	<b>(31,914,545)</b>	<b>(24,503,693)</b>	<b>(36,508,300)</b>	<b>(36,245,319)</b>	<b>(21,902,159)</b>	<b>727,759</b>	<b>8,691,931</b>	<b>(28,209,908)</b>
<b>Other Financing Sources (Uses)</b>										
Transfers in	132,184,168	101,669,808	81,148,457	84,493,665	92,854,680	85,501,782	83,641,265	77,667,072	76,982,606	73,181,182
Transfers out	(132,184,168)	(101,669,808)	(81,148,457)	(84,493,665)	(92,854,680)	(85,501,782)	(83,641,250)	(77,667,072)	(76,982,606)	(73,169,716)
Lease liabilities issued	5,208,652	-	-	-	-	-	-	-	-	-
Subscription liabilities	7,987,232	-	-	-	-	-	-	-	-	-
Premium on issuance of debt	-	-	-	-	5,284,798	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-	3,800,000	-	-	-
Premium on issuance of refinancing	104,818,374	108,013,952	35,536,643	3,274,674	6,109,622	-	17,940,846	13,031,538	-	7,025,669
Issuance of refunding bonds	247,802,593	-	8,594,638	117,400,000	87,720,000	-	96,460,000	63,930,000	-	44,635,000
Payment to refunded debt escrow agent	(218,120,316)	-	61,805,000	(109,879,936)	(93,500,000)	-	(115,022,770)	(77,226,102)	-	(51,200,000)
Issuance of installment purchases	-	1,897,483	(70,000,000)	41,048,607	62,574,540	49,627,948	30,359,908	9,550,072	9,720,717	23,706,685
Total other financing sources (uses)	147,696,535	109,911,435	35,936,281	51,843,345	68,188,960	49,627,948	33,537,999	9,285,508	9,720,717	24,178,820
<b>Net change in fund balances</b>	<b>\$ 40,154,936</b>	<b>\$ 64,813,326</b>	<b>\$ 4,021,736</b>	<b>\$ 27,339,652</b>	<b>\$ 31,680,660</b>	<b>\$ 13,382,629</b>	<b>\$ 11,635,840</b>	<b>\$ 10,013,267</b>	<b>\$ 18,412,648</b>	<b>\$ (4,031,088)</b>
Debt service as a percentage of noncapital expenditures	10.28%	9.82%	11.10%	12.00%	11.80%	12.41%	12.49%	12.95%	14.10%	13.86%

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**

<b>Fiscal Year Ended</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Transportation</b>	<b>Economic and Physical Development</b>	<b>Environmental Protection</b>
2023	\$ 123,351,253	\$ 95,153,607	\$ 912,757	\$ 16,179,664	\$ 13,452,988
2022	114,410,610	81,778,636	800,206	16,303,883	12,584,107
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

---

	<b>Human Services</b>	<b>Education</b>	<b>Cultural and Recreational</b>	<b>Interest and Fiscal Charges</b>	<b>Sewer Utility</b>	<b>Stormwater</b>	<b>Total</b>
\$	101,071,341	\$ 259,618,044	\$ 17,445,261	\$ 22,396,244	\$ 12,110,564	\$ 1,277,471	\$ 662,969,194
	110,942,747	245,537,946	16,313,104	14,794,595	10,470,472	1,220,996	625,157,302
	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

## DURHAM COUNTY, NORTH CAROLINA

### Government-wide Revenues Last Ten Fiscal Years

---

<b>Fiscal Year Ended</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Taxes</b>
2023	\$ 63,387,242	\$ 73,948,904	\$ 5,337,023	\$ 504,186,784
2022	59,037,688	90,995,806	2,050,682	472,061,009
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

---

<b>Investment and Interest Income</b>		<b>Other Revenues</b>		<b>Total</b>	
\$	11,004,843	\$	1,042,545	\$	658,907,341
	(3,507,750)		16,515,877		637,153,312
	(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

## DURHAM COUNTY, NORTH CAROLINA

### Governmental Expenditures by Function¹ Last Ten Fiscal Years

---

<b>Fiscal Year Ended June 30,</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Transportation</b>	<b>Environmental Protection</b>	<b>Education</b>
2023	\$ 88,217,739	\$ 116,655,092	\$ 911,796	\$ 31,708,730	\$ 285,475,541
2022	84,303,102	90,996,345	818,605	32,894,330	245,330,079
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

Notes:

- (1) General government expenditures include all governmental fund types consisting of General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund.

