



ANNUAL COMPREHENSIVE FINANCIAL
REPORT FOR THE YEAR ENDED
JUNE 30, 2022

COUNTY OF DURHAM, NORTH CAROLINA

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County of Durham, North Carolina



Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022

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Prepared by the Durham County Finance Department

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**INTRODUCTORY SECTION
(TAB)**



Letter of Transmittal

November 30, 2022

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

State law requires that all general-purpose local governments publish a complete set of financial statements. The financial statements must be presented in accordance with accounting principles generally accepted in United States of America and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to these requirements, we hereby issue the annual comprehensive financial report of Durham County for the fiscal year ended June 30, 2022.

This report consists of management's representations concerning the finances of Durham County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Durham County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Durham County's financial statements in conformity with generally accepted accounting principles (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, 2022 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion and that Durham County's financial statements for the fiscal year ended June 30, 2022 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 report of the independent auditor on the internal control structure and compliance with applicable laws and regulations are presented in a separate document.

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

Profile of the Government

Durham County, incorporated in 1881, is located in the piedmont part of the state, which is considered to be the top growth area in the State, and one of the top growth areas in the country. Durham County currently occupies a land area of 299 square miles and serves a population of 327,306. Durham County is empowered to levy a property tax on both real and personal properties located within its boundaries.

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

Durham County provides a full range of services, including sheriff and fire protection, emergency medical, human services (public health and social services), elections, register of deeds, animal control, youth home, criminal justice and cultural and recreational. Funding is provided for educational services of the Durham Public Schools and Durham Technical Community College. Funding is provided for cultural and recreational services of the North Carolina Museum of Life and Science. Also, the County funds services provided in conjunction with the City of Durham through interlocal agreements including economic and physical development, emergency communications, environmental engineering and inspections. Solid waste services are provided through contracting with a private company. Mental health services that include substance abuse and developmental disabilities are provided through a contract with a Managed Care Organization (MCO), Alliance Behavioral Healthcare, Inc. In accordance with standards of the Governmental Accounting Standards Board (GASB) defining the governmental reporting entity, this report includes all funds and component units (except as noted below) that are controlled by or are dependent on the County's governing body. Component units are legally separate entities for which Durham County is financially accountable. The Durham County Board of Alcoholic Beverage Control (ABC Board) is a discretely presented component unit of Durham County. 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 can remove any board member of the Authority with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the financial statements. The Authority does not issue separate financial statements. Other governmental type entities within the County which have substantial autonomy and separate governmental characteristics are the Durham Public School Administrative Unit, Durham Technical Community College, Raleigh-Durham Airport Authority, the Special Airport District of Durham and Wake Counties, Triangle J Council of Governments, GoTriangle, Durham and Wake Counties Research and Production Service District and Advisory Committee, Durham Convention and Visitors Bureau, and the Alliance Behavioral Healthcare, Inc. These entities have not met the established criteria for inclusion in the reporting entity, and accordingly are excluded from this report.

The annual budget serves as the foundation for Durham County’s financial planning and control. All agencies of Durham County are required to submit requests for appropriation to the county manager on or before March 15th of each year. The county manager uses these requests as the starting point for developing a proposed budget. The county manager then presents this proposed budget to the commissioners for review prior to May 31st of each year. The board is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, the close of Durham County’s fiscal year. The adopted budget is prepared by fund, function (e.g., public safety), and department (e.g., sheriff). However, the appropriations are formally budgeted and approved on a functional basis. Budget-to-actual comparisons are provided for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund this comparison is presented on pages 37-39 as part of the basic financial statements for the governmental funds. For other major funds and nonmajor governmental funds, with appropriated annual budgets, this comparison is presented in the other supplementary section of this report, which starts on page 143.

Factors Affecting Financial Condition

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

Local Economy

Economic Development

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

Construction of new facilities and expansion of others is testimony to the fact that Durham is a nurturing environment for start-up companies and for more established companies. Many companies from various regions of the U.S. as well as other countries have moved their

headquarters here to take advantage of the County's diverse resources in an environment that fosters business development. In the most recent Business Facilities rankings of states, North Carolina ranks as 1st for Best Business Climate in the country. The same report lists Raleigh-Durham as 2nd for Tech Talent Leader (Labor Pool <100K) and 6th for Life Sciences Leader.

The diversity of industries represented in the County and its strong emphasis on business development through research and development has brought national recognition to the area. The County continues to receive recognitions nationally for its improvement economically. The Triangle, designated as the Raleigh and Durham area, ranks fourth for the fastest-growing areas among the nation's top 50 most populous extended metropolitan areas. That's according to a new report from the Kenan Institute known as the American Growth Project. WalletHub ranks Durham as the 12th best Real Estate market in the County in 2022 and the 4th best City to start a business in.

Durham is located at the pinnacle of North Carolina's famous Research Triangle Park, formed in 1959 by business leaders, government officials and leaders from Duke University of Durham, North Carolina State University in Raleigh, and the University of North Carolina at Chapel Hill. The Research Triangle Park (RTP) consists of 7,000 acres of land, including 80% of the landmass within Durham County. In its sixty-third 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 400 tenant companies and organizations located in The Park that represent some of the world's largest and most prestigious corporate and government organizations in scientific and technological research. Businesses in the Park employ approximately 60,000 full-time employees. In addition, the park's first live, work, play development is under way in Hub RTP, a \$1.5 billion, 100-acre project that will bring 1 million square feet of office space, 125,000 square feet of retail experiences, 228,000 square feet of custom lab space, 250 hotel rooms, 1200 apartment units, and 16 acres of greenspace. In October of 2022, ground was broken for the first vertical development, The Horseshoe at the Hub, that will include a central plaza, office space, retail space, and residential units.

The YMCA of the Triangle announced in February that it will begin the redevelopment of the downtown Durham site (218 E. Morgan St.) this fall. The plans call for a pair of buildings that will wrap a parking deck. One tower will be a 27-story residential building with 295 apartments. The second tower will be an 11-story office building (120,000 sq. ft.). The YMCA will be located in the two bottom floors and include a two-court gym, indoor track, expanded aquatic center with two pools, 8,500 sq. ft. of wellness floor with an outdoor plaza, one outdoor and two indoor group fitness studios, locker rooms, and youth and teen multipurpose space.

Research and Development

The County possesses a variety of technical resources and intellectual assets that are complimented by three nationally renowned doctoral based research universities with a strong entrepreneurial focus located in the region, state funded research centers in biotechnology and microelectronics, and a strong business support system. Close collaboration between the academic and business communities fosters a free-flowing exchange of information and ideas beneficial to both groups.

North Carolina Central University leaders celebrated the opening of four new buildings on its campus in April of 2022. The \$55.4 million NCCU Student Center officially opened in January and replaces the Alfonso Elder Student Center, which was built in 1968. The new student center is a 100,230-square-foot building and sits on the corner of Nelson and Fayetteville streets. The building

seats up to 750 people for banquets and 1,100 people for a lecture setup. NCCU also has three new residential halls: Lawson Street Residential Complex, Alston Avenue Apartments and George Street Residential Complex. The public-private partnership with Provident Resources Group Inc. has added a total of 1,274 new beds in semi-suite and apartment-style units. The Alston Avenue Apartments and George Street Residential Apartments opened in late 2020. The Lawson Street Residential Complex opened in January. North Carolina Central University broke ground June of 2021, on a 76,608-square-foot School of Business building that will double as a visually striking gateway to the university campus. At a cost of \$38 million, the facility will include a new 600-square-foot business incubator space and will support student business startups and entrepreneurial efforts.

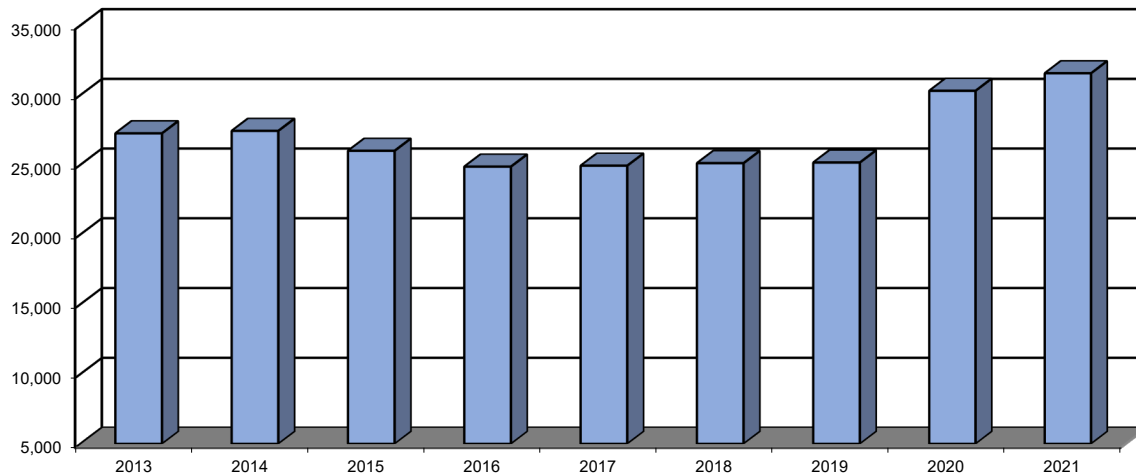
Duke Research & Innovation's achievements outlined in their 2021-22 annual report having surpassed \$1.2 billion in research expenditures with more than \$780 million in federal spending and \$307 million from non-federal sources. In addition, they have seen a significant increase in the number of patents granted to faculty and the launch of several new startups based on university research. In 2022, Forbes ranked Duke University 9th in America's Top Colleges list and US News ranked North Carolina Central University 14th amongst Historically Black Colleges and Universities in the country.

The number of research and development companies in The Park as well as other areas of the County continues to grow. Research conducted in Durham County continues to cover a broad range of high-tech fields such as biotechnology, medical instrumentation, metallurgy, electronic hardware and software development, health care products, digital switching and transmission systems, telecommunication, and microelectronics. There also continues to be an abundance of highly skilled graduates from the region's research universities and prestigious law, business, and medical schools. A new report from commercial real estate firm JLL ranks the Raleigh-Durham market among global leaders for talent concentration and innovation, as the region is ranked 20th and 25th globally, respectively. In the life sciences and biotechnology industry, for example, more than 4,800 new jobs were announced in 2021. The ecosystem in the Triangle, including the region's community colleges and the North Carolina Biotechnology Center, continue to bolster and strengthen the workforce development programs and pipelines in these in-demand industries.

Health Care

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

Manufacturing



Source: Employment Security Commission (ESC)

Durham County is a strong manufacturing center in the region. The manufacturing sector experienced a slight increase in employment from 28,280 in 2020 to 29,537 in 2021. The County experienced an increase of 1,257 (4.26 percent) manufacturing jobs in calendar year 2021. With this slight increase in jobs in this sector, the local economy continues to remain stable even with the rise in the unemployment rates for the Nation, State, and the County. The County will continue to have strong representation in the manufacturing sector with the continuously improving economy.

Telecommunications

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

Quality of Life

Durham's quality of life is unparalleled, and the area continues to receive accolades from the national media. North Carolina ranks Number 1 for its business climate and Durham is aligned with that ranking. According to Yahoo.com, Durham is noted as the 4th best place to start a tech career. WalletHub ranks Durham as the 18th best place for young professionals to launch a career. Our Research Triangle Park is the Nation's No. 4 Biotech Hub.

Let's look at how higher education shows up among our area accolades. Durham is ranked among the South's best college towns. US News and World Report and Forbes Magazine ranked Duke University in the top 10 list of America's Top Colleges in the nation. North Carolina Central University ranked #14 among Historically Black Colleges and Universities. In addition, NCCU ranked # 5 for HBCU's Best Business Programs and # 2 as Best HBCU for LGBTQ+ Students. The North Carolina School of Science and Math was recently ranked as the #1 high school in the nation by Niche.

Durham continues to enhance its reputation as a “Foodie” paradise. Chef Ricky Moore, owner of Saltbox Seafood, won James Beard’s “Best Chef: Southeast” award. The Washington Duke Inn and Golf Club was listed on Forbes Travel Guide Star Award Winners List and its Fairview Dining Room also ranked as one of the most outstanding restaurants in the world. And the legendary Giorgios Bakatsias was named Restaurateur of the year. Supporting the gourmet food lifestyle are amenities such as Conniption Gin who won at the World Gin Awards, and international recognition for Latina owned Durham Roaster Little Waves Coffee.

It’s not surprising we landed on the list of 4 Essential Stops in the American South for your next road trip! We have Grammy Award nominated musical artists including **electronic pop duo** Sylvan Esso, Jazz artist Nnenna Freelon and son Pierce Freelon, who performs and is also founder of Blackspace, an Afrofuturist digital makerspace. Our Durham Performing Arts Center ranked number #5 in America for ticket revenue and #1 at Mid-Year National Rankings for most tickets sold.

Our community is known as the “City of Medicine”. Duke Children’s Hospital remains #1 in NC for Pediatric Care and Duke Regional Hospital Ranked #2 Socially-Responsible Hospital in the Nation. Duke is also listed among Best Hospitals for Maternity Care. Duke University and Duke University Health System were named 2022 "Best In State Employers".

Durham ranks No. 45 in top 100 best places to live in America by Livability and No. 12 most attractive cities for millennials in 2022 by The RAVE. The Raleigh and Durham metro area ranks sixth among the best places to live in the United States, according to U.S. News & World Report’s 2022 list. We are a great place to live, grow and thrive!

Major Employers

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

Company or Institution
Duke University & Health System
511 Cleveland Street
Fidelity Investments
CISCO
International Business Machines (IBM)
US Department of Veterans Affairs
Durham Public Schools
Cree Inc
City of Durham
Amazon Fulfillment Services Inc
RTI International
IQVIA Rds Inc
Durham County Government
Biogen
GlaxoSmithKline
North Carolina Central University
Aisin North Carolina Corp
Netapp Inc
Enviromental Protection Agency Credit
Suisse Services USA LLC

Capital Investment

Many companies are either locating to Durham County or expanding their already existing operations in the County. Economic development announcements for 2021 were over \$2.7 billion. Economic development announcements occurring for 2022 amounted to over \$3.6 billion.

Economic Development Statistics

Per Capita Income

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

	2014	2015	2016	2017	2018	2019	2020	2021
Durham MSA	46,584	48,389	49,315	52,277	52,727	54,423	56,703	54,093
Raleigh MSA	47,346	49,714	50,444	52,444	56,207	57,851	60,884	60,884
North Carolina	39,365	40,759	42,244	44,233	46,216	47,766	50,305	56,173
United States	46,494	48,451	49,246	51,731	54,606	56,490	58,510	64,143

Source: Bureau of Economic Analysis.

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

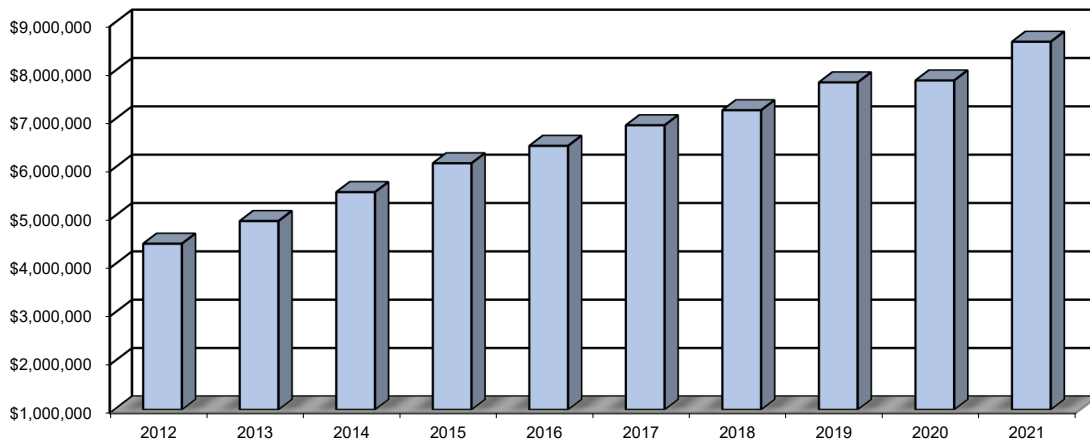
Note: The Bureau of Economic Analysis makes comprehensive revisions to the per capita income estimates annually. The latest revision was November 2015 for periods 1969-2013.

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

Retail Sales

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

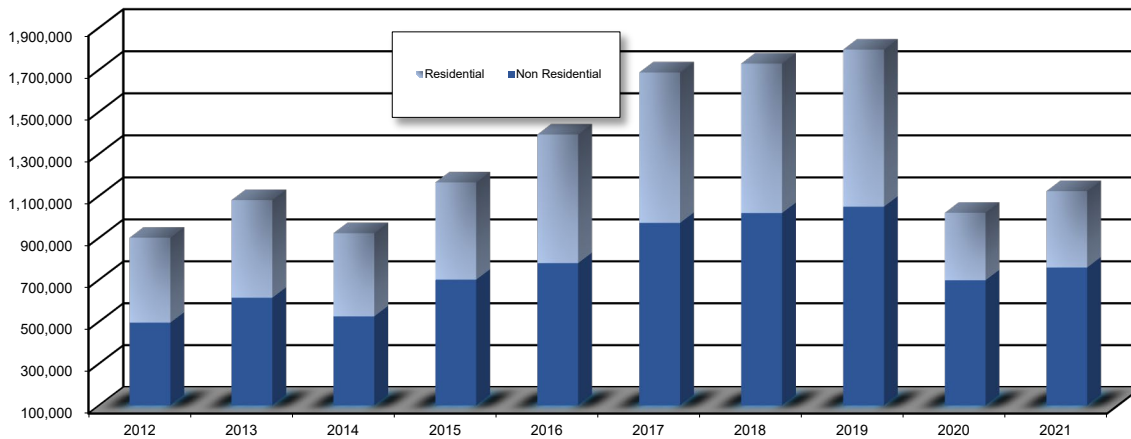
Year Ended June 30,	Total Taxable Sales (000's)	Percent Growth Over Previous Year
2013	4,902,628	10.57%
2014	5,501,325	12.21%
2015	6,097,770	10.84%
2016	6,458,506	5.92%
2017	6,884,030	6.59%
2018	7,195,550	4.53%
2019	7,771,144	8.00%
2020	7,811,731	0.50%
2021	8,612,784	10.25%
2022	10,073,809	16.96%



Since fiscal year 2012 when the economy started to slowly recover, Durham’s retail sales have continued to increase from over \$8.61 billion in fiscal year 2021 to over \$10.07 billion in fiscal year 2022. One of the main reasons for this growth is because of new businesses, small and large, continuing to develop in the area. In fiscal year 2022, the total taxable sales reported were over \$10.07 billion, an increase of over \$1.46 million (16.96%), reflecting continued positive growth in the County’s economy.

Construction Activity

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

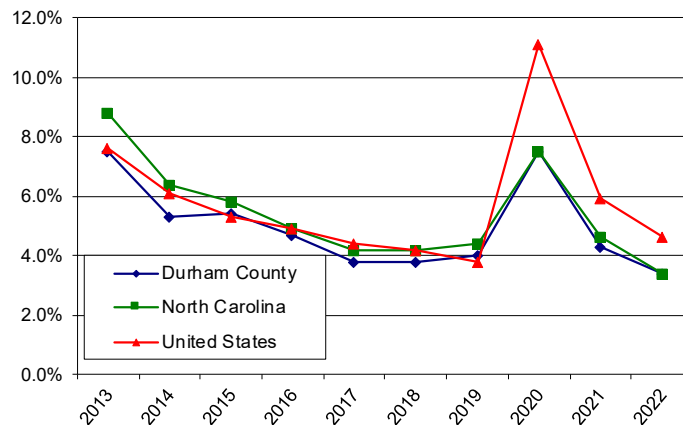


As of June 30, 2022 the total number of occupied dwelling units in Durham County was 241,800. Also, for the first six months of 2022, 2,223 residential permits have been issued for new residences and for improvements, repairs and expansions of existing residences. From calendar year 2020 to 2021, there was an overall increase in the value of all building permits issued in the County. The increase was in the value of non-residential and commercial construction. The increase in the value of permits issued as well as increases in the number of permits issued is an indication of the continued economic growth in the County.

Unemployment

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

2013	7.5%	8.8%	7.6%
2014	5.3%	6.4%	6.1%
2015	5.4%	5.8%	5.3%
2016	4.7%	4.9%	4.9%
2017	3.8%	4.2%	4.4%
2018	3.8%	4.2%	4.2%
2019	4.0%	4.4%	3.8%
2020	7.5%	7.5%	11.1%
2021	4.3%	4.6%	5.9%
2022	3.4%	3.4%	4.6%



As of June 2022, the County's unemployment rate was 3.4%, a decrease of 0.9% from June 2021. Although the County's unemployment rate decreased considerably, the County's unemployment rate compared to the State's 3.4% and a considerably percentage lower than the average unemployment rate of 3.6% for the Nation. The County's primary commitment remains job creation and maintaining a strong economy.

Long-term Financial Planning

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

Facility Master Plan

The Facility Master Plan that was originally approved in fiscal year 2000 laid the groundwork for the future building needs of the County and was centered on sound planning and solid financial research. The most recent Master Plan, amended in fiscal year 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, museum, court system, public safety, human service agencies, general government needs and open space. The CIP also provides a financial overview of the financing options for the existing capital projects as well as those capital projects not yet implemented but are projected in the 10-year plan. Annually, the financing options are reviewed, as well as the projects and their estimated costs.

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

In 2008, the County adopted a High-Performance Building Policy incorporating sustainable design into County building projects. The Policy requires that new construction over 10,000 square feet shall achieve a minimum rating of LEED (Leadership in Energy and Environmental Design) "Gold", that new construction between 4,000 and 10,000 square feet shall achieve a minimum rating of LEED "Silver", and that renovation projects obtain a "Certified" rating. Currently, the County has eleven LEED certified buildings that have been completed which include the following: Triangle Wastewater Treatment Plant Administrative Building – "Certified", East Regional Library – "Certified", North Regional Library – "Silver", South Regional Library – "Gold", Animal Control Office Building - "Silver", Southwest Library Renovation and Addition – "Silver", the Criminal Justice Resource Center Third Floor Renovation – "Silver", Durham County Courthouse – "Gold", the Human Services Facility – "Silver", the Main Library Renovation - "Gold", and Administration II Building Renovation - "Silver". The County is

also seeking various levels of LEED Certification for the Judicial Building Annex Renovation, Administration I Renovation and the new EMS Station 1 which are recently completed projects in the construction phase review by the United States Green Building Council (USGBC). Additional projects identified in the CIP will also be designed using sustainable design and construction guidelines include the Youth Home, Sheriff's Training Facility, the Wastewater Treatment Plant Administration Building.