---

<b>Human Services</b>	<b>Economic and Physical Development</b>	<b>Cultural and Recreational</b>	<b>Debt Service</b>	<b>Total</b>
\$ 108,474,972	\$ 15,840,492	\$ 20,464,283	\$ 71,265,096	\$ 739,013,741
118,399,585	16,052,338	18,335,820	63,590,278	670,720,482
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

## DURHAM COUNTY, NORTH CAROLINA

### General Government Revenues by Source<sup>1</sup> Last Ten Fiscal Years

---

Fiscal Year Ended June 30,	General Property Taxes	Other Local Taxes	Licenses and Permits	Intergovernmental Revenues
2023	\$ 490,660,505	\$ 12,748,544	\$ 363,350	\$ 78,416,567
2022	462,351,377	11,527,192	428,244	92,153,636
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

Notes:

- (1) General government revenues include all governmental fund types consisting of General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund.



---

	<b>Rental Income</b>	<b>Investment Income</b>	<b>Charges for Services</b>	<b>Other Revenues</b>	<b>Total</b>
\$	256,953	\$ 7,864,210	\$ 40,119,468	\$ 1,042,545	\$ 631,472,142
	182,652	2,249,715	40,227,111	16,502,446	625,622,373
	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

THIS PAGE LEFT INTENTIONALLY BLANK

## **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.

THIS PAGE LEFT INTENTIONALLY BLANK

# DURHAM COUNTY, NORTH CAROLINA

## Principal Property Taxpayers

June 30, 2023

Current Year and Nine Years Ago

Taxpayer	Fiscal Year 2023			Fiscal Year 2014		
	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
WOLFSPEED INC	\$ 457,344,292	1	0.93%	\$ -	-	-
MERCK SHARP & DOHME CORP	358,314,680	2	0.73%	231,107,258	5	0.80%
DUKE ENERGY CAROLINAS, LLC	352,784,341	3	0.71%	200,234,727	6	0.69%
KBI BIOPHARMA INC	239,889,388	4	0.49%	-	-	0.00%
AISIN NORTH CAROLINA CORPORATION	237,069,975	5	0.48%	-	-	0.00%
ARE-NC REGION NO. 19 HOLDING, LLC	231,006,590	6	0.47%	-	-	0.00%
ELI LILLY AND COMPANY	227,280,155	7	0.46%	-	-	0.00%
BIOGEN US CORPORATION	217,045,607	8	0.44%	-	-	0.00%
EMC CORPORATION	190,794,806	9	0.39%	168,490,898	8	0.58%
SOUTHPOINT MALL LLC	185,830,435	10	0.38%	171,969,004	7	0.59%
IBM CORPORATION	-	-	-	561,513,886	1	1.93%
CREE INC	-	-	-	375,675,811	2	1.29%
GLAXOSMITHKLINE	-	-	-	355,899,743	3	1.23%
AW NORTH CAROLINA INC	-	-	-	290,193,302	4	1.00%
EISAID INC	-	-	-	114,111,026	9	0.39%
HIGHWOODS/FORSYTH LIMITED PART	-	-	-	107,458,678	10	0.37%
	<u>\$ 2,697,360,269</u>		<u>5.46%</u>	<u>\$ 2,576,654,333</u>		<u>8.87%</u>

## DURHAM COUNTY, NORTH CAROLINA

### Assessed Value and Actual Value of Taxable Property Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Public Service Companies	Registered Vehicles	Total	County Direct Tax Rate	Special Tax Districts Tax Rate	Average County Tax Rate
2023	\$ 40,573,912,713	\$ 5,015,567,148	\$ 677,619,677	\$ 3,137,333,083	\$ 49,404,432,621	0.7222	0.0756-0.2329	0.7522
2022	39,132,997,771	4,351,409,488	670,716,745	2,921,224,229	47,076,348,233	0.7222	0.0756-0.2329	0.7428
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	0.7398
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