Awards and Acknowledgments

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

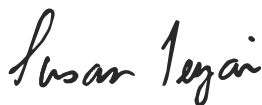
A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Dr. Kimberly Sowell
County Manager



Susan Tezai
Chief Financial Officer

Durham County Board of County Commissioners



Brenda A. Howerton
Chair



Wendy Jacobs
Vice Chair



Heidi Carter



Nida Allam



Nimasheena Burns

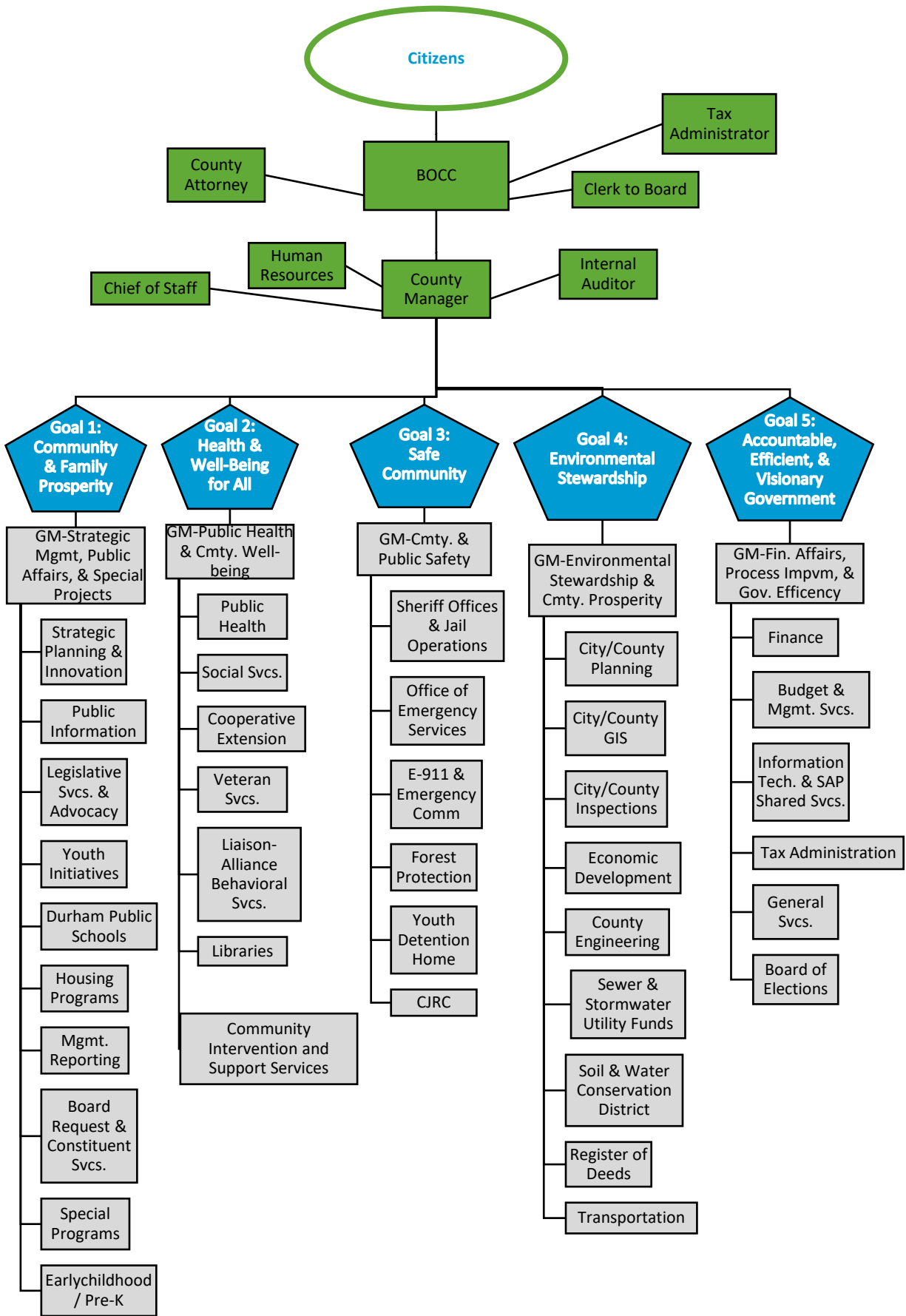
Durham County Administration



Dr. Kimberly J. Sowell
County Manager



Susan F. Tezai
Chief Financial Officer





Government Finance Officers Association

Certificate of
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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, 2021

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, 2022, 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, 2022, and the respective changes in financial position and cash flows, thereof, and the respective budgetary comparison 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 "Board"), which represents 100% of the assets, net position, and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board is based solely on the reports of the other auditors.

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 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 these 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 12 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 and Other 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 combining and individual fund financial statements and schedules, and additional financial data are presented for purposes of additional analysis and are 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 combining and individual fund financial statements and schedules and additional financial data are 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 November 29, 2022 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.

Cherry Bekaert LLP

Raleigh, North Carolina
November 29, 2022

Management's Discussion and Analysis

As management of Durham County, North Carolina (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2022. 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 2022 fiscal year by \$172,212,733 (*total net position*). However, of this amount, unrestricted net position has a deficit balance of \$(160,393,172) (*unrestricted net position*) for governmental activities which is primarily because of the debt the County has issued on behalf of the school system, Durham Technical Community College and the Museum of Life and Science to fund capital outlay as required by State law. The assets funded by the County are owned by the Durham Public School System, Durham Technical Community College and the Museum of Life and Science and are capitalized in their financial statements. Therefore, the County, as the issuing government, has incurred a liability without a corresponding increase in assets.
- The government's total net position increased by \$11,996,010, an increase of 7.49 percent, due to increases in both the governmental activities' net position and the business-type activities' net position of just under \$4.56 million and \$7.43 million, respectively.
- As of the close of the 2022 fiscal year, the County's governmental funds reported combined ending fund balances of \$379,822,305, an increase of \$64,813,326 in comparison with the prior year. Approximately 20.72 percent of this total amount, or \$78,691,258, is *restricted or non-spendable*.
- At the end of the current fiscal year, fund balance available for appropriation for the general fund was \$263,215,448 or 46.52 percent of total general fund expenditures, compared to fiscal year 2021 which was \$209,878,762 or 41.01 percent of total general fund expenditures, which reflects an increase of 5.51 percent. The net change in fund balance for fiscal year 2022 in the general fund was an increase of \$52,709,067. The primary reasons for the increases are the revenue collections were 109.80 percent of budget while expenditures were 92.80 percent of budget. The net change in fund balance increased by over \$19.7 million in fiscal year 2022 from fiscal year 2021. The primary reasons for the increase in the net change in fund balance was the increase in the excess revenues over expenditures of over \$33.6 million, plus the increase in transfers out of over \$14.8 million accompanied by the decrease of transfers in by over \$996 thousand, and the increase in leases issued of \$1.9 million due to the implementation of GASB Statement No. 87.
- The County's total governmental activities debt increased by \$39,127,935 (7.08 percent) during the 2022 fiscal year. The key factors in this increase were issuances of Direct Installments Notes of \$79,117,041 and Bond Anticipation Notes (BANs) of \$28,896,911, increase in the OPEB Liability of \$9,846,912, and the recording of the net lease liability of \$1,468,980 in accordance with GASB Statement No. 87. These increases were offset by the annual reductions in debt (including

premiums) in the amount of \$30,335,000 in General Obligation Bonds (GO Bonds) and \$14,455,000 in Limited Obligation Bonds (LOBs), the amortization of bond premiums of \$5,096,632, and the net decrease in the LGERS pension obligation of \$30,182,737. 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 29-31 of this report.

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

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

The County maintains 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 considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

The basic governmental fund financial statements can be found on pages 33-39 of this report.

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

The basic proprietary fund financial statements can be found on pages 40-42 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 43-45 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 46-131 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Durham County's progress in funding its obligation to provide pension benefits and postemployment benefits to its employees. Required supplementary information can be found on pages 133-140 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 143-183 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 \$172,212,733 as of June 30, 2022. Net position is reported in three categories: net investment in capital assets, restricted net position and unrestricted net position.

The County's net position increased by \$11,996,010 for the fiscal year ended June 30, 2022. One of the largest portions in the amount of \$168,457,093 reflects the County's net investment in capital assets (e.g., land, buildings, machinery, and equipment). The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

DURHAM COUNTY'S NET POSITION

	Governmental		Business - type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 477,363,656	\$ 397,320,051	\$ 49,950,766	\$ 47,913,417	\$ 527,314,422	\$ 445,233,468
Capital assets	505,327,583	495,468,268	71,916,087	67,515,808	577,243,670	562,984,076
Right to use Lease	1,445,816	-	-	-	-	-
Total assets	<u>984,137,055</u>	<u>892,788,319</u>	<u>121,866,853</u>	<u>115,429,225</u>	<u>1,106,003,908</u>	<u>1,008,217,544</u>
Total deferred outflows of resource	88,044,698	88,710,489	759,362	681,139	88,804,060	89,391,628
Long-term liabilities outstanding	861,344,622	822,216,687	12,176,548	14,189,163	873,521,170	836,405,850
Other liabilities	72,510,218	60,855,544	1,141,793	648,481	73,652,011	61,504,025
Total liabilities	<u>933,854,840</u>	<u>883,072,231</u>	<u>13,318,341</u>	<u>14,837,644</u>	<u>947,173,181</u>	<u>897,909,875</u>
Total deferred inflows of resources	74,785,402	39,446,097	636,652	36,477	75,422,054	39,482,574
Net position:						
Net investment in capital assets	108,073,865	183,610,404	60,383,228	54,524,004	168,457,093	238,134,408
Restricted	115,860,818	97,332,350	7,265,351	10,508,607	123,126,169	107,840,957
Unrestricted	(160,393,172)	(221,962,274)	41,022,643	36,203,632	(119,370,529)	(185,758,642)
Total net position	<u>\$ 63,541,511</u>	<u>\$ 58,980,480</u>	<u>\$ 108,671,222</u>	<u>\$ 101,236,243</u>	<u>\$ 172,212,733</u>	<u>\$ 160,216,723</u>

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The second portion of the County's net position in the amount of \$123,126,169 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, 2022, the unrestricted net position is a deficit in the amount of \$(119,370,529). The unrestricted deficit is attributable primarily to the general obligation bonds issued by the County for the public schools, Durham Technical Community College, and the Museum for Life and Science. Even though the debt has been issued to finance the acquisition, construction and renovation for the public schools, Durham Technical Community College and the Museum of Life and Science, the Governmental Accounting Standards Board has determined that it is not capital debt of the County since it is not financing assets owned by the County. Therefore, this debt is reflected within the unrestricted portion of net position rather than as part of the category net investment in capital assets. In addition, as of fiscal year 2008, the unrestricted net position deficit includes pension liabilities for other postemployment benefits per GASB Statements No. 43 and No. 45. Also, as of fiscal year 2011, the restricted net position now includes Stabilization by State Statute per GASB Statement No. 54 which further increases the unrestricted net position deficit. In addition, as of fiscal year 2015, the County implemented GASB Statements No. 68 and No. 71 reporting the County's proportionate share of the Register of Deeds' Supplemental Pension Fund's net pension asset, Local Government Employees' Retirement System's net pension liability and their respective deferred outflows of resources, deferred inflows of resources and pension expense. As of fiscal year 2017, the County also implemented GASB Statement No. 73 reporting the County's total pension liability for LEOSSA and its respective deferred outflows of resources, deferred inflows of resources and pension expense. As of fiscal year 2018, the County implemented GASB Statement No. 75 reporting the County's total OPEB liability and its respective deferred outflows of resources, deferred inflows of resources and OPEB expense. As of fiscal year 2022, the County implemented GASB Statement No. 87 reporting leased assets and deferred inflows of resources. At the end of the current fiscal year, the County is not able to report positive balances in all three categories of net position for the government as a whole. However, the same did not hold true for the separate governmental and business-type activities. The unrestricted net position for the governmental activities had a deficit balance of \$(160,393,172) 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 \$41,022,643.

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DURHAM COUNTY'S CHANGES IN NET POSITION

	Governmental		Business - type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 40,882,755	\$ 36,197,688	\$ 18,154,933	\$ 15,567,670	\$ 59,037,688	\$ 51,765,358
Operating grants and contributions	90,995,806	76,230,322	-	-	90,995,806	76,230,322
Capital grants and contributions	1,157,830	750,938	892,852	22,921	2,050,682	773,859
General revenues:						
Taxes	472,061,009	436,226,919	-	-	472,061,009	436,226,919
Investment and interest income	(3,572,981)	(3,767,330)	65,231	(38,941)	(3,507,750)	(3,806,271)
Other revenues	16,502,446	1,027,593	13,431	12,977	16,515,877	1,040,570
Total revenues	<u>618,026,865</u>	<u>546,666,130</u>	<u>19,126,447</u>	<u>15,564,627</u>	<u>637,153,312</u>	<u>562,230,757</u>
Expenses:						
General government	114,410,610	101,205,831	-	-	114,410,610	101,205,831
Public safety	81,778,636	98,843,230	-	-	81,778,636	98,843,230
Transportation	800,206	291,640	-	-	800,206	291,640
Economic and physical development	16,303,883	13,107,386	-	-	16,303,883	13,107,386
Environmental Protection	12,584,107	9,573,869	-	-	12,584,107	9,573,869
Human services	110,942,747	105,617,896	-	-	110,942,747	105,617,896
Education	245,537,946	181,869,621	-	-	245,537,946	181,869,621
Cultural and recreational	16,313,104	16,001,339	-	-	16,313,104	16,001,339
Interest and fiscal charges	14,794,595	14,578,173	-	-	14,794,595	14,578,173
Sewer utility	-	-	10,470,472	9,864,971	10,470,472	9,864,971
Stormwater	-	-	1,220,996	984,943	1,220,996	984,943
Total expenses	<u>613,465,834</u>	<u>541,088,985</u>	<u>11,691,468</u>	<u>10,849,914</u>	<u>625,157,302</u>	<u>551,938,899</u>
Increase (decrease) in net position	4,561,031	5,577,145	7,434,979	4,714,713	11,996,010	10,291,858
Net position, beginning	58,980,480	53,403,335	101,236,243	96,521,530	160,216,723	149,924,865
Net position, ending	<u>\$ 63,541,511</u>	<u>\$ 58,980,480</u>	<u>\$ 108,671,222</u>	<u>\$ 101,236,243</u>	<u>\$ 172,212,733</u>	<u>\$ 160,216,723</u>

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

- Continued diligence in the collection of property taxes by maintaining an overall collection percentage of 99.81 percent for the current levy year.
- Planning and management of revenues and expenses through the use of financial models for capital and debt service.

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

Governmental activities. The governmental activities increased the County's beginning net position by \$4,561,031 or 38.02 percent of the total increase in the net position of the County. This amount is an increase of 7.73 percent of the governmental activities beginning net position. This is down from a prior year increase of \$5,577,145 or 54.19 percent of the total increase in the net position of the County. However, revenues increased in fiscal year 2022 compared to fiscal year 2021 by over \$71.36 million (13.05 percent). Expenses increased as well, by over \$72.38 million (13.38 percent). In fiscal year 2022, property taxes levied for general purposes and for fire districts increased by over \$16.3 million (5.00 percent) and \$715 thousand (7.75 percent), respectively. This increase was primarily because of the increase in assessed property values, a one cent tax rate increase, 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 twelfth consecutive year by over \$17.03 million (17.44 percent) as a result of increased spending and collections, especially collections of sales taxes from online purchases during the pandemic. Investment and interest income increased by over \$194 thousand (5.16 percent), which is primarily because of improved market conditions.

Charges for services increased for general government by \$4.7 million. This increase was attributable to growth in general government of \$2.5 million and Public Safety of \$2.1 million. The increase in the general government charges for services was due mainly to a \$689 thousand increase in revenue related to the mid-term election activity in 2022 and over \$2.64 million in increased charges for register of deeds. Charges for public safety increased by \$2.13 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, education, cultural and recreational, human services, and transportation functions. There was a minor decrease in the environment protection function.

The operating grant program revenues for the general government function decreased by almost \$585 thousand (3.83 percent). Operating grant program revenues for the public safety function decreased by \$5.53 million (47.61 percent) due to decreased grant funding related to the COVID-19 pandemic, especially with regards to the County jail and emergency management, and emergency medical services which are divisions of the Office of Emergency Services (OES). Effective July 1, 2020, the departments of Emergency Management, Emergency Medical Services and Fire Marshall were consolidated into one department, OES. The human services function increased by over \$21.0 million primarily due to shifting levels of service associated with the ongoing pandemic, while transportation increased by just over \$599 thousand. Decreases in the economic development, environmental protection, and cultural and recreational functions were insignificant.

The capital grants and contributions for education increased by \$438 thousand due to more construction activity that is funded with Public School Building Capital Fund (PSBCF) revenue sources. The decrease in the environment protection function was insignificant. The County's finances continue to be strong, sound and stable because of solid, dedicated and committed financial management.

In certain functional areas, increases in the governmental activities' expenses closely paralleled inflation and growth in the demand for services. The COVID-19 pandemic as well as the March 2020 ransomware cyberattack upon the County led to increased levels of spending in other areas, mainly education, general government, and economic and human services. The County's total governmental activities' expenses increased by over \$72.38 million (13.38 percent).

Education expenses increased by almost \$63.67 million (35.01 percent). The County expended funds of \$63.51 million during the year for education-related construction primarily for Durham Public Schools (DPS) and Durham Technical Community College (DTCC), which surpasses the over \$32.07 million spent in fiscal year 2021. Funding for DPS increased by \$8.50 million and decreased by almost \$178 thousand for other education related to non-profits that support educational activities. Funding slightly increased by just over \$986 thousand for DTCC.

Human services expenses increased by almost \$5.32 million (5.04 percent) due in large part to increases in public health spending of over \$5.06 million for programs such as Bull City United, Medication Assisted Treatment Team, and School Health Nursing.

Interest and fiscal charges increased by over \$216 thousand (1.48 percent) due to increased cost of capital charges.

Public safety expenses decreased by \$17.06 million (17.26 percent) which is mainly due to the return-to-normal operations as the County and Nation adjusts to living with COVID-19 and appears largely in the expenditures of the criminal justice partnership, youth homes, county jail, emergency 911 communications, and animal control.

General government expenses increased by over \$13.208 million (13.05 percent) due to several increases: \$1.11 million in general services for covid sanitation and additional security; \$1.35 million in information technology spending to recover from and strengthen systems after the March 2020 ransomware cyberattack perpetrated against the County and enhance overall technology; \$554 thousand for human resources; \$551 thousand for Finance; \$448 thousand for the Tax department, and \$299 thousand for Legal. Less significant fluctuations in other departments contributed to the remainder of the net increase in general government expenses.

Economic and physical development expenses increased by almost \$3.20 million (24.39 percent) mainly due to increases in cooperative extension policy payments of over \$612 thousand and economic development agreements of almost \$1.1 million. Additional expenditures were incurred to address food security impacts related to the pandemic and the Welcome Baby program.

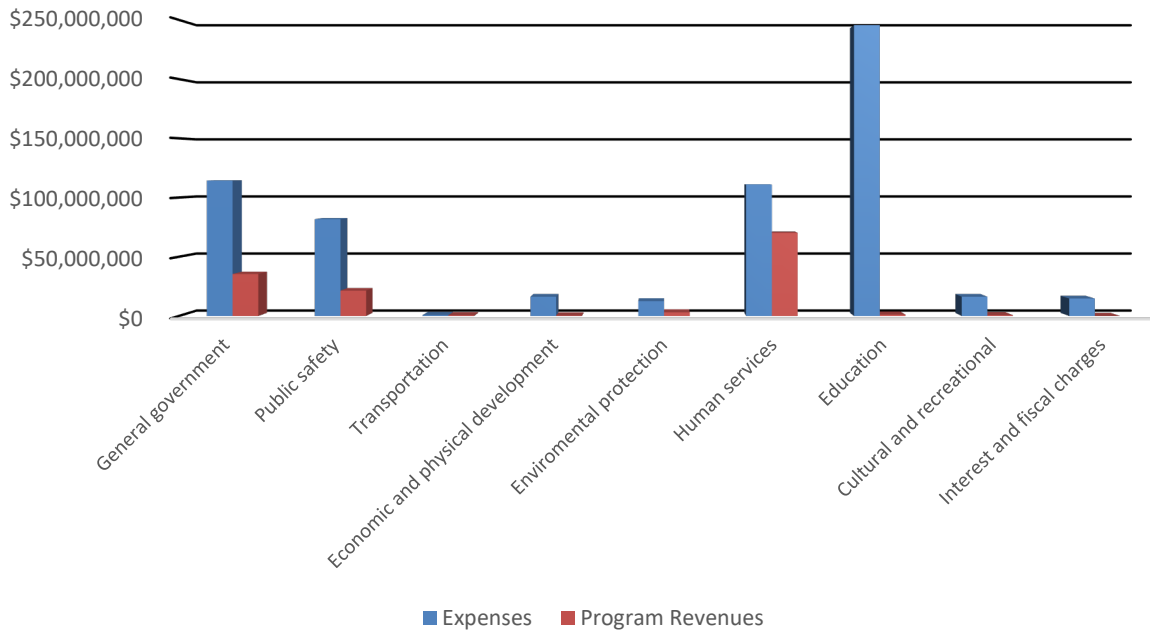
Environmental protection expenses increased by \$3.01 million (31.44 percent) due to increased spending to acquire land to preserve environmental spaces.

Cultural and recreational expenses increased by almost \$312 thousand (1.95 percent) due to decreased spending on the construction costs of the County's library system of almost \$423 thousand combined with increased costs of slightly over \$730 thousand.

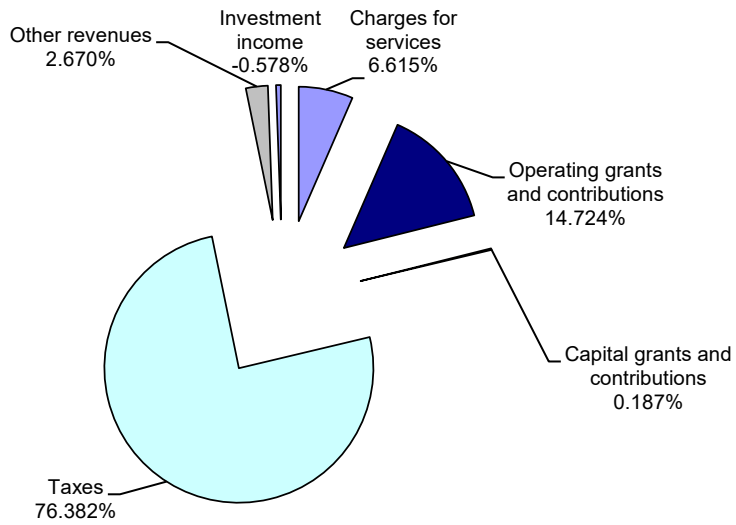
Transportation increased almost \$509 thousand due primarily due to the creation of a Transportation Division and one new full-time position in the prior year. County transportation and elderly transportation services were moved into this division, which previously resided in the environmental protection and human services functions, respectively. Additionally, in the current year, the NC Department of Transportation restored the Rural Operating Assistance Program, which provides trips for elderly, disabled, and rural residents. Funding to the GoTriangle transit program decreased by \$31,823.