#### 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 (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in the Subsequent Year	Total Collections to Date	
				Amount	Percentage of Adjusted Levy		Amount	Percentage of Adjusted Levy
2023	\$ 592,441,908	\$ (2,253,407)	\$ 590,188,501	\$ 587,363,304	99.52%	\$ -	\$ 587,363,304	99.52%
2022	556,881,985	3,290,433	560,172,418	559,131,786	99.81%	560,641	559,692,427	99.91%
2021	530,841,726	(23,019)	530,818,707	527,954,594	99.46%	2,182,526	530,137,120	99.87%
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%

## DURHAM COUNTY, NORTH CAROLINA

### Property Tax Levies Direct and Overlapping Local Government Jurisdictions Last Ten Fiscal Years

Fiscal Year Ended June 30,	Fire Tax Districts								
	Durham County	Bethesda	Lebanon	Parkwood	Redwood	Eno	New Hope	Bahama	
2023	\$ 336,522,246	\$ -	\$ 1,499,478	\$ -	\$ 1,304,598	\$ 35,092	\$ 98,119	\$ 1,715,651	
2022	320,125,424	-	1,491,529	-	1,141,513	35,019	97,492	1,508,632	
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	3,262	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	

#### Notes

Effective July 1, 1988, the County collects all the County, City of Durham, and Fire Districts taxes levied within Durham County. Effective July 1, 1995, the County collects Town of Chapel Hill taxes levied within Durham County. Effective July 1, 2002, the County collects City of Raleigh taxes levied within Durham County. 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 Cary, Town of Chapel Hill, City of Raleigh and Town of Morrisville:

- Taxes are due September 1 of each year.
- Taxes are considered delinquent on January 6 (lien date) of the subsequent year.
- Discount on all County tax levies are at the discretion of the Board of Commissioners.
- 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.
- 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.



---

<b>RTP Special District</b>	<b>Butner Safety District</b>	<b>Durham County Fire &amp; Rescue</b>	<b>City of Durham</b>	<b>City of Raleigh</b>	<b>Town of Cary</b>	<b>Town of Chapel Hill</b>	<b>Town of Morrisville</b>	<b>Total Tax Levies</b>
\$ 1,752,913	\$ -	\$ 5,755,556	\$ 213,870,282	\$ 983,543	\$ 2,790	\$ 2,865,410	\$ 75,789	\$ 566,481,467
1,528,562	-	5,094,444	201,791,947	908,860	3,991	2,825,121	73,992	536,626,526
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	-	4,081,365	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	382,633,956
735,854	3	-	132,998,548	623,283	-	2,689,258	16,747	377,836,553

# **DURHAM COUNTY, NORTH CAROLINA**

## **Direct and Overlapping Property Tax Rates**

### **Last Ten Fiscal Years**

(rate per \$100 of assessed value)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>County direct rate</b>										
Operating rate	\$ 0.6361	\$ 0.6361	\$ 0.6261	\$ 0.6261	\$ 0.6808	\$ 0.6708	\$ 0.6608	\$ 0.7078	\$ 0.6951	\$ 0.6850
Capital rate	0.0861	0.0861	0.0861	0.0861	0.0971	0.0971	0.0796	0.0853	0.0980	0.0894
Total general fund direct rate	<u>0.7222</u>	<u>0.7222</u>	<u>0.7122</u>	<u>0.7122</u>	<u>0.7779</u>	<u>0.7679</u>	<u>0.7404</u>	<u>0.7931</u>	<u>0.7931</u>	<u>0.7744</u>
<b>Fire district rates</b>	0.0756-0.01549	0.0756-0.01549	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
<b>Other special district rates</b>	0.0000-0.2329	0.0000-0.2329	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
<b>Municipality Rates</b>										
City of Durham	0.5577	0.5517	0.5317	0.5317	0.5786	0.5786	0.5607	0.5912	0.5912	0.5675
City of Durham BID	0.6277	0.6217	0.6017	0.6017	0.6486	0.6486	0.6307	0.6612	0.6612	0.6375
Town of Chapel Hill	0.5220	0.5140	0.5440	0.5440	0.5280	0.5080	0.5240	0.5240	0.5240	0.5140
City of Raleigh	0.3930	0.3730	0.3552	0.4382	0.4382	0.4253	0.4183	0.4210	0.4038	0.3826
Town of Morrisville	0.3900	0.3600	0.3600	0.3900	0.3900	0.3900	0.3900	0.4100	0.3900	0.3900

#### 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 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

<b>Fiscal Year Ended June 30,</b>	<b>Population Estimate (1)</b>		<b>Taxable Property Assessed Value</b>	<b>Debt Limit</b>	<b>Gross Bonded Debt</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Taxable Property Assessed Value</b>	<b>Net Bonded Debt Per Capita</b>
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
2022	327,306	(2)	47,076,348,233	3,766,107,859	253,482,741	253,482,741	0.54	774
2023	332,680	(2)	49,973,473,172	3,997,877,854	227,590,505	227,590,505	0.46	684

#### NOTES

- (1) Estimate from Durham City/County Planning Department.  
 (2) Estimate from U.S. Census Bureau, Population Estimates.

THIS PAGE LEFT INTENTIONALLY BLANK

# **DURHAM COUNTY, NORTH CAROLINA**

## **Legal Debt Margin Information Last Ten Years**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Assessed Value of Property	\$ 49,973,473,172	\$ 47,076,348,233	\$ 45,610,306,084	\$ 44,007,082,698	\$ 37,361,508,577
Debt Limit, 8% of Assessed Value (Statutory Limitation)	3,997,877,854	3,766,107,859	3,648,824,487	3,520,566,616	2,988,920,686
Amount of Debt Applicable to Limit General Obligation Bonds	198,380,000	220,710,000	251,045,000	218,045,000	245,470,000
Total net debt applicable to limit	198,380,000	220,710,000	251,045,000	218,045,000	245,470,000
Legal Debt Margin	<u>\$ 3,799,497,854</u>	<u>\$ 3,545,397,859</u>	<u>\$ 3,397,779,487</u>	<u>\$ 3,302,521,616</u>	<u>\$ 2,743,450,686</u>
Total net debt applicable to limit as a percentage of debt limit	<u>4.96%</u>	<u>5.86%</u>	<u>6.88%</u>	<u>6.19%</u>	<u>8.21%</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.

---

2018	2017	2016	2015	2014
\$ 36,159,211,674	\$ 35,230,345,247	\$ 32,454,800,165	\$ 31,736,178,319	\$ 32,025,003,772
2,892,737,734	2,818,427,620	2,596,384,013	2,538,894,266	2,562,000,302
226,455,000	252,270,000	243,775,000	270,905,000	295,905,000
226,455,000	252,270,000	243,775,000	270,905,000	295,905,000
<u>\$ 2,666,282,734</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>7.83%</u>	<u>8.95%</u>	<u>9.39%</u>	<u>10.67%</u>	<u>11.55%</u>

## DURHAM COUNTY, NORTH CAROLINA

### Direct and Overlapping Governmental Activities Debt As of June 30, 2023

	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Direct and Overlapping Debt</b>
<b>Municipality:</b>			
City of Durham	\$ 238,217,346	100%	\$ 238,217,346
Town of Chapel Hill	47,516,000	1.165%	553,452
City of Raleigh	1,070,895,926	0.531%	5,685,613
Town of Cary	203,923,938	0.002%	3,389
Town of Morrisville	42,075,805	0.039%	16,476
<b>Overlapping debt</b>	<u>1,602,629,015</u>		<u>244,476,276</u>
<b>Direct debt</b>	712,687,775		712,687,775
<b>Total direct and overlapping debt</b>	<u><u>\$ 2,315,316,790</u></u>		<u><u>\$ 957,164,051</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	
2023	\$ 49,280,826	\$ 20,417,159	\$ 1,567,111	\$ 71,265,096	\$ 739,013,741	9.64%
2022	45,109,043	17,922,791	150	63,031,984	670,720,482	9.40%
2021	43,574,785	18,337,415	505,108	62,417,308	583,608,636	10.70%
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%

## DURHAM COUNTY, NORTH CAROLINA

### Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

---

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Percentage of Actual Taxable Value of Property<sup>1</sup></b>	<b>Per Capita<sup>2</sup></b>
2023	\$ 227,590,505	0.46%	\$ 684.11
2022	253,482,741	0.54%	774.45
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

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.