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Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



Business-type activities. Business-type activities increased the County’s net position by \$7,434,979 accounting for 61.98 percent of the total growth in the government’s net position. Key elements of this are as follows:

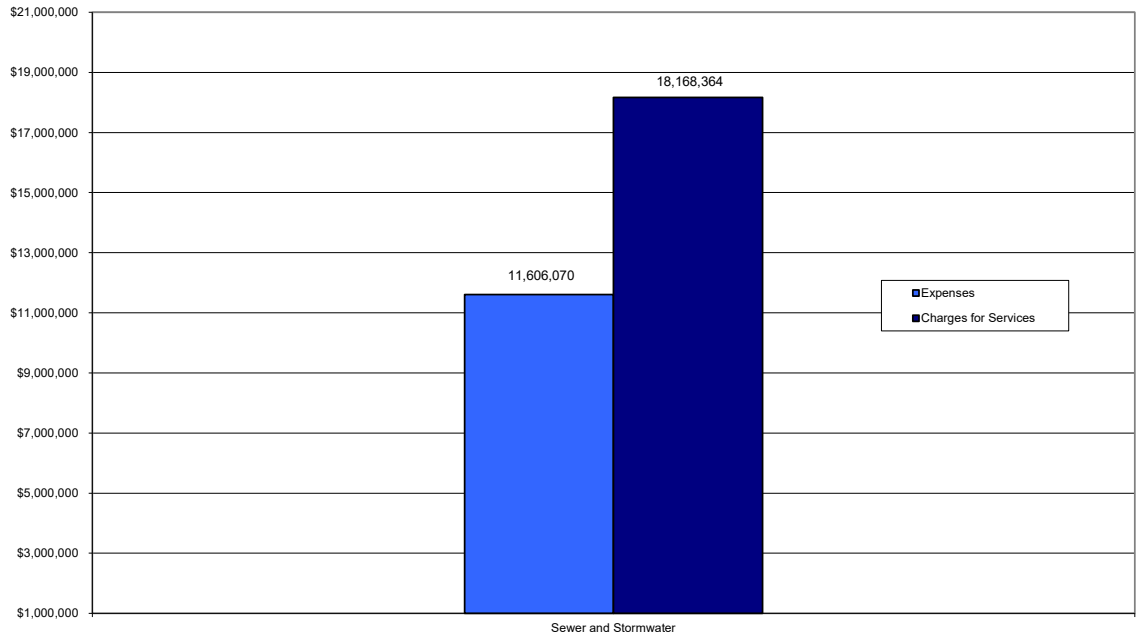
- Expenses increased \$841,554 (7.76 percent) primarily because of increases in operating expenses related to increases in maintenance expense of \$507 thousand, personnel services of \$31 thousand,

and depreciation expense of \$208 thousand. These increases were partially offset by reductions in interest and fiscal charges of \$49 thousand. The operating margin year-over-year increase was \$1.19 million thousand. Depreciation expense rose sharply (8.58 percent) in fiscal year 2022 due to the addition of capital equipment for sewer utility. Also, there was a loss on disposal of capital assets increased \$85 thousand for the fiscal year. There were no debt issuance costs for fiscal year 2022.

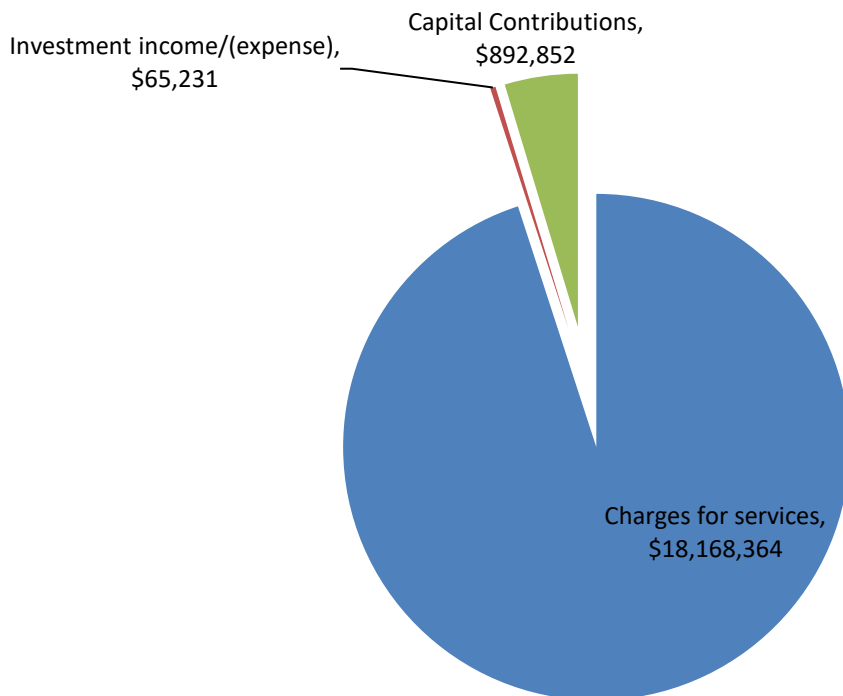
- Charges for services increased by \$2,587,263 (16.62 percent). The sewer rates were increased for fiscal year 2022 in the sewer utility fund. The consumption rate charge was increased by 4.76 percent for all customers, both residential and industrial, effective July 1, 2021 and was the main driver of the increase in the amount of \$1,981,572. The rate increase was necessary to maintain operational expenses, and funds to service debt. Monitoring fees for gallium, pesticides, tellurium, and TSS were increased. There were increases for monthly service fees, sewer main inspection fees, and reclaimed water inspection fees. New fees added included oil/grease/sediment/trap inspections, construction review for commercial/industrial development with single lateral, and development review fees for alternate design application fee for minor and major changes. After completion of the reclaimed water rate study, new fees were approved for reclaimed water consisting of administrative fee, monthly base charge, new account deposit fee, initiation fee, security fee, disconnection and reconnection fees, after- hour service charge and late fees. There was no increase in system development fees, which is paid by new development, to recover a proportional share of the costs of capital facilities constructed to provide service capacity for new customers connecting to the system. Stormwater construction permits contributed to the increase in the amount of \$584,290.
- Investment and interest income increased by \$104,172 (267.51 percent) primarily because of improved market conditions as a result 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 \$892,852. There were no capital contributions to Stormwater in fiscal year 2022.

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Expenses and Charges for Service Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the County's Funds

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

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

As of the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$379,822,305, an increase of \$64,813,326 in comparison with the prior year. Approximately 79.28 percent of this total amount (\$301,131,047) 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 (\$2,081,799), 2) restricted by revenue source for specific purposes, programs and services (\$2,908,420), or 3) because it is restricted by State Statute (\$73,701,039).

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 \$263,215,448, while total fund balance reached \$305,810,941. 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, 2022, the County has an available fund balance of 46.52 percent of general fund expenditures, while total fund balance represents 54.05 percent of that same amount. The percentage of available fund balance to total general fund expenditures increased from 41.01 percent for fiscal year 2021 to 46.52 percent for fiscal year 2022, an increase of 5.51 percent. The net change in the general fund balance for fiscal 2022 was an increase of \$52,709,067. The primary reasons for the increase are that the revenue collections were 109.80 percent of budget while expenditures were only 92.80 percent of budget.

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

- The general fund taxes increased by 8.68 percent or \$36,945,794. This increase is the result of increased collections in the current year and prior years' levies of \$16,202,938 (5.00 percent) and \$1,773,877 (651.74 percent), respectively; increased local option sales tax revenue of \$17,026,212, and increased occupancy tax revenue in the amount of \$1,716,748. The increase in tax levies is primarily because of the natural year-over-year growth in assessed property values, a one cent increase in the tax rate, 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 twelfth 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 prior year.

- Intergovernmental revenues of the general fund increased by 19.70 percent or \$14,972,767. The increase is primarily because of increases in social services, public health, and finance. Finance increased by \$3.05 million due to the increase in the State Hold Harmless of over \$1.05 million related to increased local option sales tax collections. Human services funding for social services of \$20.0 million for Emergency Rental Assistance Program (ERAP). In addition, public health increased by \$1.37 million of funding due to the pandemic. These increases are offset by the decrease in other intergovernmental revenues of over \$9.41 million primarily due to the CARES Act revenues recognized in prior year.
- Charges for services increased by \$6,086,407 (18.81 percent). This is attributable to increases in elections registration lists charges of \$689 thousand, Register of Deeds of \$2.64 million, general government of \$302 thousand, and emergency medical services of \$2.13 million. Elections registration lists charges rose because of mid-term election activity. Register of Deeds experienced increased real estate transactions, which carried higher sales prices of those properties due to a tight 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 almost \$50 thousand (2.38 percent) mainly due to improved market conditions and rent decreased by \$540,433 (74.74 percent), which is due to a reduction in rentals of County property for outside events.
- Licenses and permits decreased by \$198,746 (31.70 percent) mainly because of decreases in cablevision and franchise fees and other licenses and permits of \$157 and \$41 thousand, respectively. The change in wine and beer license revenue was immaterial.
- Other revenues increased by \$15,474,826 (1505.93 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 and a \$780 thousand increase in miscellaneous other revenues combined with a \$83 thousand decrease in proceeds from sale of confiscated property.
- General government expenditures increased by \$2,864,712 (4.09 percent) mostly because of decreases in Board of Elections (\$1.1 million) due to it not being a presidential election year in fiscal year 2022 coupled with increases in General Services (\$1.1 million) due to the elevated costs of sanitizing and providing additional security for county properties, Information Systems and Technology (\$1.3 million) to support improved operational efficiency and security over County data following the March 2020 ransomware cyberattack. Other increases in expenditures included the human services (over \$554 thousand), finance (\$551 thousand), and tax (\$448 thousand). departments. Variances in expenditures for other departments within the general government functional area were less significant.
- Public safety decreased by \$851,410 (1.11 percent) with the bulk of the change due to decreases in the County jail and animal control by \$1.1 million and \$119 thousand, respectively. The expenditure change in the County jail is mainly the result of vacancies due to of officers leaving for more competitive salaries. Expenditures for emergency services (\$387 thousand), which includes the office of emergency services, 911 communications, and the medical examiner, all which have been working with the public health department to respond to the COVID-19 pandemic and therefore is incurring higher personnel and operating expenditures.

- Transportation expenditures increased by \$526,965 (180.69 percent) primarily due to the creation of a Transportation Division and one new full-time position in the prior year. County transportation and elderly transportation services were moved into this division, which previously resided in the environmental protection and human services functions, respectively. Additionally, in the current year, the NC Department of Transportation restored the Rural Operating Assistance Program, which provides trips for elderly, disabled, and rural residents. Funding to the GoTriangle transit program decreased by \$31,823.
- Economic and physical development increased by \$262,229 (2.99 percent) primarily because of increased cooperative extension (\$612 thousand) efforts to connect the community to needed resources such as the Welcome Baby program and to address food county-wide. security. Other expenditures and Planning decreased by \$846 thousand and \$580 thousand, respectively, but offset by an increase in payouts of public funds for local economic development agreements of over \$1.1 million. Other variances were insignificant.
- Human services' expenditures increased by \$22,887,918 (23.96 percent). This increase is due to the increase in public health of \$5.1 million, the increase in social services of \$20.0 million, and the decrease in mental health by \$2.1 million. The increases are attributable to the County's ongoing response to the public health emergency caused by the COVID-19 pandemic and mission driven initiatives such as the long-time homeowner grant program, Bull City United, Jail Health, ten quality assurance support positions, and twelve school health nurse positions.
- Education increased by \$12,032,621 (7.09 percent) from the prior fiscal year. Of this increase, Durham Public Schools received increased funding for operating and capital expenditures of \$8,498,849 and \$2,630,000, respectively. Durham Technical Community College's funding increased \$1,081,367. Other education decreased by \$177,595.
- Cultural and recreational increased by \$1,354,700 (9.46 percent), with an increase for the library system of \$1,081,700 million due to more demand for online classes, acquisition of digital media, and programing to support the Durham Library Foundation as well as over \$273 thousand increase in other cultural and recreational expenditures to support the Durham County Convention Center and the NC Museum of Life and Science.
- Environmental protection decreased by \$375,828 (6.36 percent) primarily due to the decreases in expenditures for solid waste of \$272 thousand and environmental engineering of over \$78 thousand. Solid waste expenditures declined due to there being less residential recycling as more citizens returned back to work and school. Environmental engineering expenditures decreased due in part to the movement of a position and transportation services to the newly created Transportation Division as well as the reduction of utility services expenditures resulting in savings from the Energy Performance Contract. Other expenditures decreased by just over \$24 thousand.

The Community Health Trust Fund was moved from governmental funds to special revenue funds in fiscal year 2022.

The Capital Projects Fund has a total fund balance of \$34,230,480. This money is assigned as a financing resource to be used for the acquisition, construction or improvement of major capital

facilities other than those financed by proprietary funds. The net increase in fund balance during the current year in the capital projects' fund was \$13,916,921 due to funding for the fiscal year of intergovernmental revenues, investment earnings, transfers in, and the issuance of installment purchases being far more than the expenditures for the acquisition, construction or improvement of major capital facilities for the County, School System, Durham Technical Community College and Museum of Life and Science. The County's activity was recorded to construction in progress in capital assets of the County while the Schools System's, Durham Technical Community College's and the Museum of Life and Science's activity was recorded in their capital assets as they hold title to those assets.

The primary revenue activity was the recognition of other financing sources, such as the issuance of installment purchases of \$108 million, and transfers in (\$23.32 million). The fund also recognized intergovernmental revenues (\$1.16 million) and investments (\$34 thousand). For expenditures, there was construction activity in the amount of \$117,331,713. In addition, there were other financing uses in the transfers out of \$1,273,266 from the Capital Projects Fund to the General Fund and the Debt Service Fund. The construction activity was primarily for education (\$63,511,029), environmental protection (\$27,358,676), economic and physical development (\$5,523,917), general government (\$11,344,084), public safety (\$6,822,635), and cultural and recreation (\$2,656,266).

The Debt Service Fund has a total fund balance of \$35,629,482, 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 decrease in fund balance during the current year in the Debt Service Fund was \$2,552,559 because the revenues and other financing sources were less 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, mainly transfers in (\$72.8 million). The fund also recognized charges for services (\$538 thousand) and investments (over \$75 thousand). In the expenditures, there were principal and interest for the retirement of general long-term debt in the amounts of \$45.1 million and \$17.9 million, respectively. In addition, there were debt issuance costs for the refunding of bonds of \$150.00. Other financing uses, transfers out were \$12.9 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 \$41,022,643. There was an increase in total net position of \$7,434,979. 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 \$49,985,331 and can be summarized briefly as follows:

- \$3,325,600 in increases allocated to general government were primarily to honor commitments from fiscal year 2021; transfer PAYGO funding and over-collections in Articles 40 and 42 sales taxes; allot additional funds to various functional areas to support ongoing Covid-19 non-congregational housing, equity studies regarding disenfranchised communities, a class and compensation study, merit pay increases, and overtime pay for essential position; and acquire critical vehicles for Emergency Services, Department of Social Services, and the Public Health Department.
- \$6,619,365 in increases allocated to public safety were primarily to honor commitments from fiscal year 2021, appropriate unspent restricted funds in fiscal year 2022, support ongoing Covid-19 non-congregational housing for homeless individuals in Durham County, support for merit and overtime pay, and recognize grants supporting re-entry programs for justice-involved individuals with mental illness and/or substance abuse disorders to reduce recidivism and supporting Durham County highway safety.
- \$2,183,508 in increases allocated to economic and physical development were primarily to honor commitments from fiscal year 2021, appropriate unspent restricted funds in fiscal year 22, address food security impacts related to the pandemic, support merit pay increases, and recognize an intergovernmental grant for the Welcome Baby program, which supplies low-income families with childcare needs.
- \$726,349 in increases allocated to environmental protection were primarily to honor commitments from fiscal year 2021, acquire land to preserve more environmental spaces, fund merit pay increases, and recognize grants to support community waste and recycling and water systems.
- \$32,913,485 in increases allocated to human services were primarily to honor commitments from fiscal year 2021; appropriate unspent restricted funds in fiscal year 2022; recognize extensive grant awards supporting the County's response to the pandemic that included funding for emergency rental assistance to minimize evictions during the time of crisis for many of the citizens; support Public Health's medical response to the pandemic regarding tracing, testing, immunology, vaccinations, staffing needs, Covid-19 inequities for disenfranchised communities, energy and housing assistance for the low-income community via the Low Income Energy Assistance program, and overall planning.
- \$531,287 in increases allocated to cultural and recreational were primarily to honor commitments from fiscal year 2021, appropriate unspent restricted funds in fiscal year 2022, recognize grant funds to support Durham County Library's work on behalf of the Durham Library Foundation, and allocate additional funding for digital media to support the growing technology needs in the County.
- \$853,117 in increases to education were primarily to honor commitments from fiscal year 2021, appropriate unspent restricted funds in fiscal year 2022, support merit pay increases and overtime pay, and aid in providing for safe and more effective learning centers for Durham Public School

students.

- \$323,524 in increases to transportation were primarily to fund merit pay increases, overtime pay, and recognize a grant to fund the NCDOT Rural Operating Assistance Program.

Of this increase, \$31,771,579 was to be funded from intergovernmental and other revenues. Operating transfers in increased funding by \$301,348. The remaining \$17,912,404 was to be budgeted from available fund balance. During the year, revenues exceeded budgetary estimates by \$53,968,260 while other financing sources fell short of budgetary estimates by \$56,393. Expenditures were far less than budgetary estimates with a positive variance of \$36,941,921, 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, 2022 totaled \$577,243,670 (net of accumulated depreciation). These assets include land, easements, buildings, water systems, improvements, office furniture and equipment, machinery and equipment, computer hardware, computer software, vehicles and construction in progress. The total increase in the County's net capital assets for the current fiscal year was \$14,259,595 (2.53 percent). Governmental activities increased \$9,859,315 (1.99 percent) and business-type activities increased by \$4,400,280 (6.52 percent).

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

- Construction for the Durham Public School Projects continued in fiscal year 2022 in the amount of \$61,305,525. The County did not capitalize this construction activity because the County does not hold title to these properties.
- Construction for Durham Technical Community College projects for building renovations occurred in fiscal year 2022 in the amount of \$2,205,504. 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 \$230,888 during fiscal year 2022.
- Construction for the Museum of Life and Science occurred in fiscal year 2022 in the amount of \$2,425,378. 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 \$32,882,593. Of this amount, the County capitalized \$27,358,676. The remaining amount of \$5,523,917 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 (\$1,682,278), the 300 Block Parking Deck (\$14,945,599), and the 500 Block Parking Deck (\$1,904,442). 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 \$11,459,189. Of this amount, the County capitalized \$8,729,186. The remaining amount of \$2,730,003 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 (\$3,618,726), HVAC Replacement project (\$1,283,043), '21 IT hardware replacement (\$1,166,483), County Building Envelope upgrades (\$624,313), Durham County Stadium Improvements (\$596,023), '20 County IT hardware upgrade (\$378,659), and Tax Department Software replacement (\$210,000). Other activity on County-owned projects occurred for the '18 County IT hardware upgrade, '19 County IT hardware upgrade, '20 Telecommunications upgrade, the Audio-visual tech life cycle replacement, County-owned convenience site upgrades, Duke fiber project, County Courthouse Elevator Repair project, and '21 AV Technologies.
- Construction activity for public safety occurred in the amount of \$6,822,636. The County capitalized the entire amount which was mainly for the new Youth home (\$3,562,003), the EMS equipment replacement (\$1,345,397), and EMS Station #1 renovations in the amount of \$223,537, Body Camera project (\$824,555), Sheriff firing range of \$436,215, and the Sheriff IT Life Cycle Replacement project in the amount of \$430,929.
- Major capital asset increases net of disposals occurred in the asset classes of machinery and equipment (\$2,324,906), computer hardware (\$3,746,913), and vehicles (\$685,003), in governmental activities.

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DURHAM COUNTY'S CAPITAL ASSETS
(Net of Depreciation)

	Governmental		Business - type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Land	\$ 10,001,626	\$ 8,786,840	\$ 5,248,865	\$ 185,226	\$ 15,250,491	\$ 8,972,066
Easements	2,911,040	2,549,931	5,000	5,000	2,916,040	2,554,931
Improvements- water and sewer lines	-	-	12,159,127	11,821,911	12,159,127	11,821,911
Buildings	280,800,573	302,413,658	35,897,225	38,269,660	316,697,798	340,683,318
Water systems	2,283,455	2,210,362	-	-	2,283,455	2,210,362
Office furniture and equipment	108,735	109,476	-	-	108,735	109,476
Machinery and equipment	4,369,338	2,487,732	2,078,003	854,442	6,447,341	3,342,174
Computer hardware	2,756,747	382,187	5,939	321	2,762,686	382,508
Computer software	111,234	268,661	-	2,520	111,234	271,181
Vehicles	3,936,151	4,431,479	49,310	47,764	3,985,461	4,479,243
Construction in progress	198,048,684	171,827,942	16,472,619	16,328,964	214,521,303	188,156,906
Total	\$ 505,327,583	\$ 495,468,268	\$ 71,916,088	\$ 67,515,808	\$ 577,243,671	\$ 562,984,076

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

Long-term debt. At the end of the current fiscal year, Durham County had total debt outstanding of \$623,870,540. Of this amount, \$253,482,741 comprises bonded debt backed by the full faith and credit of the government. Also included is \$4,305,000 of bonded debt secured by a pledge of and lien upon, and payable solely from, the net receipts of the enterprise system, and in certain circumstances, by proceeds of the revenue bonds, investment earnings and certain net insurance and other proceeds. The revenue bonds are additionally secured by and payable from money and securities of certain funds, accounts and sub-accounts held by the trustee under the trust agreement and the first supplemental trust agreement. The balance consists of limited obligation bonds in the amount of \$226,607,252, installment notes in the amount of \$101,653,706, BANs in the amount of \$28,896,911, other financing agreements in the amount of \$7,455,950, and leases in the amount of \$1,468,980. 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 \$57,774,220 (10.21 percent) during the current fiscal year. The key factors in this increase were issuances of limited obligation installment financing contracts of \$79,117,041, bond anticipation notes of \$28,896,911, and lease obligations of \$1,468,980, which were offset by the annual retirements of governmental and business-type activities debt of \$52,137,215.

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

	Governmental		Business - type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 253,482,741	\$ 287,420,103	\$ -	\$ -	\$ 253,482,741	\$ 287,420,103
Revenue bonds	-	-	4,305,000	5,105,000	4,305,000	5,105,000
Certificates of participation	226,607,252	242,556,522	-	-	226,607,252	242,556,522
Installment notes payable	101,653,706	22,845,749	-	-	101,653,706	22,845,749
Bond Anticipation Notes	28,896,911	-	-	-	28,896,911	-
Leases	1,468,980	-	-	-	1,468,980	-
Other financing agreements	7,648	17,611	7,448,302	8,151,335	7,455,950	8,168,946
Total	\$ 612,117,238	\$ 552,839,985	\$ 11,753,302	\$ 13,256,335	\$ 623,870,540	\$ 566,096,320

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 \$3,766,107,859, leaving a legal debt margin of \$3,545,397,859. The net bonded debt per capita is \$774.

Additional information on the County's long-term debt can be found in Note G on pages 84-96 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County is 3.4 percent as of June 2022, which is a decrease from a rate of 4.3 percent as of June 2021 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 the same as the state's unemployment rate of 3.4 percent but slightly lower than the national rate of 3.6 percent as of June 2022.
- The construction activity for non-residential and residential construction was almost \$2.2 billion for calendar year 2021 compared to almost \$2.3 billion for the calendar year 2020.
- The manufacturing sector employment had an increase of 4.44 percent (1,257 positions) for calendar year 2021 (29,537) compared to calendar year 2020 (28,280).
- Reported retail sales are reported on total taxable sales based on sales and use tax returns. The total taxable sales for Durham County for 2022 reported were \$10.074 billion compared to \$8.613 billion reported for fiscal year 2021, an increase of \$1.461 billion (16.96 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 2021 were over \$2.7 billion, and economic announcements occurring for 2022 amounted to over \$505 million billion.
- The per capita income for Durham MSA for 2020 is \$54,093, an increase of 4.60 percent over 2020. Raleigh/Cary has a per capita income of \$60,884. The per capita for North Carolina increased from 2020 to 2021 to \$56,173, an increase of 11.66 percent, while the per capita for the nation increased to \$64,143, an increase of 9.63 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 2023 fiscal year.