THIS PAGE LEFT INTENTIONALLY BLANK

## 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, Leases, and Subscription Liabilities	Total Governmental Activities
2023	\$ 227,590,505	\$ -	\$ 429,558,044	\$ 55,544,774	\$ 712,693,323
2022	253,482,741	-	226,607,252	132,027,245	612,117,238
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

#### 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**

---

<b>General Obligation Bonds</b>	<b>Refunding Revenue Bonds</b>	<b>State Revolving Loans</b>	<b>Total Business-Type Activities</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income<sup>1</sup></b>	<b>Per Capita<sup>1</sup></b>
\$ -	\$ 3,657,718	\$ 6,572,551	\$ 10,230,269	\$ 722,923,592	3.69%	\$ 2,173.03
-	4,509,605	7,243,697	11,753,302	623,870,540	3.53%	1,906.08
-	5,341,492	7,914,843	13,256,335	566,096,320	3.41%	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

THIS PAGE LEFT INTENTIONALLY BLANK

## **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

Function/Program	2023	2022	2021	2020	2019
General government	367	361	328	314	332
Public safety*	774	771	762	680	803
Economic and physical development*	27	28	25	37	39
Environmental protection	49	44	42	20	22
Human services*	846	851	797	657	772
Cultural and recreational*	148	148	148	106	106
Utilities	35	35	29	23	27
Total	<u>2,246</u>	<u>2,238</u>	<u>2,131</u>	<u>1,837</u>	<u>2,101</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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
342	287	267	263	258
814	717	687	696	673
17	34	29	32	29
18	15	21	20	19
775	672	639	628	624
110	106	100	106	104
27	21	20	20	20
<u>2,103</u>	<u>1,852</u>	<u>1,763</u>	<u>1,765</u>	<u>1,727</u>

## DURHAM COUNTY, NORTH CAROLINA

### Operating Indicators By Function Last Ten Fiscal Years

Function/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>General Administration</b>										
Registered voters <sup>5</sup>	230,809	234,339	227,934	222,647	218,123	223,921	210,644	233,602	210,644	201,880
Taxable real estate parcels <sup>6</sup>	115,269	112,527	112,111	110,241	111,154	110,839	108,026	105,588	103,976	104,350
Tax bills <sup>8</sup>	155,905	150,806	153,465	158,571	159,805	147,264	146,332	144,540	146,193	143,659
<b>Human Services</b>										
Adult care home residents served through on-site inspections <sup>7</sup>	1,159	1,117	1,077	1,037	1,050	1,069	997	982	994	941
Persons testing for HIV/STD <sup>8</sup>	23,011	15,418	11,748	11,813	19,791	20,378	22,412	22,532	37,280	38,482
Food assistance individuals <sup>7</sup>	37,684	37,519	43,200	37,858	34,708	37,430	30,853	40,358	43,745	43,289
<b>Education</b>										
Students attending public school <sup>1</sup>	30,738	30,806	32,042	32,928	32,448	32,374	33,151	33,501	33,626	33,295
Public school teachers <sup>1</sup>	2,562	2,529	2,512	2,512	2,426	2,393	2,267	2,416	2,329	2,318
Community college students-average semester <sup>2</sup>	7,664	5,023	10,092	6,213	8,919	12,898	10,819	19,027	22,341	20,470
Community college faculty <sup>2</sup>	638	504	449	356	347	355	355	355	333	328
<b>Community Development and Cultural<sup>4</sup></b>										
Residential permits issued **	2,512	2,172	2,247	2,050	2,233	2,152	1,726	1,927	1,426	1,270
Commercial permits issued **	856	258	117	103	98	101	155	158	132	135
Building permits - additional, alterations **	5,287	2,212	3,383	3,006	2,749	2,959	2,666	2,592	2,451	2,320
Inspections performed	105,615	132,713	31,949	32,882	33,884	43,292	43,031	38,946	38,481	38,801
<b>Environmental Services</b>										
Animal control service calls <sup>9</sup>	11,780	10,117	10,574	9,747	12,670	10,967	12,191	12,889	12,568	11,859
Animals impounded <sup>9</sup>	1,616	1,447	1,454	1,223	3,659	2,087	2,516	2,869	2,166	3,025
Sanitation inspections <sup>8</sup>	3,113	5,132	5,132	4,348	3,643	3,343	3,149	3,327	6,146	7,243
<b>Public Safety</b>										
Detention intake <sup>10</sup>	5,487	5,244	4,442	7,626	7,513	8,417	7,558	11,013	11,838	11,967
Civil processes served <sup>10</sup>	***	11,226	10,702	13,497	18,477	24,755	20,505	33,147	26,407	28,482
Pistol permits processed <sup>10</sup>	3,828	5,918	7,644	7,066	3,514	3,136	2,108	3,266	2,486	1,446
Average daily jail population <sup>10</sup>	365	373	320	356	426	498	472	481	520	521
Fire/medical incidents responded to by contracting fire departments <sup>11</sup>	3,107	3,369	2,499	3,391	3,531	3,320	2,025	2,587	4,544	9,152
Durham EMS incidents <sup>3</sup>	56,677	56,438	51,546	47,496	47,494	48,547	46,934	44,222	44,388	32,882