At the end of the current fiscal year, fund balance available for appropriation for the general fund was \$263,215,448 or 46.52 percent of total general fund expenditures, an increase of \$53.3 million or 5.51 percent from the previous fiscal year. The County has appropriated \$28,509,242 million of this amount for spending in the 2023 fiscal year budget. Property taxes in the current fiscal year 2022 levy are based on the assessed values as of January 1, 2019, effective date of the County's last general reappraisal. For fiscal year 2022, the budgeted property tax collection percentage approved by the Board of County Commissioners remained the same at 99.10% given the financial hardship that citizens have experienced due to the pandemic. Moreover, the County has taken a conservative approach to property valuation and relying on the natural year-to year growth of 4.99%, which is anticipated will provide an additional \$15.5 million. The tax rate assessed for the 2022 fiscal year is \$0.7222, which is a one cent increase over the prior fiscal year. The tax rate for fiscal year 2023 will remain \$0.7222. Also, there were various fee adjustments in general fund charges for services for the 2023 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 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. 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 added to construction inspection fees included: not ready for inspection fee, force main and private pump station inspections fees, re-inspection/failed inspection fee, permit application re-review fee core and shell building plumbing plans, upfit building plumbing plans, comment review meeting fee, and variance request. New fees added to industrial user fees include: annual FOG maintenance fee and FOG re-inspection fee. New reclaimed water fees included: tap fee, set fee for different size meters, and main extension only inspection fee. The fee increases were necessary to cover the cost to complete required inspections by required standards and regulations. There was no increase in system development fees, which is paid by new development, to recover a proportional share of the costs

of capital facilities constructed to provide service capacity for new customers connecting to the system. The County plans to retain a qualified consultant to assist with updating our System Development Fees in accordance with the legislative requirements as part of our FY23 Utilities workplan.

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

BASIC FINANCIAL STATEMENTS

DURHAM COUNTY, NORTH CAROLINA

Statement of Net Position
June 30, 2022

	Governmental Activities	Business Type Activities	Total Primary Government	Durham County ABC Board
Assets				
Cash and cash equivalents / investments	\$ 357,674,865	\$ 38,960,036	\$ 396,634,901	\$ 2,623,742
Cash and cash equivalents / investments - restricted	42,159,779	7,265,351	49,425,130	-
Receivables:				
Stormwater fees receivable	-	67,137	67,137	-
Accounts receivable	21,441,030	160,834	21,601,864	-
Accrued interest receivable	930,980	98,675	1,029,655	-
Net property taxes receivable	2,129,363	-	2,129,363	-
Solid waste receivable	29,126	-	29,126	-
Animal taxes receivable	298,650	-	298,650	-
Water services receivable	115	-	115	-
Net emergency medical services receivable	2,586,019	-	2,586,019	-
WSR loan receivable	2,550,000	-	2,550,000	-
Leases	10,284,127	-	10,284,127	-
Inventory	1,912,385	-	1,912,385	8,800,648
Due from other governments - federal and state agencies	15,788,355	339,856	16,128,211	-
Due from other governments - local	6,082,577	3,033,605	9,116,182	-
Due from other agencies - other	2,887,274	-	2,887,274	-
Prepaid expenses	134,955	8,553	143,508	336,190
Investment in joint venture	9,430,610	-	9,430,610	-
Pension assets - ROD Supplemental Plan	663,997	-	663,997	-
Pension asset - LGERS	-	16,719	16,719	-
Derivative financial instrument	379,449	-	379,449	-
Capital assets:				
Nondepreciable:				
Land	10,001,626	5,248,865	15,250,491	2,580,733
Easements	2,911,040	5,000	2,916,040	-
Construction in progress	198,048,684	16,472,619	214,521,303	3,805,538
Depreciable:				
Land improvements - sewer lines and systems	-	29,072,626	29,072,626	-
Buildings	419,991,611	56,854,766	476,846,377	7,582,071
Water systems	2,530,425	-	2,530,425	-
Office furniture and equipment	1,570,728	-	1,570,728	2,186,310
Machinery and equipment	16,667,348	3,591,580	20,258,928	-
Computer hardware	17,419,879	43,907	17,463,786	-
Computer software	16,539,126	73,157	16,612,283	-
Vehicles	23,723,774	569,969	24,293,743	348,896
Accumulated depreciation	(204,076,658)	(40,016,402)	(244,093,060)	(3,130,536)
Right to use leased assets:				
Buildings	1,867,190	-	1,867,190	2,635,031
Equipment	30,292	-	30,292	-
Accumulated amortization	(451,666)	-	(451,666)	(484,263)
Total capital assets, net of accumulated depreciation and amortization	<u>506,773,399</u>	<u>71,916,087</u>	<u>578,689,486</u>	<u>15,523,780</u>
Total assets	<u>984,137,055</u>	<u>121,866,853</u>	<u>1,106,003,908</u>	<u>27,284,360</u>
Deferred outflows of resources				
Contributions to pension plan in current fiscal year - ROD	36,637	-	36,637	-
Contributions to pension plan in current fiscal year - LGERS	13,263,030	240,969	13,503,999	-
Contributions to pension plan in current fiscal year - LEOSSA	313,830	-	313,830	-
Contributions to pension plan in current fiscal year - OPEB	3,910,551	-	3,910,551	-
ROD pension deferrals	198,768	-	198,768	-
LGERS pension deferrals	22,765,676	297,950	23,063,626	836,558
LEOSSA pension deferrals	2,537,230	-	2,537,230	-
OPEB deferrals	32,978,249	-	32,978,249	39,097
Unamortized loss on refundings	12,040,727	220,443	12,261,170	-
Total deferred outflows of resources	<u>88,044,698</u>	<u>759,362</u>	<u>88,804,060</u>	<u>875,655</u>
Liabilities				
Accounts payable	30,319,312	890,513	31,209,825	2,408,139
Arbitrage rebate payable	-	13,000	13,000	-
Accrued interest payable	2,479,862	34,713	2,514,575	-
Accrued payroll and related amounts withheld	7,114,342	144,463	7,258,805	166,379
Due to other governments - federal and state agencies	41,960	-	41,960	1,171,187
Due to other governments - local	183,134	-	183,134	1,310,082
Due to other agencies	-	8,185	8,185	-
Security deposits	32,544	50,919	83,463	-
Retiree and COBRA prepaid benefit contributions	198,744	-	198,744	-
Escrow - register of deeds	472,409	-	472,409	-
Unearned revenue	31,667,911	-	31,667,911	-

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

DURHAM COUNTY, NORTH CAROLINA

Statement of Net Position (continued)
June 30, 2022

	Governmental Activities	Business Type Activities	Total Primary Government	Durham County ABC Board
Current portion of long-term liabilities:				
Accrued compensated absences due within one year	6,002,749	112,215	6,114,964	-
Bonds and other notes payable due within one year	42,581,010	1,523,033	44,104,043	285,201
Long-term liabilities due in more than one year:				
Net pension liability - LGERS	23,466,616	230,663	23,697,279	469,280
Total pension liability - LEOSSA	10,123,540	-	10,123,540	-
Total OPEB liability	205,440,549	-	205,440,549	551,987
Accrued compensated absences	4,193,930	80,368	4,274,298	101,602
Bonds and other notes payable	569,536,228	10,230,269	579,766,497	1,922,559
Total liabilities	933,854,840	13,318,341	947,173,181	8,386,416
Deferred inflows of resources				
Prepaid rent	5,095	-	5,095	-
Prepaid taxes	827,807	-	827,807	-
Prepaid emergency medical services	145,074	-	145,074	-
Prepaid public health	18	-	18	-
CARES Act	-	-	-	-
ROD pension deferrals	89,811	-	89,811	-
LGERS pension deferrals	33,561,183	636,652	34,197,835	690,318
LEOSSA pension deferrals	290,686	-	290,686	-
OPEB deferrals	29,616,060	-	29,616,060	-
Leases	10,249,668	-	10,249,668	-
Total deferred inflows of resources	74,785,402	636,652	75,422,054	690,318
Net position				
Net investment in capital assets	108,073,865	60,383,228	168,457,093	15,523,780
Restricted for:				
Stabilization by State Statute	73,701,039	-	73,701,039	-
Capital projects	7,584,209	7,265,351	14,849,560	1,654,728
Grants and technology	34,332,042	-	34,332,042	-
Fire services	243,528	-	243,528	-
Unrestricted net position	(160,393,172)	41,022,643	(119,370,529)	1,904,773
Total net position	\$ 63,541,511	\$ 108,671,222	\$ 172,212,733	\$ 19,083,281

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

DURHAM COUNTY, NORTH CAROLINA

**Statement of Activities
Year Ended June 30, 2022**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Durham County ABC Board
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
General government	\$ 114,410,610	\$ 20,839,897	\$ 14,666,474	\$ -	\$ (78,904,239)	\$ -	\$ (78,904,239)	\$ -
Public safety	81,778,636	15,347,858	6,090,007	-	(60,340,771)	-	(60,340,771)	-
Transportation	800,206	2,429	599,383	-	(198,394)	-	(198,394)	-
Economic and physical development	16,303,883	42,721	337,685	-	(15,923,477)	-	(15,923,477)	-
Environmental protection	12,584,107	3,078,358	24,000	-	(9,481,749)	-	(9,481,749)	-
Human services	110,942,747	1,350,360	68,852,541	-	(40,739,846)	-	(40,739,846)	-
Education	245,537,946	1,881	2,000	1,157,830	(244,376,235)	-	(244,376,235)	-
Cultural and recreational	16,313,104	219,251	423,716	-	(15,670,137)	-	(15,670,137)	-
Interest and fiscal charges	14,794,595	-	-	-	(14,794,595)	-	(14,794,595)	-
Total governmental activities	<u>613,465,834</u>	<u>40,882,755</u>	<u>90,995,806</u>	<u>1,157,830</u>	<u>(480,429,443)</u>	<u>-</u>	<u>(480,429,443)</u>	<u>-</u>
Business-type activities:								
Sewer utility	10,470,472	15,918,770	-	892,852	-	6,341,150	6,341,150	-
Stormwater	1,220,996	2,236,163	-	-	-	1,015,167	1,015,167	-
Total business-type activities	<u>11,691,468</u>	<u>18,154,933</u>	<u>-</u>	<u>892,852</u>	<u>-</u>	<u>7,356,317</u>	<u>7,356,317</u>	<u>-</u>
Total primary government	<u>\$ 625,157,302</u>	<u>\$ 59,037,688</u>	<u>\$ 90,995,806</u>	<u>\$ 2,050,682</u>	<u>(480,429,443)</u>	<u>7,356,317</u>	<u>(473,073,126)</u>	<u>-</u>
Component units:								
Durham County ABC Board	\$ 53,422,454	\$ 56,097,641	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,675,187
Total component units	<u>\$ 53,422,454</u>	<u>\$ 56,097,641</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,675,187</u>
General revenues:								
Taxes:								
Property taxes, levied for general purposes					341,750,218	-	341,750,218	-
Property taxes, levied for fire districts					9,933,127	-	9,933,127	-
Property taxes, levied for other districts purposes					1,532,491	-	1,532,491	-
Local option sales tax					114,631,886	-	114,631,886	-
Occupancy tax					3,397,090	-	3,397,090	-
Gross receipts tax					624,673	-	624,673	-
Vehicle registration tax					191,524	-	191,524	-
Investment and interest income					(3,572,981)	65,231	(3,507,750)	1,230
Other revenues					16,502,446	13,431	16,515,877	-
Total general revenues					<u>484,990,474</u>	<u>78,662</u>	<u>485,069,136</u>	<u>1,230</u>
Change in net position					<u>4,561,031</u>	<u>7,434,979</u>	<u>11,996,010</u>	<u>2,676,417</u>
Net position, beginning					<u>58,980,480</u>	<u>101,236,243</u>	<u>160,216,723</u>	<u>16,406,864</u>
Net position, ending					<u>\$ 63,541,511</u>	<u>\$ 108,671,222</u>	<u>\$ 172,212,733</u>	<u>\$ 19,083,281</u>

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

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DURHAM COUNTY, NORTH CAROLINA

Balance Sheet
Governmental Funds
June 30, 2022

	General	American Rescue Plan Act Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents / investments	\$ 295,761,259	\$ -	\$ 25,106,257	\$ 35,629,482	\$ 3,892,843	\$ 360,389,841
Cash and cash equivalents / investments - restricted	2,664,131	31,222,638	7,584,209	-	688,801	42,159,779
Receivables:						
Accounts receivable	1,854,457	-	19,586,573	-	-	21,441,030
Net property taxes receivable	2,059,235	-	-	-	70,128	2,129,363
Solid waste receivable	29,126	-	-	-	-	29,126
Animal taxes receivable	298,650	-	-	-	-	298,650
Water services receivable	115	-	-	-	-	115
Net emergency medical services receivable	2,586,019	-	-	-	-	2,586,019
WSR loan receivable	-	-	2,550,000	-	-	2,550,000
Leases	10,284,127	-	-	-	-	10,284,127
Inventory	1,912,385	-	-	-	-	1,912,385
Due from other governments - federal and state agencies	12,310,856	-	3,429,535	-	47,964	15,788,355
Due from other governments - local	6,082,577	-	-	-	-	6,082,577
Due from agencies - other	2,887,274	-	-	-	-	2,887,274
Due from capital project fund	3,047,554	-	-	-	-	3,047,554
Prepaid expenditures	134,955	-	-	-	-	134,955
Total assets	<u>\$ 341,912,720</u>	<u>\$ 31,222,638</u>	<u>\$ 58,256,574</u>	<u>\$ 35,629,482</u>	<u>\$ 4,699,736</u>	<u>\$ 471,721,150</u>
Liabilities						
Accounts payable	\$ 11,878,644	-	\$ 18,428,540	-	\$ 12,128	\$ 30,319,312
Accrued payroll and related amounts withheld	7,114,342	-	-	-	-	7,114,342
Due to other governments - federal and state agencies	41,960	-	-	-	-	41,960
Due to other governments - local	183,134	-	-	-	-	183,134
Due to general fund	-	-	3,047,554	-	-	3,047,554
Security deposits	32,544	-	-	-	-	32,544
Retiree and COBRA prepaid benefit contributions	198,744	-	-	-	-	198,744
Escrow - register of deeds	472,409	-	-	-	-	472,409
Unearned revenue	-	31,222,638	-	-	445,273	31,667,911
Total liabilities	<u>19,921,777</u>	<u>31,222,638</u>	<u>21,476,094</u>	<u>-</u>	<u>457,401</u>	<u>73,077,910</u>
Deferred inflows of resources						
Prepaid rent	5,095	-	-	-	-	5,095
Prepaid taxes	807,002	-	-	-	20,805	827,807
Prepaid - emergency medical services	145,074	-	-	-	-	145,074
Prepaid - public health	18	-	-	-	-	18
Net property taxes receivable	2,059,235	-	-	-	70,128	2,129,363
Solid waste receivable	29,126	-	-	-	-	29,126
Animal taxes receivable	298,650	-	-	-	-	298,650
Water services receivable	115	-	-	-	-	115
Net emergency medical services receivable	2,586,019	-	-	-	-	2,586,019
WSR loan receivable	-	-	2,550,000	-	-	2,550,000
Leases	10,249,668	-	-	-	-	10,249,668
Total deferred inflows of resources	<u>16,180,002</u>	<u>-</u>	<u>2,550,000</u>	<u>-</u>	<u>90,933</u>	<u>18,820,935</u>
Fund balances						
Non-spendable:						
Inventories	1,912,385	-	-	-	-	1,912,385
Prepaid expenditures	134,955	-	-	-	-	134,955
Leases	34,459	-	-	-	-	34,459
Restricted:						
Stabilization by State Statute	40,513,694	-	33,187,345	-	-	73,701,039
Museum	217,871	-	-	-	-	217,871
Tax technology	86,135	-	-	-	-	86,135
Sheriff	374,979	-	-	-	-	374,979
Fire marshal	-	-	-	-	243,528	243,528
Cooperative extension programs	11,050	-	-	-	-	11,050
Social services programs	1,271,157	-	-	-	-	1,271,157
Library programs	14,394	-	-	-	-	14,394
Criminal justice programs	44,999	-	-	-	-	44,999
Environmental protection programs	124,215	-	-	-	-	124,215
Register of deeds	507,921	-	-	-	-	507,921
Special Butner	8,703	-	-	-	-	8,703
Youth home programs	2,707	-	-	-	-	2,707
Education	-	-	761	-	-	761
Committed:						
Risk management	5,178,793	-	-	-	-	5,178,793
Public health	151	-	-	-	-	151
Debt service	19,896,417	-	-	-	-	19,896,417
Sheriff inmate	797,080	-	-	-	-	797,080
Education: Article 46	7,003,587	-	-	-	-	7,003,587
OPEB	76,452,735	-	-	-	-	76,452,735
Self-insured health benefits	613,335	-	-	-	-	613,335
Reappraisal reserve	917,711	-	-	-	-	917,711
LEO Special Separation Allowance	1,870,314	-	-	-	-	1,870,314
Assigned, reported in:						
General fund	28,509,242	-	-	-	-	28,509,242
Capital projects fund	-	-	1,042,374	-	-	1,042,374
Debt service	-	-	-	35,629,482	-	35,629,482
Assigned, reported in nonmajor:						
Special revenue	-	-	-	-	3,907,874	3,907,874
Unassigned, general	119,311,952	-	-	-	-	119,311,952
Total fund balances	<u>305,810,941</u>	<u>-</u>	<u>34,230,480</u>	<u>35,629,482</u>	<u>4,151,402</u>	<u>379,822,305</u>
Total liabilities, deferred inflow of resources and fund balances	\$ 341,912,720	\$ 31,222,638	\$ 58,256,574	\$ 35,629,482	\$ 4,699,736	\$ 471,721,150

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, 2022**

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

Total fund balance - governmental funds	\$ 379,822,305
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	516,204,009
Other long-term assets used in governmental activities are not a current financial resource and, therefore, are not reported in the funds.	1,043,446
Deferred outflows of resources used in governmental activities represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then, and therefore, are not reported in the funds.	88,044,698
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the funds.	4,878,297
Deferred inflows of resources used in governmental activities represents an acquisition of net position that applies to a future period and so will not be recognized as a revenue until then, and therefore, are not reported in the funds.	(63,557,740)
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.	(862,893,504)
Net position of governmental activities	<u>\$ 63,541,511</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, 2022

	General	American Rescue Plan Act Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 462,351,377	\$ -	\$ -	\$ -	\$ 11,527,192	\$ 473,878,569
Licenses and permits	428,244	-	-	-	-	428,244
Intergovernmental revenues	90,995,806	-	1,157,830	-	-	92,153,636
Investments	2,129,490	-	33,641	75,446	11,138	2,249,715
Rent	182,652	-	-	-	-	182,652
Charges for services	38,438,658	-	-	538,453	1,250,000	40,227,111
Other revenues	16,502,419	-	27	-	-	16,502,446
Total revenues	611,028,646	-	1,191,498	613,899	12,788,330	625,622,373
Expenditures						
Current:						
General government	72,959,018	-	11,344,084	-	-	84,303,102
Public safety	76,074,463	-	6,822,635	-	8,099,247	90,996,345
Transportation	818,605	-	-	-	-	818,605
Economic and physical development	9,021,721	-	5,523,917	-	1,506,700	16,052,338
Environmental protection	5,535,654	-	27,358,676	-	-	32,894,330
Human services	118,399,585	-	-	-	-	118,399,585
Education	181,819,050	-	63,511,029	-	-	245,330,079
Cultural and recreational	15,679,554	-	2,656,266	-	-	18,335,820
Debt service:						
Principal retirement	428,503	-	-	45,109,043	-	45,537,546
Interest and fiscal charges	14,685	-	-	17,922,791	-	17,937,476
Debt issuance costs	-	-	115,106	150	-	115,256
Total expenditures	480,750,838	-	117,331,713	63,031,984	9,605,947	670,720,482
Excess (deficiency) of revenues over (under) expenditures	130,277,808	-	(116,140,215)	(62,418,085)	3,182,383	(45,098,109)
Other financing sources (uses)						
Transfers in	5,566,084	-	23,316,450	72,787,274	-	101,669,808
Transfers out	(85,032,308)	-	(1,273,266)	(12,921,748)	(2,442,486)	(101,669,808)
Issuance of installment purchases	-	-	108,013,952	-	-	108,013,952
Lease liabilities issued	1,897,483	-	-	-	-	1,897,483
Total other financing sources (uses)	(77,568,741)	-	130,057,136	59,865,526	(2,442,486)	109,911,435
Net change in fund balances	52,709,067	-	13,916,921	(2,552,559)	739,897	64,813,326
Fund balance - beginning	253,101,874	-	20,313,559	38,182,041	3,411,505	315,008,979
Fund balance - ending	\$ 305,810,941	\$ -	\$ 34,230,480	\$ 35,629,482	\$ 4,151,402	\$ 379,822,305

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, 2022**

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

Net changes in fund balances - total governmental funds	\$ 64,813,326
<p>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.</p>	8,058,300
<p>Deferred outflows of resources used in governmental activities represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then, and therefore, are not reported in the funds.</p>	(182,924)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	(8,257,760)
<p>Deferred inflows of resources used in governmental activities represents an acquisition of net position that applies to a future period and so will not be recognized as a revenue until then, and therefore, are not reported in the funds.</p>	(21,371,205)
<p>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.</p>	(38,498,706)
Change in net position of governmental activities	<u>\$ 4,561,031</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, 2022**

	Budgeted Amounts			Positive (Negative) Variance
	Original	Final	Actual	
Revenues				
Taxes				
Current levy	\$ 330,917,899	\$ 330,917,899	\$ 340,372,315	\$ 9,454,416
Prior years' levy	300,000	300,000	2,046,053	1,746,053
Tax penalties and interest	420,000	420,000	915,889	495,889
Advertising and selling	10,000	10,000	35,310	25,310
Payments in lieu of taxes	-	-	57,051	57,051
Local option sales tax	94,555,673	94,555,673	114,631,886	20,076,213
Animal tax	-	-	2,831	2,831
Occupancy tax	2,573,380	2,573,380	3,397,090	823,710
Gross receipts tax	450,000	450,000	624,673	174,673
Vehicle registration tax	300,000	300,000	191,524	(108,476)
Solid waste tax	25,000	25,000	47,450	22,450
White goods tax	17,000	17,000	29,305	12,305
Total taxes	429,568,952	429,568,952	462,351,377	32,782,425
Intergovernmental revenues				
Beer and wine tax	190,000	190,000	147,508	(42,492)
Social services	30,268,793	51,160,775	55,636,048	4,475,273
Public health	8,801,602	18,863,391	13,216,494	(5,646,897)
Library	376,675	568,844	423,716	(145,128)
Finance	8,447,419	7,956,074	12,334,492	4,378,418
ABC Board	2,500,000	2,500,000	2,500,000	-
Other	8,023,631	9,141,582	6,737,548	(2,404,034)
Total intergovernmental revenues	58,608,120	90,380,666	90,995,806	615,140
Charges for services				
Elections registration lists	659,000	659,000	689,403	30,403
Register of deeds	6,520,000	6,520,000	10,043,647	3,523,647
General government charges	7,133,444	7,125,477	7,705,613	580,136
Collection fees	1,909,100	1,909,100	2,160,468	251,368
Public protection	1,486,500	1,486,500	1,409,052	(77,448)
Environmental protection	13,000	13,000	24,525	11,525
Solid waste fees	2,349,257	2,349,257	2,374,792	25,535
Facilities fees	220,000	220,000	212,260	(7,740)
Library fees and charges	80,000	80,000	73,691	(6,309)
Public health	329,110	336,110	510,905	174,795
Social services	4,376	4,376	4,287	(89)
Office of emergency services	11,485,000	11,485,000	13,219,530	1,734,530
Other charges	11,075	11,075	10,485	(590)
Total charges for services	32,199,862	32,198,895	38,438,658	6,239,763
Investment and rental income				
Investment earnings	2,570,005	2,570,005	2,129,490	(440,515)
Rent	738,924	738,924	182,652	(556,272)
Total investment and rental income	3,308,929	3,308,929	2,312,142	(996,787)
Licenses and permits				
Cablevision and franchise fees	475,000	475,000	353,842	(121,158)
Wine and beer licenses	20,000	20,000	17,382	(2,618)
Other licenses and permits	45,000	45,000	57,020	12,020
Total licenses and permits	540,000	540,000	428,244	(111,756)

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, 2022 (continued)**

	Budgeted Amounts		Actual	Positive (Negative) Variance
	Original	Final		
Revenues (continued)				
Other revenues				
Miscellaneous	\$ 281,992	\$ 281,992	\$ 1,323,995	\$ 1,042,003
Confiscated property				
federal investigation	40,000	40,000	51,847	11,847
Inmate welfare	100,000	100,000	197,079	97,079
Sale of surplus property and materials	-	-	59,174	59,174
Sale of real property	-	-	14,750,664	14,750,664
Other	50,000	50,000	119,660	69,660
Total other revenues	471,992	471,992	16,502,419	16,030,427
Total revenues	524,697,855	556,469,434	611,028,646	54,559,212
Expenditures				
General administration				
Board of county commissioners	889,296	982,370	797,203	185,167
County manager	4,020,226	4,223,782	3,656,116	567,666
Finance	4,686,218	5,409,180	4,470,869	938,311
Tax	8,021,471	8,393,965	7,992,093	401,872
Legal	2,871,753	3,041,782	3,643,274	(601,492)
Court facilities	383,805	384,085	374,260	9,825
Human resources	8,395,647	9,059,732	8,848,275	211,457
Elections	3,239,852	3,364,318	3,539,285	(174,967)
Risk management and insurance	4,809,685	4,963,841	4,005,942	957,899
General services	16,475,548	17,450,785	17,111,699	339,086
Geographic information systems	468,927	468,927	468,927	-
Information systems and technology	12,933,314	14,732,201	13,438,001	1,294,200
Register of deeds	2,223,293	2,523,999	2,218,432	305,567
Other	8,740,169	6,485,837	2,394,642	4,091,195
Total general administration	78,159,204	81,484,804	72,959,018	8,525,786
Economic and physical development				
Planning	1,339,063	1,339,063	881,327	457,736
Cooperative extension	1,962,619	3,639,024	3,510,915	128,109
Soil and water conservation	716,091	903,230	752,891	150,339
Open space management	100,175	232,644	63,985	168,659
Industrial extension	2,323,616	2,423,616	2,385,249	38,367
Other	1,520,860	1,608,355	1,427,354	181,001
Total economic and physical development	7,962,424	10,145,932	9,021,721	1,124,211
Human services				
Public health	35,359,230	45,993,003	35,229,909	10,763,094
Mental health	6,349,700	6,349,700	4,208,618	2,141,082
Social services	61,133,772	83,413,484	78,579,515	4,833,969
Other	677,182	677,182	381,543	295,639
Total human services	103,519,884	136,433,369	118,399,585	18,033,784
Education				
Durham public schools				
Current	160,206,627	160,206,627	160,206,627	-
Capital	6,000,000	6,000,000	6,000,000	-
Durham technical community college				
Current	8,511,666	8,511,666	8,511,666	-
Capital	442,500	442,500	442,500	-
Other education	6,057,846	6,910,963	6,658,257	252,706
Total education	181,218,639	182,071,756	181,819,050	252,706

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, 2022 (continued)**

	Budgeted Amounts		Actual	Positive (Negative) Variance
	Original	Final		
Expenditures (continued)				
Public safety				
Criminal justice partnership	\$ 6,109,580	\$ 6,440,373	\$ 5,729,393	\$ 710,980
County sheriff	23,198,762	26,986,583	24,417,985	2,568,598
County jail	19,521,098	19,291,611	18,227,829	1,063,782
Youth home	1,743,038	1,859,973	1,703,301	156,672
Animal control	2,137,311	2,137,170	1,977,427	159,743
Emergency communications center	1,566,863	1,566,863	1,306,254	260,609
Office of emergency services	22,162,026	24,775,470	22,385,999	2,389,471
Medical examiner	350,000	350,000	326,275	23,725
Total public safety	<u>76,788,678</u>	<u>83,408,043</u>	<u>76,074,463</u>	<u>7,333,580</u>
Transportation				
Airport authority	12,500	12,500	12,500	-
Go Triangle	400,000	400,000	191,524	208,476
County transportation	564,972	888,496	614,581	273,915
Total transportation	<u>977,472</u>	<u>1,300,996</u>	<u>818,605</u>	<u>482,391</u>
Environmental protection				
Solid waste	2,679,681	2,799,911	2,154,142	645,769
Environmental engineering	2,773,221	3,379,340	3,327,710	51,630
Other	58,640	58,640	53,802	4,838
Total environmental protection	<u>5,511,542</u>	<u>6,237,891</u>	<u>5,535,654</u>	<u>702,237</u>
Cultural and recreational				
Library	13,777,840	14,309,127	13,378,713	930,414
Other	2,300,841	2,300,841	2,300,841	-
Total cultural and recreational	<u>16,078,681</u>	<u>16,609,968</u>	<u>15,679,554</u>	<u>930,414</u>
Debt service:				
Principal	-	-	428,503	(428,503)
Interest and fiscal charges	-	-	14,685	(14,685)
Total debt service	<u>-</u>	<u>-</u>	<u>443,188</u>	<u>(443,188)</u>
Total expenditures	<u>470,216,524</u>	<u>517,692,759</u>	<u>480,750,838</u>	<u>36,941,921</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>54,481,331</u>	<u>38,776,675</u>	<u>130,277,808</u>	<u>91,501,133</u>
Other financing sources (uses)				
Transfers in	5,321,129	5,622,477	5,566,084	(56,393)
Transfers out	(82,523,212)	(85,032,308)	(85,032,308)	-
Lease liabilities issued	-	-	1,897,483	1,897,483
Appropriated fund balance	22,720,752	40,633,156	-	(40,633,156)
Total other financing uses	<u>(54,481,331)</u>	<u>(38,776,675)</u>	<u>(77,568,741)</u>	<u>(38,792,066)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>\$ -</u>	<u>52,709,067</u>	<u>\$ 52,709,067</u>
FUND BALANCE - BEGINNING OF YEAR			<u>253,101,874</u>	
FUND BALANCE - END OF YEAR			<u>\$ 305,810,941</u>	

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

DURHAM COUNTY, NORTH CAROLINA

**Statement of Net Position
Proprietary Funds
June 30, 2022**

	Enterprise Funds		
	Sewer Utility Fund	Stormwater Fund	Total
Assets			
Current assets			
Cash and cash equivalents / investments	\$ 37,173,725	\$ 1,786,311	\$ 38,960,036
Cash and cash equivalents / investments - restricted	7,265,351	-	7,265,351
Receivables:			
Stormwater fees receivable	-	67,137	67,137
Accounts receivable	158,959	1,875	160,834
Accrued interest receivable	93,895	4,780	98,675
Total receivables	252,854	73,792	326,646
Due from other governments - federal and state agencies	337,818	2,038	339,856
Due from other governments - local	3,033,605	-	3,033,605
Prepaid expenses	8,553	-	8,553
Total current assets	48,071,906	1,862,141	49,934,047
Noncurrent assets			
Net pension asset - LGERS	-	16,719	16,719
Capital assets:			
Land	5,248,865	-	5,248,865
Easements	5,000	-	5,000
Land improvements - sewer and water lines	29,072,626	-	29,072,626
Building treatment plant	56,854,766	-	56,854,766
Machinery and equipment	3,583,510	8,070	3,591,580
Vehicles	473,760	96,209	569,969
Computer hardware	43,907	-	43,907
Computer software	73,157	-	73,157
Construction in progress	16,472,619	-	16,472,619
Total capital assets	111,828,210	104,279	111,932,489
Less accumulated depreciation and amortization	(39,918,444)	(97,958)	(40,016,402)
Net capital assets	71,909,766	6,321	71,916,087
Total noncurrent assets	71,909,766	23,040	71,932,806
Total assets	119,981,672	1,885,181	121,866,853
Deferred outflows of resources			
Contributions to pension plan in current fiscal year	200,879	40,090	240,969
Pension deferrals - LGERS	272,457	25,493	297,950
Unamortized loss on refundings	220,443	-	220,443
Total deferred outflows of resources	693,779	65,583	759,362
Liabilities			
Current liabilities			
Current portion of accrued compensated absences	73,308	38,907	112,215
Current portion of long-term debt	1,523,033	-	1,523,033
Accounts payable	878,638	11,875	890,513
Arbitrage rebate payable	13,000	-	13,000
Accrued interest payable	34,713	-	34,713
Accrued payroll and related amounts withheld	107,633	36,830	144,463
Due to other agencies	-	8,185	8,185
Security deposits	-	50,919	50,919
Total current liabilities	2,630,325	146,716	2,777,041
Noncurrent liabilities			
Accrued compensated absences	69,876	10,492	80,368
Net pension liability - LGERS	230,663	-	230,663
Long-term debt	10,230,269	-	10,230,269
Total noncurrent liabilities	10,530,808	10,492	10,541,300
Total liabilities	13,161,133	157,208	13,318,341
Deferred inflows of resources			
Pension deferrals - LGERS	536,403	100,249	636,652
Total deferred inflows of resources	536,403	100,249	636,652
Net position			
Net investment in capital assets	60,376,907	6,321	60,383,228
Restricted for capital projects	7,265,351	-	7,265,351
Unrestricted	39,335,657	1,686,986	41,022,643
Total net position	\$ 106,977,915	\$ 1,693,307	\$ 108,671,222

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, 2022

	Enterprise Funds		Total
	Sewer Utility Fund	Stormwater Fund	
Operating revenues			
Charges for services	\$ 12,802,376	\$ 814,568	\$ 13,616,944
Total operating revenues	<u>12,802,376</u>	<u>814,568</u>	<u>13,616,944</u>
Operating expenses			
Personnel services	2,508,438	750,405	3,258,843
Utilities	512,017	-	512,017
Maintenance and other	3,527,997	467,229	3,995,226
Depreciation	3,537,912	3,362	3,541,274
Total operating expenses	<u>10,086,364</u>	<u>1,220,996</u>	<u>11,307,360</u>
Operating income	<u>2,716,012</u>	<u>(406,428)</u>	<u>2,309,584</u>
Nonoperating revenue (expense)			
Investment and interest income	60,254	4,977	65,231
Sewer connection fees	3,116,394	-	3,116,394
Construction permits	-	1,412,623	1,412,623
Inspection fees	-	8,972	8,972
Interest and fiscal charges	(298,710)	-	(298,710)
Miscellaneous	13,431	-	13,431
Loss on disposal of capital assets	(85,398)	-	(85,398)
Total nonoperating revenue (expense)	<u>2,805,971</u>	<u>1,426,572</u>	<u>4,232,543</u>
Income before transfers and contributions	5,521,983	1,020,144	6,542,127
Capital contributions	892,852	-	892,852
Change in net position	6,414,835	1,020,144	7,434,979
Beginning net position	<u>100,563,080</u>	<u>673,163</u>	<u>101,236,243</u>
Total net position, ending	<u>\$ 106,977,915</u>	<u>\$ 1,693,307</u>	<u>\$ 108,671,222</u>

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

DURHAM COUNTY, NORTH CAROLINA

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2022

	Enterprise Fund		
	Sewer Utility Fund	Stormwater Fund	Total
Operating activities			
Cash received from sales	\$ 11,183,846	\$ 803,360	\$ 11,987,206
Cash paid to employees	(2,543,129)	(761,670)	(3,304,799)
Cash paid for operating plant	(3,555,075)	(457,375)	(4,012,450)
Net cash provided (used) by operating activities	5,085,642	(415,685)	4,669,957
Noncapital financing activities			
Sewer connection fees received	3,116,394	-	3,116,394
Construction permits received	-	1,412,623	1,412,623
Inspection fees received	-	8,972	8,972
Security deposits	-	-	-
Insurance reimbursement	-	-	-
Miscellaneous received	13,431	-	13,431
Net cash provided (used) by noncapital financing activities	3,129,825	1,421,595	4,551,420
Capital and related financing activities			
Principal payments on long-term debt	(1,471,145)	-	(1,471,145)
Interest paid	(302,824)	-	(302,824)
Intergovernmental revenues	-	-	-
Acquisition and construction costs of capital assets	(7,134,101)	-	(7,134,101)
Net cash provided (used) by capital and related financing activities	(8,908,070)	-	(8,908,070)
Investing activities			
Investment income and dividends	43,694	1,348	45,042
Net cash provided (used) by investing activities	43,694	1,348	45,042
Net increase (decrease) in cash and cash equivalents/investments	(648,909)	1,007,258	358,349
Cash and cash equivalents/investments			
Beginning of year	45,087,985	779,053	45,867,038
End of year	\$ 44,439,076	\$ 1,786,311	\$ 46,225,387
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 2,716,012	\$ (406,428)	\$ 2,309,584
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	3,537,912	3,362	3,541,274
Pension expense	153,260	30,587	183,847
Change in assets, deferred outflows of resources, and liabilities:			
Accounts receivable	(90,195)	(10,535)	(100,730)
Due from other governments - federal and state agencies	(270,325)	(673)	(270,998)
Due from other governments - local	(1,258,010)	-	(1,258,010)
Accounts payable	485,090	1,669	486,759
Compensated absences and accrued payroll	12,928	(1,762)	11,166
Due to other agencies	-	8,185	8,185
Deferred outflows of resources for pensions	(200,879)	(40,090)	(240,969)
Prepaid expenses	(151)	-	(151)
Total adjustments	2,369,630	(9,257)	2,360,373
Net cash provided (used) by operating activities	\$ 5,085,642	\$ (415,685)	\$ 4,669,957
Supplemental Schedule of Noncash Capital and Related Financing Activities:			
Capital contributions	\$ 892,852	\$ -	\$ 892,852

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, 2022

	Private-purpose Trust Funds	Custodial Funds
Assets		
Cash and cash equivalents	\$ 53,992	\$ 2,946,334
Accounts receivable	-	127,946
Taxes receivable for other governments, net	-	1,250,440
Due from governmental agencies	-	1,525,107
Total assets	<u>53,992</u>	<u>5,849,827</u>
Liabilities		
Accounts payable and accrued liabilities	100	6,390
Due to public schools	-	145,933
Due to governmental agencies	-	4,314,703
Total liabilities	<u>100</u>	<u>4,467,026</u>
Net position		
Held in trust for:		
Individuals, organizations, and other governments	<u>53,892</u>	<u>1,382,801</u>
Total net position	<u>\$ 53,892</u>	<u>\$ 1,382,801</u>

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

DURHAM COUNTY, NORTH CAROLINA

Statement of Changes in Fiduciary Net Position Fiduciary Fund Year Ended June 30, 2022

	Private-purpose Trust Funds	Custodial Funds
Additions		
Employee contributions	\$ 727	\$ -
Donations	2,350	-
Investment income	21	107,855
Collections for public schools	-	671,424
Tax collections for other governments	-	223,923,377
Collections on behalf of sheriff	-	322,657
Collections on behalf of inmates	-	853,643
Total additions	<u>3,098</u>	<u>225,878,956</u>
Deductions		
Benefit Payments	100	-
Payments on behalf of sheriff	-	320,184
Payments on behalf of inmates	-	902,305
Collection distributions to public schools	-	657,687
Tax distributions to other governments	-	221,450,707
Administrative costs	-	2,602,224
Interest costs	-	1,176
Total deductions	<u>100</u>	<u>225,934,283</u>
Change in net position	2,998	(55,327)
Total net position - beginning	<u>50,894</u>	<u>1,438,129</u>
Total net position - ending	<u>\$ 53,892</u>	<u>\$ 1,382,802</u>

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

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Durham County Industrial Facility and Pollution Control Financing Authority

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

2. Government-wide and Fund Financial Statements

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

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

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

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

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

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. Recognition of revenues occurs only as the funds have been spent.

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, 2022

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 restricted, committed or assigned for specified purposes other than debt service or capital projects. These funds appear on the Combining Balance Sheet for Nonmajor Special Revenue Funds and the activity is shown on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances for Nonmajor Special Revenue Funds. Stormwater is reported as a non-major proprietary fund.

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

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

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

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

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

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

Fiduciary:

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

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

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

Town of Morrisville Tax Fund. The Town of Morrisville Tax Fund is used to account for and report ad valorem and vehicle property taxes that are billed and collected by the County but that

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

are not revenues to the County.

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

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

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

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, including the custodial funds. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

legally exceed appropriations at the function level for all annually budgeted funds and at the project level for the multi-year funds. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following summarizes the supplementary appropriations made for the major governmental funds other than the capital projects fund during fiscal year 2022:

	Original Budget	Total Amendments	Revised Budget
General	\$ 552,739,736	\$ 49,985,331	\$ 602,725,067
Debt Service	\$ 80,988,909	\$ 9,921,748	\$ 90,910,657

All annual appropriations lapse at each fiscal year-end.

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

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

Cash and Cash Equivalents

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

Deposits and Investments

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

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

Under the Pooling Method, all uninsured deposits are collateralized with a pool of securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2022, the County's deposits had a carrying amount of \$155,775,509 and a bank balance of \$134,226,987. Of the carrying amount, \$3,000,326 was related to fiduciary funds. Of the bank balance, \$750,000 was covered by federal depository insurance, and \$133,476,987 was covered by collateral held under the Pooling Method.

At June 30, 2022, the ABC Board's deposits had a carrying amount of \$2,595,198 and a bank balance of \$3,430,152. All of the bank balance was insured by federal depository insurance or collateralized under the Pooling Method. North Carolina General Statute 159-30 authorizes the County and the ABC Board to invest in obligations of the U.S. Treasury; obligations of any agency of the United States of America, provided the payment of interest and principal of such obligations is fully guaranteed by the United States of America; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust, a SEC-registered money market mutual fund allowable by G.S. 159-30(c)(8). It is the County's policy to hold investments to maturity in order to realize full book value and interest earnings.

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

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As of June 30, 2022, the County had the following investments and maturities:

Investment Type	Fair Value	Valuation	Less than 6		
		Measurement Method	Months	6-12 Months	1-5 Years
US Government Agencies	\$ 70,731,440	Fair Value - Level 2	\$ 18,939,240	\$ 9,829,940	\$ 41,962,260
NC Capital Management Trust - Government Portfolio	220,320,903	Fair Value - Level 1	220,367,801	-	-
Certificate of Deposit	2,502,495	Fair Value - Level 1	2,502,495	-	-
Total	\$ 293,554,838		\$ 241,809,536	\$ 9,829,940	\$ 41,962,260

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

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

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

Interest Rate Risk:

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

Credit Risk:

The County has no formal policy regarding credit risk but maintains internal management procedures that limit the County's investments to the provisions of North Carolina General Statute 159-30 that restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The County invests in commercial paper bearing the highest credit rating, as determined by nationally recognized statistical rating organizations (NRSROs) and banker's acceptances where the accepting bank or its holding company are incorporated in North Carolina. As of June 30, 2022, the County held no investments in commercial paper. In addition, all of the County's commercial paper carries a long-term debt rating of A or better. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2022. The County's investments in US agencies (Federal Home Loan Bank, Federal Farm Credit Bank, Fannie Mae and Freddie Mac) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Custodial Credit Risk:

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

Concentration of Credit Risk:

The County places no limit on the amount that the County may invest in any one issuer. More than 24 percent of the County's investments are in the Federal Farm Credit Bank and Federal Home Loan Mortgage Corp. These investments are 14% and 10% respectively, of the County's total investment portfolio. All securities owned by the County at June 30, 2022 were in a segregated safekeeping account in the County's name in the Trust Department of First Citizens Bank.

Interest rate swap:

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

The notional amount of the Swap Agreement is equal to the par value of selected associated bonds. The objective of the swap was to create economics (generate present value savings) similar to a 65% of LIBOR synthetic fixed-rate financing without the County having to issue actual refunding bonds. The Swap Agreement provides for the County to make payments to the counterparty based on the taxable-equivalent Bond Market Association (BMA) index and for the counterparty to make reciprocal payments based on a floating rate priced at six-month LIBOR plus a net amount of 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, 2022, the swap had a positive fair value totaling \$379,449 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

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, with the accumulated increase in the fair value of the hedging derivative reported as deferred inflows of resources in the Statement of Net Position. The fair value decreased by \$3,843,865 in fiscal year 2022. The changes in fair value are reported in investment income in the Statement of Activities.

<u>Associated Bond Issues</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Termination Date</u>	<u>Variable Rate Paid</u>	<u>Variable Rate Received</u>	<u>Fair Value</u>	<u>Counterparty Credit Rating</u>
Series 2000, 2001, 2002 A&B, 2004 A&B, 2006 A&B, 2008 A&B 2009 A Certificates of Participation General Obligation Bonds and Certificates of Participation	\$216,051,000	7/1/11	3/1/31	SIFMA Swap Index/ Divisor	1.132% + 6-Month LIBOR	\$379,449	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, 2022, the County was exposed to credit risk, or economic loss due to a counterparty default on its outstanding swap in the amount of \$379,449 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.

Termination risk:

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

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The ABC Board did not have any investments as of June 30, 2022.

6. Receivables

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

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables at the government-wide level at June 30, 2022, were as follows:

	<u>Accounts</u>	<u>Accrued Interest</u>	<u>Taxes</u>	<u>Stormwater Fees</u>	<u>Solid Waste</u>
Governmental activities:					
General	\$ 2,467,157	\$ 851,674	\$ 2,440,968	\$ -	\$ 29,126
Capital projects	22,136,573	79,306	-	-	-
Other governmental	-	-	71,073	-	-
Total receivables	<u>24,603,730</u>	<u>930,980</u>	<u>2,512,041</u>	<u>-</u>	<u>29,126</u>
Allowance for doubtful accounts	<u>(94,676)</u>	<u>-</u>	<u>(84,028)</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 24,509,054</u>	<u>\$ 930,980</u>	<u>\$ 2,428,013</u>	<u>\$ -</u>	<u>\$ 29,126</u>
Business-type activities:					
Sewer utility	\$ 158,959	\$ 93,985	\$ -	\$ -	\$ -
Stormwater	<u>\$ 1,875</u>	<u>\$ 4,780</u>	<u>\$ -</u>	<u>\$ 67,137</u>	<u>\$ -</u>
Total receivables	<u>160,834</u>	<u>98,765</u>	<u>-</u>	<u>67,137</u>	<u>-</u>
Total business-type activities	<u>\$ 160,834</u>	<u>\$ 98,765</u>	<u>\$ -</u>	<u>\$ 67,137</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, 2022 of \$313,629 has been included in the allowance for doubtful accounts.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Emergency Medical Services	Development Mortgage Loans	Alliance Advance Loan	Due from Other Agencies	Due from Other Governments	Total
\$ 65,812,165	\$ 313,629	\$ 2,141,094	\$ 17,802,481	\$ 10,284,127	\$ 102,142,421
-	-	-	1,689,068	-	23,904,947
-	-	-	47,964	-	119,037
65,812,165	313,629	2,141,094	19,539,513	10,284,127	126,166,405
(63,226,147)	(313,629)	-	-	-	(63,718,480)
\$ 2,586,018	\$ -	\$ 2,141,094	\$ 19,539,513	\$ 10,284,127	\$ 52,163,798.00
\$ -	\$ -	\$ -	\$ 3,371,423	\$ -	\$ 3,624,367
\$ -	\$ -	\$ -	\$ 2,038	\$ -	\$ 75,830
-	-	-	3,373,461	-	3,700,197
\$ -	\$ -	\$ -	\$ 3,373,461	\$ -	\$ 3,700,197

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, 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 – unamortized loss on bond refundings, pension related deferrals (ROD, LGERS, LEOSSA, and OPEB) and contributions made to the pension plan in the current fiscal year (ROD, LGERS, LEOSSA, and OPEB).