\* 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.

\*\*\* Data not available at time of print

- (1) Durham County Public Schools.
- (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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>General Government (1)</b>										
Rentable square footage	766,977	754,777	754,777	749,361	749,361	762,932	762,932	762,932	767,652	767,652
<b>Human Services (2)</b>										
Number of centers	1	1	1	2	2	2	2	2	2	2
<b>Education (3)</b>										
Number of schools	55	54	53	53	53	53	54	54	54	56
Number of higher education institutions	3	4	4	4	4	4	4	4	4	4
<b>Community Development and Cultural (4)</b>										
Libraries - branches	7	7	7	7	7	7	7	7	7	7
Volume of library books	694,108	672,558	659,658	677,747	716,746	682,379	670,695	692,526	694,145	704,947
Number of County parks	2	2	2	2	2	2	2	2	2	2
<b>Public Safety</b>										
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)	19	19	17	17	17	17	16	16	16	16
Fire protection - Volunteer Stations (6)	7	8	12	12	12	12	12	12	12	12
EMS - Stations (7)	8	10	10	10	10	10	9	9	12	11

(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

THIS PAGE LEFT INTENTIONALLY BLANK

## **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.

THIS PAGE LEFT INTENTIONALLY BLANK

## DURHAM COUNTY, NORTH CAROLINA

### Property Value and Construction Last Ten Fiscal Years

---

<b>Fiscal Year Ended June 30,</b>	<b>Building Value of Permits Issued (1)</b>	<b>Assessed Valuation (2)</b>
2023	\$ 2,542,244,350	\$ 49,404,432,621
2022	2,159,292,984	47,076,348,233
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

#### 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

Year	Population Estimates <sup>1</sup>	Personal Income <sup>2</sup> (thousands of dollars)	Per Capita Personal Income <sup>3</sup>	School Enrollment <sup>4</sup>	Unemployment Rate <sup>5</sup>
2023	332,680	\$ 19,597,175	\$ 60,330	31,124	3.20%
2022	327,306	17,692,950	54,093	31,360	3.40%
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%

\* Information was not available in prior audit years and not updated.

(1) U.S. Census Bureau, Population Estimates, last updated 2022.

(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 2022.

(3) All per capita income data are for the calendar year ended in each fiscal year are provided by Bureau of Economic Analysis, last updated 2022.

(4) Durham County Public Schools.

(5) North Carolina Department of Commerce.