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

8. Inventories and Prepaid Items

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

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

9. Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as tangible and non-consumable with an acquisition cost of \$5,000 or more or intangible with an acquisition cost or fair market value, if donated or gifted, of \$50,000 or more and an estimated life in excess of one

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

year. Purchased or constructed capital assets are recorded at original cost at the time of acquisition or completion. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value.

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

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

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

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

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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
Leasehold improvement	Life of the lease
Sewer system	50 years
Water system	50 years
Construction in progress (CIP)	N/A
Capital leases	Life of the lease
Easements	Indefinite, to be monitored for impairment

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

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.

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

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

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Long-term Obligations

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

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

11. Compensated Absences

Permanent employees of the County can earn vacation leave at 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, 2022 amounted to \$10,389,262. Of this amount, \$10,196,679 is recorded as a liability in the government-wide financial statements for governmental activities, and \$192,583 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, 2022 amounted to \$101,602. 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, 2022 amounted to \$36,808,360 in total. Upon separation from the County or the ABC Board, there is no compensation for earned sick leave. Therefore, sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

12. 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 the funds will be front loaded.

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. 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 until expended. No funds have been expended as of June 30, 2022. In addition, no allocation plan has been approved by the Board. Therefore, no multi-year grant ordinance has been adopted as of June 30, 2022, and no Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual from Inception and for the Fiscal Year Ended June 30, 2022, is presented in the Other Supplementary Section. 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.

13. Reimbursements for Pandemic-related Expenditures

In FY 2020/21, 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 County was allocated \$64,451,759 of fiscal recovery funds to be paid in two equal installments. The first installment of \$31,225,880 was received in July 2021. The second installment will be received in July 2022. No funds have been expended as of June 30, 2022. However, the Board did approve an allocation plan and adopted a multi-year budget ordinance for the full amount of the award.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

14. 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, 2022 are as follows:

	Major Funds			Nonmajor Funds
General Fund	Community Health Trust	Capital Projects Fund	Debt Service Fund	Other Governmental Funds
\$ 14,330,976	\$ -	\$ 11,141,279	\$ -	\$ -

15. 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.

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- 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 Youth Home programs – portion of fund balance that is restricted by revenue source for youth home purposes.
- Restricted for education – portion of fund balance restricted by revenue source that can be used only for school capital or school debt service for Durham Public Schools.

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

- Committed for risk management – portion of fund balance that can only be used for catastrophic occurrences.
- Committed for public health – portion of fund balance that can only be used for public health purposes.
- Committed for debt service – portion of fund balance that can only be used for debt service.
- Committed for sheriff inmate – portion of fund balance that can only be used for

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following schedule presents the assigned fund balances at June 30, 2022:

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Special Revenue Funds
Assigned Fund Balance:				
Assigned for subsequent year	\$ 28,509,242	\$ -	\$ -	\$ -
Assigned for health related purposes	-	-	-	6,840
Assigned for capital projects	-	1,042,374	-	-
Assigned for fire districts	-	-	-	3,584,081
Assigned for economic development purposes	-	-	-	316,953
Assigned for debt service	-	-	35,629,482	-
	<u>\$ 28,509,242</u>	<u>\$ 1,042,374</u>	<u>\$ 35,629,482</u>	<u>\$ 3,907,874</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, 2022, the County’s unassigned fund balance as a percentage of expenditures and the total fund balance

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

available as a percentage of expenditures were 21.09% and 46.92%, respectively.

16. 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.

17. Interest rate swap

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

18. Defined Benefit Pension Plans

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

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

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

B. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between total *fund balance for the governmental funds* and *net position for governmental activities* as reported in the government-wide statement of net position. The net adjustment of \$(316,280,794) 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)	\$505,327,583
Investment in joint venture	9,430,610
Right to use leased assets (net of amortization)	<u>1,445,816</u>
Net adjustment to increase total fund balance for the governmental funds to arrive at net position for governmental activities	<u>\$516,204,009</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	\$ 379,449
Pension asset – ROD	<u>663,997</u>
Net adjustment to increase total fund balance for the governmental funds to arrive at net position for governmental activities	<u>\$ 1,043,446</u>

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

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

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

Pension deferrals – LGERS	\$ 36,028,706
Pension deferrals – ROD	235,405
Pension deferrals – LEOSSA	2,851,060
OPEB deferrals	36,888,800
Unamortized loss on debt refundings	<u>12,040,727</u>

Net adjustment to increase total fund balance for the governmental funds to arrive at net position for governmental activities \$ 88,044,698

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)	\$ 2,129,363
Solid waste receivable	29,126
Animal taxes receivable	298,650
Emergency medical services receivable (net)	2,586,019
Water services receivable	115
WSR loan receivable	2,550,000
Investments (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 \$ 4,878,297

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

Pension deferrals – LGERS	\$ (33,561,183)
Pension deferrals – ROD	(89,811)
Pension deferrals – LEOSSA	(290,686)
OPEB deferrals	<u>(29,616,060)</u>

Net adjustment to decrease total fund balance for the governmental funds to arrive at net position for governmental activities \$ (63,557,740)

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

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

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

Bonds and other notes payable due within one year	\$ (42,581,010)
Bonds and other notes payable	(569,536,228)
Total OPEB liability	(205,440,549)
Net pension liability – LGERS	(23,466,616)
Total pension liability – LEOSSA	(10,123,540)
Accrued compensated absences	(10,196,679)
Accrued interest payable	<u>(2,479,862)</u>
 Subtotal	 (863,824,484)
 Less: accrued interest receivable	 <u>930,980</u>
 Net adjustment to decrease total fund balance for the governmental funds to arrive at net position for governmental activities	 <u>\$(862,893,504)</u>

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2022

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 \$60,252,295 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	\$ 24,312,116
Less: depreciation expense	(16,532,436)
Less: amortization expense	(451,667)
Plus: decrease in investment in joint venture	<u>730,287</u>

Net adjustment to increase net changes in fund balances for the governmental funds to arrive at changes in net position of governmental activities	<u>\$ 8,058,300</u>
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2. “Deferred outflows of resources used in governmental activities represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then, and therefore, are not reported in the funds.”

Contributions to the pension plan current fiscal year – LGERS	\$ 1,716,993
Contributions to the pension plan current fiscal year – ROD	(1,684)
Contributions to the pension plan current fiscal year – LEOSSA	54,825
Contributions to the pension plan current fiscal year – OPEB	38,678
Amortization on loss of debt refunding	<u>(1,991,736)</u>

Net adjustment to increase net changes in fund balances for the governmental funds to arrive at changes in net position of governmental activities	<u>\$ (182,924)</u>
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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

**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.”

Decrease in property taxes receivable (net)	\$ (1,737,974)
Decrease in emergency medical services receivable (net)	(4,524)
Decrease in deferred revenue of animal tax receivable	(2,852)
Decrease in deferred revenue of solid waste receivable	(26,456)
Decrease in derivative financial instrument	(3,834,865)
Decrease in water services receivable	(1,006)
Decrease in pension asset – ROD	(368,413)
Decrease in investment earnings (fair market value)	<u>(2,281,670)</u>

Net adjustment to decrease net changes in fund
balances for the governmental funds to arrive at
changes in net position of governmental activities \$ (8,257,670)

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

County’s portion of collective pension expense – LGERS	(10,118,993)
County’s portion of collective pension expense – ROD	(28,950)
County’s portion of collective pension expense – LEOSSA	(1,312,679)
County’s portion of collective OPEB expense	<u>\$ (9,910,583)</u>

Net adjustment to increase net changes in fund
balances for the governmental funds to arrive at
changes in net position of governmental activities \$ (21,371,205)

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

**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	\$ 45,537,546
Increase in debt (net)	(109,911,435)
Increase in OPEB liability	(9,846,912)
Decrease in pension liability – LGERS	30,182,737
Decrease in pension liability – LEOSSA	58,725
Decrease in accrued interest payable	335,394
Increase in accrued compensated absences	(245,232)
Increase in accrued interest receivable	293,839
Amortization of bond premium	<u>5,096,632</u>
 Net adjustment to increase net changes in fund balances for the governmental funds to arrive at changes in net position of governmental activities	 <u>\$ (38,498,706)</u>

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

C. PROPERTY TAXES

Property Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes, in the current fiscal year 2022 levy, are based on the assessed values as of January 1, 2019, effective date of the county's last general reappraisal. A general reappraisal (revaluation) of all real property is required to be performed at least once every eight years to establish market value, however the statutes allow for a shorter reappraisal cycle. The next general reappraisal (revaluation) will be effective January 1, 2026.

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

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

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

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

D. LEASE RECEIVABLES

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Durham County's lease receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources is amortized on a straight-line basis of the term of the lease. For additional information, refer to the disclosures below.

On July 1, 2021, Durham County, NC 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. As of June 30, 2022, the value of the lease receivable is \$4,271. The lessee is required to make monthly fixed payments of \$1,425. The lease has an interest rate of 0.4503%. The value of the deferred inflow of resources as of June 30, 2022 was \$4,238, and Durham County recognized lease revenue of \$16,954 during the fiscal year.

On July 1, 2021, Durham County recorded a 276 month lease as Lessor for the use of Parking Lease Agreement (American Campus LLC). An initial lease receivable was recorded in the amount of \$11,565,883. The Board of County Commissioners terminated the lease and authorized the sale of the parking deck, and therefore the lease receivable and deferred inflow of resource balances were removed. The lessee was required to make monthly fixed payments of \$51,878 through the execution of the sale in May 2022. The lease had an interest rate of 2.2815%. Durham County recognized lease revenue of \$323,816 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, 2022, the value of the lease receivable is \$7,072. The lessee is required to make annual fixed payments of \$600. The lease has an interest rate of 1.4290%. The value of the deferred inflow of resources as of June 30, 2022 was \$7,054, 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, 2022, the value of the lease receivable is \$10,272,784. 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, 2022 was \$10,238,376, 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, 2022 were \$38,159,198 and \$25,446,662 respectively. Under the terms of

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

D. LEASE RECEIVABLES (continued)

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 were reduced to \$3,200,000 effective for fiscal year 2009. Also, effective fiscal year 2009, Duke paid the County \$100,000 annually over a ten-year period for the support of mental health services. There were no changes regarding emergency medical services or medical services provided at LCHC.

On November 24, 2008, a second amendment to the lease agreement and a first amendment to the operating agreement were approved by the Board of County Commissioners, Durham County Hospital Corporation and Duke University Health System. Under the terms of the revised agreement, beginning January 1, 2009, the term of the lease agreement was extended for an additional 40-year term until June 30, 2049, with the term automatically extending each year for one additional year. Under this agreement, the County was paid an additional \$375,000 for fiscal year 2009. From July 1, 2009 until June 30, 2018, the County received payments of \$3,950,000 per year. For fiscal year 2022, 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 2021 and 2022, the County received \$2,638,659 and \$2,762,620 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 \$3,481,263 and \$3,578,848 for fiscal years 2021 and 2022, 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.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

E. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

Governmental Activities:

	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Nondepreciable capital assets:				
Land	\$ 8,786,840	\$ 1,214,786	\$ -	\$ 10,001,626
Easements	2,549,931	361,109	-	2,911,040
Construction in progress	171,827,942	34,864,108	(8,643,366)	198,048,684
Total nondepreciable capital assets	<u>183,164,713</u>	<u>36,440,003</u>	<u>(8,643,366)</u>	<u>210,961,350</u>
Depreciable capital assets:				
Buildings	435,661,661	1,278,027	(16,948,077)	419,991,611
Water Systems	2,406,929	123,496	-	2,530,425
Office furniture and Equipment	1,551,090	31,168	(11,530)	1,570,728
Machinery and Equipment	14,292,442	4,002,695	(1,627,789)	16,667,348
Computer Hardware	13,672,966	3,746,913	-	17,419,879
Computer Software	16,526,743	12,383	-	16,539,126
Vehicles	23,038,771	1,516,797	(831,794)	23,723,774
Total depreciable capital assets	<u>507,150,602</u>	<u>10,711,479</u>	<u>(19,419,190)</u>	<u>498,442,891</u>
Less accumulated depreciation for:				
Buildings	133,248,003	10,774,747	(4,831,712)	139,191,038
Water Systems	196,567	50,403	-	246,970
Office furniture and Equipment	1,441,614	31,909	(11,530)	1,461,993
Machinery and Equipment	11,804,710	2,121,089	(1,627,789)	12,298,010
Computer Hardware	13,290,779	1,372,353	-	14,663,132
Computer Software	16,258,082	169,810	-	16,427,892
Vehicles	18,607,292	2,012,125	(831,794)	19,787,623
Total accumulated depreciation	<u>194,847,047</u>	<u>16,532,436</u>	<u>(7,302,825)</u>	<u>204,076,658</u>
Total depreciable capital assets, net	<u>312,303,555</u>	<u>(5,820,957)</u>	<u>(12,116,365)</u>	<u>294,366,233</u>
Governmental activities capital assets, net	<u>\$ 495,468,268</u>	<u>\$ 30,619,046</u>	<u>\$ (20,759,731)</u>	<u>\$ 505,327,583</u>

During 2022, the County incurred \$61,305,525 of expenses for public school construction. The County maintains school construction activity funded through sources provided by the County in the Capital Projects Fund until completion of the projects. However, the County does not hold title to these Durham County Board of Education properties. Durham County does not own infrastructure and, therefore, does not report infrastructure.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

E. CAPITAL ASSETS (continued)

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

Governmental activities:

General government	\$ 11,010,248
Public safety	3,925,430
Environmental protection	952,988
Economic and physical development	12,349
Human Services	287,645
Educational	202,024
Cultural and recreational	141,752
Total depreciation expense	\$ 16,532,436

Business-type Activities/Sewer Utility Fund:

	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Nondepreciable capital assets:				
Land	\$ 185,226	\$ 5,063,639	\$ -	\$ 5,248,865
Easements	5,000	-	-	5,000
Construction In Progress	16,328,964	6,667,812	(6,524,157)	16,472,619
Total nondepreciable capital assets	16,519,190	11,731,451	(6,524,157)	21,726,484
Depreciable capital assets:				
Land Improvements: Water and Sewer Lines	28,179,774	892,852	-	29,072,626
Buildings	56,854,766	-	-	56,854,766
Machinery and Equipment	2,185,304	1,889,812	(483,536)	3,591,580
Computer Hardware	36,416	7,491	-	43,907
Computer Software	73,157	-	-	73,157
Vehicles	540,466	29,503	-	569,969
Total depreciable capital assets	87,869,883	2,819,658	(483,536)	90,206,005
Less accumulated depreciation for:				
Land Improvements: Water and Sewer Lines	16,357,863	555,636	-	16,913,499
Buildings	18,585,106	2,372,435	-	20,957,541
Machinery and Equipment	1,330,862	580,854	(398,138)	1,513,578
Computer Hardware	36,095	1,873	-	37,968
Computer Software	70,637	2,520	-	73,157
Vehicles	492,702	27,957	-	520,659
Total accumulated depreciation	36,873,265	3,541,275	(398,138)	40,016,402
Total depreciable capital assets, net	50,996,618	(721,617)	(85,398)	50,189,603
Business-type activities capital assets, net	\$ 67,515,808	\$ 11,009,834	\$ (6,609,555)	\$ 71,916,087

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

E. CAPITAL ASSETS (continued)

Capital assets activity for the ABC Board for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Nondepreciable capital assets:				
Land	\$ 2,267,051	\$ 313,682	\$ -	\$ 2,580,733
Work in Process	4,764,561	3,020,726	(3,979,749)	3,805,538
Total nondepreciable capital assets	<u>7,031,612</u>	<u>3,334,408</u>	<u>(3,979,749)</u>	<u>6,386,271</u>
Depreciable capital assets:				
Buildings and improvements	4,945,278	3,387,394	(750,601)	7,582,071
Furniture and Equipment	1,619,534	566,776	-	2,186,310
Vehicles	447,622	27,597	(126,323)	348,896
Total depreciable capital assets	<u>7,012,434</u>	<u>3,981,767</u>	<u>(876,924)</u>	<u>10,117,277</u>
Less accumulated depreciation for:				
Buildings and improvements	1,713,887	241,908	(253,345)	1,702,450
Furniture and Equipment	1,073,252	196,396	-	1,269,648
Vehicles	167,702	49,687	(58,951)	158,438
Total accumulated depreciation	<u>2,954,841</u>	<u>487,991</u>	<u>(312,296)</u>	<u>3,130,536</u>
Total depreciable capital assets, net	<u>4,057,593</u>	<u>3,493,776</u>	<u>(564,628)</u>	<u>6,986,741</u>
Business-type activities capital assets, net	<u>\$ 11,089,205</u>	<u>\$ 6,828,184</u>	<u>\$ (4,544,377)</u>	<u>\$ 13,373,012</u>

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

F. RIGHT TO USE LEASED ASSETS

The County has recorded seven right to use leased assets. The assets are right to use assets for leased buildings and equipment. The related leases are discussed in the leases subsection of the Long-term obligations section of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the Primary Government for the year ended June 30, 2022, was as follows:

Amount of Lease Assets by Major Classes of Underlying Asset

Asset Class	Durham County			ABC Board		
	As of Fiscal Year-end			As of Fiscal Year-end		
	Beginning Lease Asset	Accumulated Amortization	Ending Lease Asset	Beginning Lease Asset	Accumulated Amortization	Ending Lease Asset
Buildings	\$ 1,867,190	\$ 445,156	\$ 1,422,034	\$ 2,635,031	\$ 484,263	\$ 2,150,768
Equipment	30,292	6,510	23,782	-	-	-
Total Leases	\$ 1,897,482	\$ 451,666	\$ 1,445,816	\$ 2,635,031	\$ 484,263	\$ 2,150,768

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2022

G. LONG-TERM OBLIGATIONS

The following is a summary of transactions affecting the County's long-term obligations for the year ended June 30, 2022:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 251,045,000	\$ -	\$ 30,335,000	220,710,000	\$ 22,330,000
Leases	-	1,897,483	428,503	1,468,980	393,126
Limited Obligations bonds	219,430,000	-	14,455,000	204,975,000	14,470,000
Direct Installment notes program	20,147,761	79,117,041	-	99,264,802	-
Bond Anticipation Notes	-	28,896,911	-	28,896,911	-
Unamortized bond premium	59,501,625	-	5,096,632	54,404,993	5,056,504
Direct installment placement financing*	2,697,988	-	309,084	2,388,904	323,732
Net OPEB obligation	195,593,637	9,846,912	-	205,440,549	-
Accrued compensated absences	9,951,447	6,247,981	6,002,749	10,196,679	6,002,749
Net pension liability (LGMERS)	53,649,353	-	30,182,737	23,466,616	-
Total pension liability (LEOSSA)	10,182,265	-	58,725	10,123,540	-
Other financing agreement	17,611	-	9,963	7,648	7,648
Total	\$ 822,216,687	\$ 126,006,328	\$ 86,878,393	\$ 861,344,622	\$ 48,583,761

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type activities					
State Revolving Loans	\$ 7,914,843	\$ -	\$ 671,146	\$ 7,243,697	\$ 671,146
Revenue bonds	5,105,000	-	800,000	4,305,000	820,000
Unamortized bond premium	236,492	-	31,887	204,605	31,887
Accrued compensated absences	183,898	120,900	112,215	192,583	112,216
Net pension liability (LGMERS)	748,930	12,852	531,149	230,633	-
Total	\$ 14,189,163	\$ 133,752	\$ 2,146,397	\$ 12,176,518	\$ 1,635,249

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

Leases

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

G. LONG-TERM OBLIGATIONS (continued)

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, 2022, the value of the lease liability is \$668,539. Durham County is required to make monthly fixed payments of \$14,338. The lease has an interest rate of 1.1376%. The value of the right to use asset as of June 30, 2022 is \$788,994 with accumulated amortization of \$133,351 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, 2022, the value of the lease liability is \$105,507. Durham County is required to make monthly fixed payments of \$5,405. The lease has an interest rate of 0.6478%. The value of the right to use asset as of June 30, 2022 is \$170,093 with accumulated amortization of \$65,842 is included on the table found below. Durham County has 2 extension option(s), each for 12 months.

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, 2022, the value of the lease liability is \$23,652. 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, 2022 is \$30,292 with accumulated amortization of \$6,510 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, 2022, the value of the lease liability is \$349,164. 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, 2022 is \$393,626 with accumulated amortization of \$49,203 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, 2022, the value of the lease liability is \$195,635.

Durham County is required to make monthly fixed payments of \$3,428. The lease has an interest rate of 0.2370%. The value of the right to use asset as of June 30, 2022 is \$237,119 with accumulated amortization of \$44,460 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. As of June 30, 2022, the value of the lease liability is \$33,605. Durham County is required to make monthly fixed payments of \$1,215. The lease has an interest rate of 0.6478%. The value of the right to use asset as of June 30, 2022 is \$48,292 with accumulated amortization of \$14,859 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, 2022

G. LONG-TERM OBLIGATIONS (continued)

On July 1, 2021, Durham County recorded a 20 month lease as Lessee for the use of 3325 Chapel Hill Blvd (NCDPS). An initial lease liability was recorded in the amount of \$229,067. As of June 30, 2022, the value of the lease liability is \$92,877. Durham County is required to make monthly fixed payments of \$11,290. The lease has an interest rate of 0.4345%. The value of the right to use asset as of June 30, 2022 is \$229,067 with accumulated amortization of \$137,440 is included on the table found below.

In July 2021, Durham County ABC Board entered into lease agreements for buildings for three store locations. As of June 30, 2022, the value of the lease liability is \$2,207,760. The value of the right to use asset as of June 30, 2022 is \$2,635,031, with accumulated amortization of \$484,263 is included on the table found below.

Principal and Interest Requirements to Maturity

Fiscal Year	Governmental Activities			ABC Board		
	Principal Payments	Interest Payments	Total Payments	Principal Payments	Interest Payments	Total Payments
2023	393,126	12,903	406,029	285,201	55,988	341,189
2024	280,894	10,016	290,910	265,936	48,686	314,622
2025	239,488	7,539	247,027	216,802	42,463	259,265
2026	241,848	5,123	246,971	225,168	36,484	261,652
2027	202,969	2,682	205,651	248,146	30,090	278,236
2028 - 2030	110,654	1,600	112,254	966,507	50,541	1,017,048
Totals	1,468,979	39,863	1,508,842	2,207,760	264,252	2,472,012

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. Thereby, reducing the amount of the direct installment financing draw program to \$28,700,000.

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

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2022

G. LONG-TERM OBLIGATIONS (continued)

this draw program was the Health and Human Services Complex and the new Northern High School site. This draw program was closed when the new draw program was entered into in April of 2021.

In April of 2021, the County entered into a \$225,000,000 direct installment financing draw program to finance projects that had recently been funded in the previous draw program of \$75,000,000 for the projects that had not yet been completed under that draw program and included new projects in this draw program. Of this amount, \$210,000,000 was tax-exempt and \$15,000,000 was taxable. The collateral for this draw program is the Health and Human Services Complex and the new Northern High School site. With the current draw program, the County is authorized to borrow up to \$225,000,000. Of this amount, \$99,264,802 is currently outstanding as of June 30, 2022.

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

In September 2012, the County entered into a \$4,549,999 direct installment placement contract to finance energy and water conservation measures to reduce energy and water consumption and/or energy-related operating cost. The direct financing placement contract required principal and interest payments beginning in fiscal year 2015 with a fixed interest rate of 2.285%. As of June 30, 2022, the debt amount remaining is \$2,388,904.

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$323,732	\$52,768
2024	338,712	45,288
2025	354,541	37,459
2026	370,735	29,265
2027	387,800	20,700
2028-2032	<u>613,384</u>	<u>14,115</u>
Total	<u>\$2,388,904</u>	<u>\$199,595</u>

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

G. LONG-TERM OBLIGATIONS (continued)

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

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

The County is subject to the Local Government Bond Act of North Carolina which limits the amount of net bonded debt the County may have outstanding to eight percent (8%) of the appraised value of property subject to taxation less property valued for abatement. At June 30, 2022, such statutory limit for the County was \$3,766,107,859 providing a legal debt margin of \$3,545,397,859.

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 must be deferred and amortized over the lesser of the original remaining life of the old debt or the life of the new debt. In addition, gains or losses related to debt refunding are to be used in determining the carrying value of the new debt issued to finance debt refunding. The carrying values of the Refunding Bonds, Series 2011, which refunded 2004A&B Public Improvement Bonds and 2006A&B Public Improvement Bonds, have been adjusted for the loss of defeasance (net of amortization) of \$6,286,444. As of June 30, 2022, the loss from defeasance (net of amortization) was \$590,752. This advance refunding was undertaken to reduce the total debt service payments over the next 12 years by \$4,064,220 and resulted in an economic gain of \$2,832,738.

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

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

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

G. LONG-TERM OBLIGATIONS (continued)

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, 2022, the loss from defeasance (net of amortization) was \$1,118,015. 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, 2022, the loss from defeasance (net of amortization) was \$2,444,583. This advance refunding was undertaken to reduce the total debt service payments over the next 15 years by \$4,824,160 and resulted in an economic gain of \$3,777,918.

In fiscal year 2017, the County defeased various bond issues by creating irrevocable trust funds. New debt was issued and the proceeds were used to purchase U.S. government securities that were placed in the trust funds. The investments and related fixed earnings are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed from the County's liabilities. As of June 30, 2017, the amount of the

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

G. LONG-TERM OBLIGATIONS (continued)

deceased 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, 2022, the loss from defeasance (net of amortization) was \$7,887,377. 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 2022.

Interest requirements for the general obligation bonds are payable semi-annually at annual rates varying from 2.00% to 5.00%. General Fund revenues are used to repay general long-term debt obligations.

Two-thirds (2/3s) bonds

Durham County issues 2/3s bonds to provide funds for the acquisition and construction of major capital facilities. 2/3s bonds are similar to general obligation bonds in that they also are direct obligations of the County. The County pledges full faith and credit and taxing power as security for 2.3s bonds. There were no 2/3s bonds issued in fiscal year 2022.

Certificates of participation

Durham County issues COPs for the acquisition and construction of major capital facilities. There were no COPs issued in fiscal year 2022.

Limited Obligation Bonds

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

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

G. LONG-TERM OBLIGATIONS (continued)

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, 2022 was \$11,245,000.

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, 2022 were \$8,570,000 and \$25,770,000, respectively.

LOBs issued in fiscal year 2019 are collateralized with the County's Administrative II Building. The amount of debt outstanding for this issuance as of June 30, 2022 was \$46,625,000.

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, 2022 was \$97,365,000.

LOBs issued in fiscal year 2020 are collateralized with the County's Administrative I Building. The amount of debt outstanding for this issuance as of June 30, 2022 was \$15,400,000.

Bond anticipation notes

Durham County issues general obligation bond anticipation notes (BANs) for the acquisition and construction of major capital facilities. The BANs have been issued for governmental activities. The County has authorized the issuance of the BANs up to \$70,000,000 outstanding at any time. The BANs are general obligations of the County, and the County has pledged its faith and credit to the payment of principal and interest on the BANs. In addition, the County entered into a Standby Note Purchase Agreement which was to expire when the BANs matured on June 12, 2022 and were subject to prior redemption at the option of the County. The County exercised the prior redemption option on the Standby Note. The BANs were replaced by general obligation bonds on February 23, 2021. Interest requirements are payable monthly on the amount outstanding with the interest rates based upon market conditions.

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

G. LONG-TERM OBLIGATIONS (continued)

During the fiscal year, the County had borrowed up to the \$28,896,911 in BANs. The County also issued a draw-down program in April of 2021 in the amount of \$225,000,000 that also assumed the amount drawn to date of the \$75,000,000 IFC and that IFC/draw-program was closed. With the current draw program, the County is authorized to borrow up to \$225,000,000 of IFCs. Of this amount, \$99,264,802 is currently outstanding as of June 30, 2022.

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2022

G. LONG-TERM OBLIGATIONS (continued)

General obligation bonds, installment purchases, certificate of participation bonds, revenue bonds and other financing agreements outstanding at June 30, 2022 are as follows:

<u>Purpose:</u>	Interest Rates	Date Issued	Date Series Matures	Amount of Original Issue	Outstanding June 30, 2022
<u>Governmental activities:</u>					
Refunding 2011	3.00% to 5.00%	6/8/2011	11/1/2022	\$ 61,750,000	\$ 2,285,000
Public improvement refunding, Series 2014	2.00% to 5.00%	6/3/2014	4/1/2034	44,635,000	11,150,000
Public improvement refunding, Series 2015	3.00% to 5.00%	7/9/2015	10/1/2026	29,340,000	24,695,000
Public improvement refunding, Series 2016	3.00% to 5.00%	9/29/2016	10/1/2036	96,460,000	85,620,000
Public improvement, Series 2017	3.23%	3/16/2017	10/1/2026	3,800,000	1,900,000
Public improvement refunding, Series 2019	3.00% to 5.00%	3/5/2019	6/1/2039	44,220,000	37,575,000
Public improvement refunding, Series 2021	1.25% to 5.00%	2/23/2021	6/1/2040	61,805,000	57,485,000
Limited Obligation Bonds, 2012	2.00% to 5.00%	3/29/2012	6/1/2032	63,780,000	8,570,000
Limited Obligation Bonds, 2013	1.50% to 5.00%	3/28/2013	6/1/2043	112,470,000	11,245,000
Limited Obligation Bonds, 2016 Refunding	4.00% to 5.00%	4/1/2016	12/1/2030	34,590,000	25,770,000
Limited Obligation Bonds, 2018	3.00% to 5.00%	9/6/2018	10/1/2038	54,860,000	46,625,000
Limited Obligation Bonds, 2020A	2.375% to 3.085%	1/23/2020	6/1/2040	17,120,000	15,400,000
Limited Obligation Bonds, 2020B Refunding	1.69% to 3.08%	1/23/2020	12/1/2042	100,280,000	97,365,000
Installment Financing Contracts	Variable Rate	4/21/2021	4/24/2028	2,105,344	99,264,802
Installment purchase, utility purchase	2.285%	9/18/2012	9/18/2028	4,549,000	2,388,904
Bond Anticipation Notes	Variable Rate	8/10/2021	8/21/2024	4,066,403	28,896,911
Other financing agreements					
Housing finance agency	0.00%	10/1/2002	5/30/2023	196,859	7,648
Total governmental activities					\$ 556,243,265
<u>Business-type activities:</u>					
Refunding, Revenue Bonds 2012					
sewer plant expansion/improvements	2.49%	8/23/2012	6/11/2027	13,985,000	4,305,000
Enterprise State Revolving Loan I	2.22%	10/7/2012	5/1/2032	-	1,389,086
Enterprise State Revolving Loan II	2.22%	1/28/2011	5/1/2033	-	5,854,611
Total business-type activities					\$ 11,548,697

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

G. LONG-TERM OBLIGATIONS (continued)

The annual requirements as of June 30, 2022 to amortize outstanding debt and funds available for draw under installment purchase contracts including interest payments, exclusive of accrued compensated absences are as follows:

Governmental activities:

June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 22,330,000	\$ 8,470,839	\$ 14,470,000	\$ 7,075,947	\$ 323,732	\$ 52,768	\$ 7,648	\$ -	\$ 37,131,380	\$ 15,599,554
2024	20,010,000	7,482,840	14,495,000	6,400,390	338,712	45,288	-	-	34,843,712	13,928,518
2025	20,020,000	6,258,466	12,235,000	5,530,131	354,541	37,459	-	-	32,609,541	11,826,056
2026	19,920,000	5,386,717	13,280,000	5,306,634	370,735	29,265	-	-	33,570,735	10,722,616
2027	17,710,000	4,571,893	17,410,000	4,781,259	387,800	20,700	-	-	35,507,800	9,373,852
2028-2032	67,360,000	13,295,806	66,535,000	16,340,224	613,384	14,115	-	-	134,508,384	29,650,145
2033-2037	39,370,000	4,402,138	37,410,000	7,745,259	-	-	-	-	76,780,000	12,147,397
2038-2042	13,990,000	559,650	25,735,000	2,192,236	-	-	-	-	39,725,000	2,751,886
2043-2047	-	-	3,405,000	52,522	-	-	-	-	3,405,000	52,522
2048-2052	-	-	-	-	-	-	-	-	-	-
	<u>\$ 220,710,000</u>	<u>\$ 50,428,350</u>	<u>\$ 204,975,000</u>	<u>\$ 55,424,601</u>	<u>\$ 2,388,904</u>	<u>\$ 199,595</u>	<u>\$ 7,648</u>	<u>\$ -</u>	<u>\$ 428,081,552</u>	<u>\$ 106,052,546</u>

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2022

G. LONG-TERM OBLIGATIONS (continued)

Business-type activities:

Year Ending June 30,	General Obligation Bonds		Limited Obligation Bonds		State Revolving Loan		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	
2023	\$ -	\$ -	\$ -	\$ -	\$ 671,146	\$ 160,810	\$ 820,000	
2024	-	-	-	-	671,146	145,911	840,000	
2025	-	-	-	-	671,146	131,011	860,000	
2026	-	-	-	-	671,146	116,112	880,000	
2027	-	-	-	-	671,146	101,213	905,000	
2028-2032	-	-	-	-	3,355,729	282,570	-	
2033-2037	-	-	-	-	532,237	11,816	-	
2038-2042	-	-	-	-	-	-	-	
2043-2047	-	-	-	-	-	-	-	
2048-2052	-	-	-	-	-	-	-	
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,243,697</u>	<u>\$ 949,442</u>	<u>\$ 4,305,000</u>	

***NOTE:** The installment note payable principal amount on the above schedule amortizing outstanding debt as of June 30, 2022 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. During the fiscal year, the County had borrowed \$28,896,911 in BANS. The County also issued a draw-down program in April of 2021 in the amount of \$225,000,000 that also assumed the amount drawn to date of the \$75,000,000 IFC and that IFC/draw-program was closed. With the current draw program, the County is authorized to borrow up to \$225,000,000 of IFCs. Of this amount, \$99,264,802 is currently outstanding as of June 30, 2022.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

G. LONG-TERM OBLIGATIONS (continued)

Revenue bonds

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

In fiscal year 2003, \$24,515,000 of revenue bonds was issued to finance the construction project to expand the existing wastewater treatment facilities. In fiscal year 2013, \$13,985,000 of refunded revenue bonds were issued to refund the 2003 revenue bonds outstanding. The bonds are payable through 2027. The total principal and interest remaining to be paid on the bonds is \$4,631,835. Principal and interest paid for the year and total customer revenues were \$927,115 and \$12,262,951, respectively. Interest requirements for the revenue bonds are also payable annually at a fixed rate of 2.49%. These debt obligations are secured by a pledge of and lien upon, and payable solely from, the net receipts of the enterprise system and, in certain circumstances, by proceeds of the revenue bonds, investment earnings and certain net insurance and other proceeds. The revenue bonds are additionally secured by and payable from money and securities of certain funds, accounts and sub-accounts held by the trustee under the trust agreement and the first supplemental trust agreement. Sewer Utility Fund revenues are used to repay sewer utility long-term obligations. There were no revenue bonds issued in fiscal year 2022.

The ABC Board's did not have any long-term debt as of June 30, 2022.

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2022

H. 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, 2022 are as follows:

<u>YEAR ENDING JUNE 30,</u>	Governmental activities	
	PRINCIPAL	INTEREST
2023	\$3,239,730	-
2024	3,056,159	-
2025	2,406,159	-
2026	2,406,159	-
2027	2,406,159	-
2028-2032	3,709,437	-
2033-2036	529,746	-
	\$ 17,753,549	\$ -

Interest requirements related to the Industrial Extensions Policy are nominal.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

H. COMMITMENTS (continued)

2. School Facilities

In 2019, the Board of County Commissioners (BOCC) revised the approved Capital Improvement Plan (CIP) for fiscal years 2020 – 2029 that included new Durham Public school projects totaling \$410,000,000 funded through voter-approved general obligation bond referendums in November 2016 and proposed for November 2020. Total construction in progress for fiscal year 2022 for these projects was \$61,305,525 while total combined construction in progress since inception was \$320,302,423.

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 2022 in the amount of \$63,231,597. Funds provided approximately \$15,917,183 for public safety, \$14,690,214 for capital projects of general governmental activities, \$6,873,000 for business-type activities, \$500,000 for environmental protection activities, and \$25,251,200 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, 2022 of \$1,123,589 for the expansion of the wastewater treatment plant and construction of sewer distribution systems.

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

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

H. 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.

I. INTERFUND BALANCES AND ACTIVITIES

The following is a schedule of interfund receivable and payable balances as of June 30, 2022:

Due to:

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

Due from:

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

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

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2022

I. INTERFUND BALANCES AND ACTIVITIES (continued)

Transfers:

The following is a summary of transfers for the year ended June 30, 2022:

	Transfers in:			Total
	General Fund	Capital Projects Fund	Debt Service Fund	
Transfers out:				
General fund	\$ -	\$ 13,394,702	\$ 71,637,606	\$ 85,032,308
Capital projects fund	301,348	-	971,918	1,273,266
Debt service fund	3,000,000	9,921,748	-	12,921,748
Nonmajor governmental funds	2,264,736	-	177,750	2,442,486
Total transfers	\$ 5,566,084	\$ 23,316,450	\$ 72,787,274	\$ 101,669,808

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

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

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

J. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

1. North Carolina Local Governmental Employees' Retirement System

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

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

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

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

J. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County and ABC employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's required contribution rate for the year ended June 30, 2022, was 12.10% of compensation for law enforcement officers and 11.35% for general employees and firefighters. The ABC Board's required contribution rate for the year ended June 30, 2022, was 11.45% 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 \$13,503,999 for the year ended June 30, 2022. Contributions to the pension plan from the ABC Board were \$298,824 for the year ended June 30, 2022.

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

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

At June 30, 2022, the County reported a liability of \$23,697,279 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2022, (measured as of June 30, 2021) the County's proportionate share was 1.545%, which was an increase of 0.023% from its proportion reported as of June 30, 2021 (measured as of June 30, 2020).

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

J. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

For the year ended June 30, 2022, the County recognized pension expense of \$10,302,841. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 7,538,956	\$ -
Changes of Assumptions	14,887,944	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	33,856,293
Changes in Proportion and Differences between County Contributions on Proportionate Share of Contributions	636,726	341,542
County Contributions Subsequent to the Measurement Date	13,503,999	-
Total	\$ 36,567,625	\$ 34,197,835

\$13,503,999 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, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2022	\$ 2,291,059
2023	(689,557)
2024	(2,375,481)
2025	(10,360,231)
2026	-
2027	-
Thereafter	\$ (11,134,210)

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

J. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

Actuarial Assumptions. The total pension liability in the December 31, 2020 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

The plan actuary currently uses mortality rates based on the *RP-2014 Total Data Set for Healthy Annuity 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, 2020 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2022

J. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

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

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

Discount rate. The discount rate used to measure the total pension liability was 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:

	<u>1% Decrease 5.50%</u>	<u>Discount Rate 6.50%</u>	<u>1% Increase 7.50%</u>
County's Proportionate Share of the Net Pension Liability (Asset)	\$ 91,990,863	\$ 23,697,279	\$(32,504,373)

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

J. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

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

2. Law Enforcement Officers’ Special Separation Allowance

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

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2020, the valuation date, the Separation Allowance’s membership consisted of:

Retirees Receiving Benefits	26
Active Plan Members	<u>184</u>
Total	<u><u>210</u></u>

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

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

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

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

J. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

Actuarial Assumptions. Costs in the December 31, 2020 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	2.25%
*includes inflation	

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ending December 31, 2019.

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

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

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

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

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

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

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions on a pay-as-you-go basis. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administrative costs of the separation allowance are financed through investment earnings. In the year ended June 30, 2022 the County paid \$589,688 as the benefit became due.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2022

J. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

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

At June 30, 2022, the County reported a total pension liability of \$10,123,540. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was rolled forward to December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the County recognized pension expense of \$1,312,679.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 680,722	\$ 26,699
Changes of Assumptions and Other Inputs	1,856,508	263,987
Benefit Payments and Administrative Expenses Subsequent to the Measurement Date	313,830	-
Total	\$ 2,851,060	\$ 290,686

The County paid \$313,830 in benefit payments, which included \$1,380 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, 2023. 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:	
2023	\$ 656,359
2024	654,278
2025	611,620
2026	332,819
2027	(8,532)
Thereafter	-
	\$ 2,246,544

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 2.25% as well as

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2022

J. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower, 1.25%, or 1-percentage-point higher, 3.25% than the current rate:

	1% Decrease 1.25%	Discount Rate 2.25%	1% Increase 3.25%
Total Pension Liability	\$ 10,914,290	\$ 10,123,540	\$ 9,397,127

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

	2021
Beginning Balance	\$ 10,182,265
Service Cost	463,953
Interest on the Total Pension Liability	190,827
Change of Benefit Terms	-
Differences between Expected and Actual Experience in the Measurement of the Total Pension Liability	122,058
Changes of Assumptions and Other Inputs	(245,875)
Benefit Payments	(589,688)
Other Changes	-
Ending Balance of the Total Pension Liability	\$ 10,123,540

Changes of assumptions and benefit terms. Changes of assumptions and other inputs reflect a change in the discount rate from 1.93% at December 31, 2020 to 2.25% at December 31, 2021. There are no changes in assumed inflation rate, assumed wage inflation or benefit terms since the prior measurement date.

3. Supplemental Retirement Income Plan for Law Enforcement Officers

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

DURHAM COUNTY, NORTH CAROLINA
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J. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

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

Funding Policy. Article 12 E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent (5%) of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2022 were \$1,009,849, which consisted of \$568,846 from the County and \$441,003 from the law enforcement officers. The County's required contributions and the officers' voluntary contributions represented 5% and 3.88%, respectively, of the covered payroll.

4. Registers of Deeds' Supplemental Pension Fund

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$36,637 for the year ended June 30, 2022.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2022

J. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

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

At June 30, 2022, the County reported an asset of \$663,997 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2021, the County's proportion was 3.456%, which was a decrease of 1.049% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense (revenue) of \$ 28,950. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 7,085	\$ 8,052
Changes of Assumptions	48,418	-
Net Difference between Projected and Actual Earnings		
on Pension Plan Investments	-	2,039
Changes in Proportion and Differences between		
County Contributions and Proportionate Share of Contributions	143,265	79,720
County Contributions subsequent to the Measurement Date	36,637	-
Total	\$ 235,405	\$ 89,811

\$36,637 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, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2022	\$ 10,712
2023	84,316
2024	(1,555)
2025	15,483
2026	-
Thereafter	-
	\$ 108,956

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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J. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

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

Inflation	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, 2020 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 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, 2022, is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2022 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.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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J. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.00%, 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:

	1% Decrease 2.00%	Discount Rate 3.00%	1% Increase 4.00%
County's Proportionate Share of the Net Pension Liability (Asset)	\$ (527,417)	\$ (663,997)	\$ (778,771)

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

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

The net pension liability (asset) for LGERS and RODSPF was measured as of December 31, 2020, 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, 2021, with an actuarial valuation date of December 31, 2020. 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)	\$ 23,697,279	\$ -	\$ (663,997)	\$ 23,033,282
Proportion of the net pension liability (asset)	1.545%	N/A	(3.456%)	N/A
Total pension liability	\$ -	\$ 10,123,540	\$ -	\$ 10,123,540
Pension expense(revenue)	\$ 10,302,841	\$ 1,312,679	\$ 28,950	\$ 11,644,470

DURHAM COUNTY, NORTH CAROLINA
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J. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

At June 30, 2022 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>RODSPF</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>				
Differences between Expected and Actual Experience	\$7,538,956	\$ 680,722	\$7,085	\$8,226,763
Changes of Assumptions	14,887,944	1,856,508	48,418	16,792,870
Net Difference between Projected and Actual Earnings on Pension Plan Investments		-		-
Changes in Proportion and Differences between County Contributions and Proportionate Share of Contributions	636,726	-	143,265	779,991
County Contributions/Benefit Payments and Administration Costs Subsequent to the Measurement Date*	13, 503,999	313,830	36,637	13,854,466
*Contributions are for LGERS and RODSPF, Benefit and Administration Costs are for LEOSSA				
<u>Deferred Inflows of Resources</u>				
Differences between Expected and Actual Experience	\$ -	\$ 26,699	\$ 8,052	\$ 34,751
Changes of Assumptions	-	263,987	-	263,987
Net Difference between Projected and Actual Earnings on Pension Plan Investments	33,856,293	-	2,039	33,858,332
Changes in Proportion and Differences between County Contributions and Proportionate Share of Contributions	341,542	-	79,720	421,262

5. Firefighters' and Rescue Squad Workers' Pension Fund

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

DURHAM COUNTY, NORTH CAROLINA
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J. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

Benefits Provided. FRSWPF provides retirement and survivor benefits. The present retirement benefit is \$170 per month. Members are eligible to receive the monthly benefit at age 55 with 20 years of fully credited service as a firefighter or rescue squad worker, regardless of whether the member has terminated paid employment. Disabled members may be able to receive benefits after attaining age 55, under certain provisions. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member and contributions paid on the member's behalf into the fund. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

Contributions. Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The County does not contribute to the fund. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2022, the State contributed \$19,002,000 to the plan. Durham County's proportionate share of the State's contribution is \$ 4,544.

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

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

At June 30, 2022, the County reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the County through its appropriations to the FRSWPF. The total portion of the net pension asset that was associated with the County and supported by the State was \$6,679. The net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. As the County is not projected to make any future contributions to the plan, its proportionate share at June 30, 2022 and at June 30, 2021 was 0%.

For the year ended June 30, 2022, the County recognized pension revenue of (\$736) and expense of \$736 for support provided by the State. At June 30, 2022, the County reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

J. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Not Applicable
Investment Rate of Return	6.50% *

*includes inflation

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

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

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

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

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

Funding Policy. The County's contributions were calculated using a covered payroll amount of \$104,950,822. Total contributions for the year ended June 30, 2022 were \$9,058,590 which consisted of \$5,243,604 from the County and \$3,814,985 from the non-law enforcement personnel. The County's required contribution and the non-law enforcement personnel's voluntary contribution represented 8.63% of the covered payroll amount.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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J. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

7. Other Post-Employment Benefits

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

If the service-hour requirement is met, the County pays the full cost of standard coverage for these benefits until the retiree reaches age 65 or until the retiree is eligible to receive Medicare benefits, whichever comes first. 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, 2020, the date of the latest actuarial valuation:

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

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DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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J. 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	547.70
Retiree & Spouse	817.90
Retiree & Family	1,480.30

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

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

Retiree Only	\$ 845.69
Retiree & Children	1,393.39
Retiree & Spouse	1,663.59
Retiree & Family	2,325.99

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

Dental Insurance

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

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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J. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

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

Vision Insurance

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

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

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

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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J. 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 \$76,452,735. 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 \$205,440,549 was measured as of June 30, 2021 and was determined based on an actuarial valuation as of June 30, 2020.