## DURHAM COUNTY, NORTH CAROLINA

### Principal Employers Current Year and Nine Years Ago

Employer	2023			2014		
	Employees <sup>1</sup>	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Duke University & Health System	42,566	1	23.20%	35,998	1	19.47%
International Business Machines (IBM)	8,000	2	4.36%	7,000	2	3.79%
Durham Public Schools	5,257	5	2.86%	4,600	3	2.49%
Cisco	7,500	3	4.09%			
Blue Cross and Blue Shield North Carolina	5,000	6	2.72%	3,200	5	1.73%
Fidelity Investments	7,000	4	3.81%	2,400	7	1.30%
US Department of Veterans Affairs	3,200	9	1.74%	2,162	10	1.17%
Pfizer	3,700	8	2.02%			
IQVIA (formerly Quintiles)	2,700	10	1.47%	2,300	9	1.24%
Wolfspeed	4,802	7	2.62%			
GlaxoSmithKline				3,700	4	2.00%
Durham City Government				2,401	6	1.30%
Research Triangle Institute (RTI)				2,300	8	1.24%
	<u>89,725</u>		<u>48.90%</u>	<u>66,061</u>		<u>35.73%</u>

Source: Durham Chamber of Commerce and Bureau of Labor Statistics

<sup>1</sup>As of fiscal year-ended 2022, 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.

THIS PAGE LEFT INTENTIONALLY BLANK

**COMPLIANCE SECTION  
(TAB)**



## **Report of Independent Auditor on the Compliance with Bond Covenants**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Durham County, North Carolina (the "County"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated January 22, 2024.

In connection with our audit, nothing came to our attention that caused us to believe the County failed to comply with the terms, covenants, provisions, or conditions listed in the Series 2003 Revenue Bonds official statement for the Trust Agreement dated December 1, 2002, with First-Citizens Bank & Trust (the "Agreement"), insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above-referenced terms, covenants, provisions, or conditions of the Agreement, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of County Commissioners of Durham County, management of the County, U.S. Bank National Association as Trustee and is not intended to be, and should not be, used by anyone other than these specified parties.

*Cherry Bekaert LLP*

Raleigh, North Carolina  
January 22, 2024

THIS PAGE LEFT INTENTIONALLY BLANK

## DURHAM COUNTY, NORTH CAROLINA

### Schedule of Debt Covenant Compliance Year Ended June 30, 2023

	<b>Enterprise Fund Sewer Utility Fund</b>
<b>Operating revenues</b>	
Charges for services	\$ 14,628,547
Total operating revenues	<u>14,628,547</u>
<b>Operating expenses</b>	
Personnel services	2,360,481
Utilities	586,335
Maintenance and other	3,914,103
Depreciation	4,985,236
Total operating expenses	<u>11,846,155</u>
<b>Operating income (loss)</b>	<u>2,782,392</u>
<b>Add:</b>	
Depreciation expense	4,985,236
Contributions to pension plan in current fiscal year	(244,317)
Pension expense	<u>358,432</u>
<b>Income available for debt service</b>	<u><u>\$ 7,881,743</u></u>
<b>Fiscal year revenue bond debt payments</b>	\$ 927,195
<b>Fiscal year total debt payments</b>	\$ 1,759,151
<b>Senior lien debt service coverage</b>	8.50
<b>Total debt service coverage</b>	4.48
<b>Series 2003 Revenue Bond Covenant Requirement</b>	
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 Crystally Wright, Deputy Chief Financial Officer.**

**Additional support in the audit process and related accounting activities was provided by:**

**Connecia Brown, Executive Accountant**

**Stephano Claude, Executive Accountant**

**Keri Carnes, CPA, Executive Accountant**

**Yolanda Deaver, CPA, MBA, Contractor**

**Elana Jones, CPA, Payroll Manager**

**Tonia Hernandez, Financial System Manager**

**John Kenion, Compliance Manager**

**Tiffany Long, Accounts Payable Manager**

**Jose Rivera, Accountant**

**Jamila Wilson-Davis, Senior Accountant**

**Joseph Futima, Assistant Chief Financial Officer  
Debt**