Actuarial Methods and Assumptions. The total OPEB liability is based upon an actuarial valuation performed as of the valuation date, June 30, 2020. The total OPEB liability as of the June 30, 2021 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	2.21%
Measurement Date	2.16%
Healthcare Cost Trends	
Pre-Medicare	7.00% *
Medicare	5.25% *

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

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

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

Demographic actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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J. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

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

Changes in the Total OPEB Liability

Total OPEB Liability as of June 30, 2020	\$	195,593,637
Changes for the Year:		
Service Cost at the End of the Year*		7,179,886
Interest on Total OPEB Liability and Cash Flows		4,438,909
Change in Benefit Terms		-
Difference between Expected and Actual Experience		(550,811)
Changes of Assumptions or Other Inputs		2,635,824
Net Benefit Payments		(3,856,896)
Other		-
		-
Net Changes	\$	9,846,912
Total OPEB Liability as of June 30, 2021	\$	205,440,549

*Includes interest for the year

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower, 1.16%, or 1-percentage point higher, 3.16%, than the current discount rate, 2.16%:

	1% Decrease 1.16%	Discount Rate 2.16%	1% Increase 3.16%
Total OPEB Liability	\$ 246,795,662	\$ 205,440,549	\$ 173,536,885

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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J. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

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

	1% Decrease Pre-Medicare 6.00% Medicare 4.25%	Discount Rate Pre-Medicare 7.00% Medicare 5.25%	1% Increase Pre-Medicare 8.00% Medicare 6.25%
Total OPEB Liability	\$ 170,992,747	\$ 205,440,549	\$ 251,118,500

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

For the year ended June 30, 2022, the County recognized OPEB expense of \$ 9,910,583. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ 21,080,205
Changes of Assumptions and Other Inputs	32,978,249	8,535,855
Benefit Payments and Administrative Expenses		
Subsequent to the Measurement Date	3,910,551	-
Total	\$ 36,888,800	\$ 29,616,060

DURHAM COUNTY, NORTH CAROLINA
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J. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

\$3,910,551 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date, June 30, 2021, will be recognized as a decrease of the total pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2023	\$	(1,708,212)
2024		(1,708,212)
2025		672,976
2026		3,651,087
2027		2,262,135
Thereafter		192,415
	\$	<u>3,362,189</u>

8. Other Employment Benefits

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

All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. Contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. For the fiscal year ended June 30, 2022 the County made contributions to the State for death benefits of \$58,747. The County's required contributions for employees not engaged in law

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2022

J. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

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.

K. 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 2022, a total of \$ 31,546,458 was incurred for benefits and administrative costs of the County’s benefit plan. As of June 30, 2022, the incurred but not reported liability for health and dental was \$ 3,286,908.

The following is a reconciliation of changes in liabilities for self-insured claims from amounts reported June 30, 2020 to the current fiscal year ended June 30, 2022:

	Dental Claims	Health Claims
Balance June 30, 2020	\$ 195,945	\$ 2,694,278
Claims reported and changes in estimates for FY 2021	1,460,913	14,543,583
Claims paid in FY 2021	<u>(1,882,245)</u>	<u>(20,138,998)</u>
Balance June 30, 2021	225,387	2,901,137
Claims reported and changes in estimates for FY 2022	1,347,809	12,529,472
Claims paid in FY 2022	<u>(1,792,526)</u>	<u>(18,498,187)</u>
Balance June 30, 2022	<u>\$ 219,330</u>	<u>\$ 3,067,578</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

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

K. RISK MANAGEMENT (continued)

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.

L. 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.

M. 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 \$61,545 to the Council during the fiscal year ended June 30, 2022. 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.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

N. 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.

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 2020 appropriation of approximately \$8.511 million to the College represents approximately 15.9% 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 \$442,500 to capital outlay bringing the

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

N. JOINT VENTURES WITHOUT EQUITY INTEREST (continued)

County's contribution to Durham Technical Community College capital outlay to 43.1%. The County does not have an equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2020. Complete financial statements for the College may be obtained at their administrative offices at 1637 Lawson Street, Durham, North Carolina 27703.

O. JOINT VENTURES WITH EQUITY INTEREST

Durham Convention and Visitors Bureau

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

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

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

At June 30, 2022, the County recorded an equity interest in the Bureau of \$1,221,600 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

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

O. JOINT VENTURES WITH EQUITY INTEREST (continued)

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, 2022, the County's equity interest in the Authority was \$8,209,010.

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

The total investment in joint venture for Durham County recorded in the statement of net position for governmental activities for the above two ventures at June 30, 2022 is \$9,430,610.

P. CHANGE IN ACCOUNTING PRINCIPLE

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, effective July 1, 2021. The statement improves the accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases based on the understanding that leases are financings of the right to use an underlying asset. The statement also recognizes as inflows of resources or outflows of resources based on the payment provisions of the contract. Lessees are required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

DURHAM COUNTY, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

Q. SUBSEQUENT EVENTS

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

The County has evaluated subsequent events through November 30, 2022 in connection with the preparation of these financial statements which is the date the financial statements were available to be issued.

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**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 Nine Fiscal Years***

	2022	2021	2020	2019	2018	2017	2016	2015	2014
County's Proportion of the Net Pension Liability (Asset)	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)	\$ 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	\$ 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	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)	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.
Information is not available for years prior to 2014.

DURHAM COUNTY, NORTH CAROLINA

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 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	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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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
Contributions as a Percentage of Covered Payroll	11.45%	10.26%	9.05%	7.82%	8.49%	7.39%	6.78%	7.09%	7.08%

Information is not available for years prior to 2014.

DURHAM COUNTY, NORTH CAROLINA

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
County's Proportion of the Net Pension Liability (Asset) %	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)	\$ (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)	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.

Information is not available for years prior to 2014.

DURHAM COUNTY, NORTH CAROLINA

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

	<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	\$ 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	36,637	38,321	46,289	35,914	26,373	27,235	25,427	24,117	23,656
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Information is not available for years prior to 2014.

DURHAM COUNTY, NORTH CAROLINA

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's Proportion of the Net Pension Liability %	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
County's Proportionate Share of the Net Pension Liability \$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the County	(6,679)	10,419	10,632	15,342	22,117	43,304	26,131	9,735
Total	\$ (6,679)	\$ 10,419	\$ 10,632	\$ 15,342	\$ 22,117	\$ 43,304	\$ 26,131	\$ 9,735
County's Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
County's Proportion of the Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	105.58%	92.58%	92.43%	89.69%	89.35%	84.94%	91.40%	93.42%

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

DURHAM COUNTY, NORTH CAROLINA

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

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

The amounts presented for each fiscal year were determined as of the prior December 3.

Durham County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 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 Six Fiscal Years**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability	\$ 10,123,540	\$ 10,182,265	\$ 6,842,207	\$ 6,248,325	\$ 6,452,405	\$ 6,124,839
Covered Payroll	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	88.17%	89.33%	65.65%	61.22%	63.87%	63.77%

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

DURHAM COUNTY, NORTH CAROLINA

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

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

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

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

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

Durham County has no assets accumulated in a trust that meets the criteria of GASB codification page 22.101 or page 52.101 to pay related benefits for the pension and OPEB plan.

**OTHER 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.

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DURHAM COUNTY, NORTH CAROLINA

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual From Inception and for the Fiscal Year Ended June 30, 2022
American Rescue Plan Fund**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues					
ARPA Funds	\$ 62,445,275	\$ -	\$ -	\$ -	\$ (62,445,275)
Total revenues	62,445,275	-	-	-	(62,445,275)
Expenditures					
General government	19,845,275	-	-	-	(19,845,275)
Public safety	3,000,000	-	-	-	(3,000,000)
Economic and physical development	5,500,000	-	-	-	(5,500,000)
Environmental protection	4,000,000	-	-	-	(4,000,000)
Human services	22,100,000	-	-	-	(22,100,000)
Education	8,000,000	-	-	-	(8,000,000)
Total expenditures	62,445,275	-	-	-	(62,445,275)
Revenues Over (Under) Expenditures	<u>\$ (62,445,275)</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 62,445,275</u>
Fund Balance - beginning			<u>-</u>		
Fund Balance - ending			<u>\$ -</u>		

DURHAM COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual - Debt Service Fund
 Year Ended June 30, 2022

	Budget		Actual	Positive (Negative)
	Original	Final		Variance
Revenues				
Investments	\$ -	\$ 267,458	\$ 75,446	\$ (192,012)
Intergovernmental revenues	267,458	-	-	-
Charges for services	500,000	500,000	538,453	38,453
Total revenues	<u>767,458</u>	<u>767,458</u>	<u>613,899</u>	<u>(153,559)</u>
Expenditures				
Debt service:				
Principal retirement	52,918,927	52,918,927	45,109,043	7,809,884
Interest and fiscal charges	25,069,981	25,069,981	17,922,791	7,147,190
Debt issuance costs	1	1	150	(149)
Total expenditures	<u>77,988,909</u>	<u>77,988,909</u>	<u>63,031,984</u>	<u>14,956,925</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(77,221,451)</u>	<u>(77,221,451)</u>	<u>(62,418,085)</u>	<u>14,803,366</u>
Other financing sources (uses)				
Transfers in	71,815,356	72,787,274	72,787,274	-
Transfers out	(3,000,000)	(12,921,748)	(12,921,748)	-
Premium on issuance of refinancing	-	-	-	-
Issuance of refunding bonds	-	-	-	-
Payment to refunded debt escrow agent	-	-	-	-
Appropriated fund balance	8,406,095	17,355,925	-	(17,355,925)
Total other financing sources (uses)	<u>77,221,451</u>	<u>77,221,451</u>	<u>59,865,526</u>	<u>(17,355,925)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(2,552,559)</u>	<u>\$ (2,552,559)</u>
Fund balance - beginning			<u>38,182,041</u>	
Fund balance - ending			<u>\$ 35,629,482</u>	

DURHAM COUNTY, NORTH CAROLINA

**Schedule of Expenditures Compared with Project Authorizations
Capital Projects Fund
From Project Inception and for the Fiscal Years Ended June 30, 2022**

PROJECT	EXPENDITURES		SPENT TO DATE	REMAINING COMMITMENT
	CURRENT YEAR	PRIOR YEARS		
Durham Public School Projects	\$ 61,305,525	\$ 106,821,916	\$ 168,127,441	\$ 441,648,950
Museum Exhibit Upgrades and Maintenance	185,226	1,758,764	1,943,990	109,552
Museum Classrooms Expansion	1,142,268	1,049,231	2,191,499	903,023
Museum Entry Plaza and Lobby Renovation	866,308	54,198	920,506	899,135
Museum New Parking Deck	231,577	6,743,968	6,975,545	124,455
New Youth Home	3,562,003	1,276,466	4,838,469	27,266,612
EMS Equipment Replacement	1,345,397	1,426,267	2,771,664	1,578,336
Elections Equipment	76,925	501,968	578,893	281,107
Administration Building II Renovation Phase II	-	50,173,919	50,173,919	-
Ongoing Parking Resurfacing Project	58,103	1,189,315	1,247,418	747,634
Ongoing HVAC Replacement Project	1,283,043	1,419,592	2,702,635	704,420
Detention Elevator Upgrade	-	2,561,076	2,561,076	-
County Building Envelope Upgrade	624,313	977,555	1,601,868	772,548
Stanford L. Warren Library Upgrade	220,540	97,084	317,624	3,155,622
(Leased) Convenience Center Site Upgrades	2,730,003	828,281	3,558,284	1,107,606
(Owned) Convenience Center Site Upgrades	800	62,683	63,483	691,135
Durham County Stadium Capital Improvements	596,023	1,772,158	2,368,181	727,407
County Security Improvements	37,076	943,228	980,304	1,108,659
Open Space/Farmland Preservation	15,391	7,503,276	7,518,667	5,938,353
Detention Center Officer's Station Improvements	-	762,846	762,846	-
Detention Center Jail Beds/HVAC Grills	-	945,627	945,627	-
Detention Center Renovations	-	234,456	234,456	48,352
DTCC Newton Building Renovations	1,955,504	18,231,871	20,187,375	-
DTCC-Health Technologies Building	-	1,419,661	1,419,661	-
DTCC-Property Purchase	-	2,900,000	2,900,000	-
DTCC-Building Demo	250,000	-	250,000	-
EMS Station #1 Renovations	223,537	4,359,562	4,583,099	403,585
Main Library Upgrade	10,348	47,619,198	47,629,546	131,744
Hollow Rock/New Hope	-	222,290	222,290	443,647
BOCC Chambers AV Upgrade	697	378,842	379,539	37,655
Sheriff Firing Range And Renovation	436,215	249,580	685,795	568,813
Ongoing Roof Replacement	219,563	2,649,656	2,869,219	768,207
20 IT Hardware Upgrade	378,659	1,747,992	2,126,651	3,048
HCM SAP Software Upgrade	-	389,896	389,896	48,525
16 Telecommunications Upgrade	-	1,025,999	1,025,999	-
16 Sheriff Technology Upgrade	12,155	587,241	599,396	-
Audio-Visual Life Cycle Replacement	2,271	290,961	293,232	-
19 IT Hardware Upgrade	10,376	2,882,623	2,892,999	-
18 IT Hardware Upgrade Project	2,134	2,174,866	2,177,000	-
Duke Fiber Project	4,816	305,744	310,560	1,213,605

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, 2022 (continued)**

PROJECT	EXPENDITURES		SPENT TO DATE	REMAINING COMMITMENT
	CURRENT YEAR	PRIOR YEARS		
20 Audio-Visual Tech Life Cycle	\$ 79,406	\$ 323,839	\$ 403,245	\$ -
EMS Land Acquisition	-	6,100	6,100	293,900
Administration Building Refurbish	1,682,278	13,070,477	14,752,755	593,671
LCHC Phase II Renovations	27,399	2,220,020	2,247,419	30,194
Alliance Backfill Renovation Project	22,222	1,535,201	1,557,423	9,977
Public Safety And Service Complex	4,729	14,063	18,792	150,208
Snow Hill Road Pump Station	8,161,373	8,470,797	16,632,170	13,662,830
Judicial Annex Building Renovation	330,158	4,280,630	4,610,788	319,296
300 Block E Main Redev	14,945,599	4,481,409	19,427,008	5,185,876
500 Block E Main Redev	1,904,442	17,496	1,921,938	29,921,578
Research Triangle Foundation	5,523,917	9,387,324	14,911,241	5,088,759
DSS Main Street Renovation	162,434	70,478	232,912	567,091
20 Telecommunication	104,646	379,354	484,000	-
Detention Center Window Replacement	54,308	7,778	62,086	1,634,055
Body Worn Camera Project	824,555	74,531	899,086	109,799
Tax Department Software Replacement	210,000	-	210,000	1,140,000
Sheriff IT Life Cycle Replacement Project	430,929	-	430,929	2,962,292
IS T Hardware and Software	3,618,726	-	3,618,726	3,437,634
County Courthouse Elevator Repair Project	35,000	-	35,000	196,495
Administration Building II Upgrade	102,650	-	102,650	576,059
21 IT Hardware Replacement	1,166,483	-	1,166,483	9,131,517
21 Audio-Visual Technologies	38,558	-	38,558	1,231,442
	<u>\$ 117,216,608</u>	<u>\$ 320,879,353</u>	<u>\$ 438,095,961</u>	<u>\$ 567,674,408</u>

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Fire Tax District Funds – to account for and report the proceeds of special district 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.

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DURHAM COUNTY, NORTH CAROLINA

Combined Balance Sheet Nonmajor Governmental Funds June 30, 2022

	Special Revenue Funds
Assets	
Cash and cash equivalents / investments	\$ 3,892,843
Cash and cash equivalents / investments - restricted	688,801
Net property taxes receivable	70,128
Due from other governments - federal and state agencies	47,964
Total assets	\$ 4,699,736
Liabilities	
Accounts payable	\$ 12,128
Unearned revenues	445,273
Total liabilities	457,401
Deferred inflows of resources	
Prepaid taxes	20,805
Net property taxes receivable	70,128
Total deferred inflows of resources	90,933
Fund balances	
Restricted:	
Firefighters' relief funds	243,528
Assigned	3,907,874
Total fund balances	4,151,402
Total liabilities, deferred inflow of resources and fund balances	\$ 4,699,736

DURHAM COUNTY, NORTH CAROLINA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2022

	Special Revenue Funds
Revenues	
Taxes	\$ 11,527,192
Investments	11,138
Charges for services	1,250,000
Total revenues	<u>12,788,330</u>
Expenditures	
Current:	
Public safety	8,099,247
Economic and physical development	1,506,700
Total expenditures	<u>9,605,947</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,182,383</u>
Other financing sources (uses)	
Transfers out	(2,442,486)
Total other financing sources (uses)	<u>(2,442,486)</u>
Net change in fund balances	739,897
Fund balance - beginning	<u>3,411,505</u>
Fund balance - ending	<u><u>\$ 4,151,402</u></u>

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DURHAM COUNTY, NORTH CAROLINA

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2022

	FIRE TAX DISTRICTS				
	Bethesda	Lebanon	Parkwood	Redwood	New Hope
Assets					
Cash and cash equivalents / investments	\$ 289	\$ 330,120	\$ 54	\$ 356,600	\$ 21,889
Cash and cash equivalents / investments - restricted	-	-	-	-	-
Net property taxes receivable	335	12,218	288	29,557	57
Due from other governments - federal and state agencies	-	14,860	-	9,084	464
Total assets	<u>\$ 624</u>	<u>\$ 357,198</u>	<u>\$ 342</u>	<u>\$ 395,241</u>	<u>\$ 22,410</u>
Liabilities					
Accounts payable	\$ -	\$ 17	\$ -	\$ 44	\$ 3
Unearned revenues	-	-	-	-	-
Total liabilities	<u>-</u>	<u>17</u>	<u>-</u>	<u>44</u>	<u>3</u>
Deferred inflows of resources					
Prepaid taxes	44	1,717	-	12,825	12
Net property taxes receivable	335	12,218	288	29,557	57
Total deferred inflows of resources	<u>379</u>	<u>13,935</u>	<u>288</u>	<u>42,382</u>	<u>69</u>
Fund balances					
Restricted:					
Firefighters' relief funds	-	-	-	-	-
Assigned	245	343,246	54	352,815	22,338
Total fund balances	<u>245</u>	<u>343,246</u>	<u>54</u>	<u>352,815</u>	<u>22,338</u>
Total liabilities , deferred inflows of resources and fund balances	<u>\$ 624</u>	<u>\$ 357,198</u>	<u>\$ 342</u>	<u>\$ 395,241</u>	<u>\$ 22,410</u>

<u>Eno</u>	<u>Bahama</u>	<u>Bethesda Service Tax District</u>	<u>Durham County Fire and Rescue Service Tax District</u>	<u>Special Park Tax District</u>	<u>Community Health Trust Fund</u>	<u>OPIOID Settlement Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 47,201	\$ 502,911	\$ 327,750	\$ 1,970,613	\$ 328,576	\$ 6,840	\$ -	\$ 3,892,843
-	-	-	243,528	-	-	445,273	688,801
4	8,565	715	16,284	2,105	-	-	70,128
385	6,241	-	16,584	346	-	-	47,964
<u>\$ 47,590</u>	<u>\$ 517,717</u>	<u>\$ 328,465</u>	<u>\$ 2,247,009</u>	<u>\$ 331,027</u>	<u>\$ 6,840</u>	<u>\$ 445,273</u>	<u>\$ 4,699,736</u>
\$ -	\$ 48	\$ -	\$ 47	\$ 11,969	\$ -	\$ -	\$ 12,128
-	-	-	-	-	-	445,273	445,273
-	48	-	47	11,969	-	445,273	457,401
57	1,191	-	4,959	-	-	-	20,805
4	8,565	715	16,284	2,105	-	-	70,128
61	9,756	715	21,243	2,105	-	-	90,933
-	-	-	243,528	-	-	-	243,528
47,529	507,913	327,750	1,982,191	316,953	6,840	-	3,907,874
47,529	507,913	327,750	2,225,719	316,953	6,840	-	4,151,402
<u>\$ 47,590</u>	<u>\$ 517,717</u>	<u>\$ 328,465</u>	<u>\$ 2,247,009</u>	<u>\$ 331,027</u>	<u>\$ 6,840</u>	<u>\$ 445,273</u>	<u>\$ 4,699,736</u>

DURHAM COUNTY, NORTH CAROLINA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 Year Ended June 30, 2022

	FIRE TAX DISTRICTS				
	Bethesda	Lebanon	Parkwood	Redwood	New Hope
Revenues					
Taxes	\$ -	\$ 1,669,022	\$ 2	\$ 1,267,584	\$ 102,911
Investments	-	726	-	1,417	91
Charges for services	-	-	-	-	-
Total revenues	-	1,669,748	2	1,269,001	103,002
Expenditures					
Current:					
Public safety	-	686,361	-	1,119,577	99,898
Economic and physical development	-	-	-	-	-
Total expenditures	-	686,361	-	1,119,577	99,898
Excess (deficiency) of revenues over (under) expenditures	-	983,387	2	149,424	3,104
Other financing sources (uses)					
Transfers out	-	(914,736)	-	-	-
Total other financing sources (uses)	-	(914,736)	-	-	-
Net change in fund balances	-	68,651	2	149,424	3,104
Fund balance - beginning	245	274,595	52	203,391	19,234
Fund balance - ending	\$ 245	\$ 343,246	\$ 54	\$ 352,815	\$ 22,338

<u>Eno</u>	<u>Bahama</u>	<u>Bethesda Service Tax District</u>	<u>Durham County Fire and Rescue Service Tax District</u>	<u>Special Park Tax District</u>	<u>Community Health Trust Fund</u>	<u>OPIOID Settlement Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 38,349	\$ 1,583,153	\$ 24	\$ 5,333,250	\$ 1,532,897	\$ -	\$ -	\$ 11,527,192
83	1,920	434	2,516	2,000	1,951	-	11,138
-	-	-	-	-	1,250,000	-	1,250,000
<u>38,432</u>	<u>1,585,073</u>	<u>458</u>	<u>5,335,766</u>	<u>1,534,897</u>	<u>1,251,951</u>	<u>-</u>	<u>12,788,330</u>
36,740	1,508,173	-	4,648,498	-	-	-	8,099,247
-	-	-	-	1,506,700	-	-	1,506,700
<u>36,740</u>	<u>1,508,173</u>	<u>-</u>	<u>4,648,498</u>	<u>1,506,700</u>	<u>-</u>	<u>-</u>	<u>9,605,947</u>
1,692	76,900	458	687,268	28,197	1,251,951	-	3,182,383
-	-	-	(177,750)	-	(1,350,000)	-	(2,442,486)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(177,750)</u>	<u>-</u>	<u>(1,350,000)</u>	<u>-</u>	<u>(2,442,486)</u>
1,692	76,900	458	509,518	28,197	(98,049)	-	739,897
45,837	431,013	327,292	1,716,201	288,756	104,889	-	3,411,505
<u>\$ 47,529</u>	<u>\$ 507,913</u>	<u>\$ 327,750</u>	<u>\$ 2,225,719</u>	<u>\$ 316,953</u>	<u>\$ 6,840</u>	<u>\$ -</u>	<u>\$ 4,151,402</u>

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, 2022**

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

DURHAM COUNTY, NORTH CAROLINA

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual- Lebanon Fire Tax District Special Revenue Fund
Year Ended June 30, 2022**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues				
Taxes	\$ 1,597,824	\$ 1,597,824	\$ 1,669,022	\$ 71,198
Investments	-	-	726	726
Total revenues	<u>1,597,824</u>	<u>1,597,824</u>	<u>1,669,748</u>	<u>71,924</u>
Expenditures				
Public safety	686,695	686,695	686,361	334
Total expenditures	<u>686,695</u>	<u>686,695</u>	<u>686,361</u>	<u>334</u>
Excess (deficiency) of revenues over (under) expenditures	<u>911,129</u>	<u>911,129</u>	<u>983,387</u>	<u>72,258</u>
Other financing sources (uses)				
Transfers out	(971,129)	(971,129)	(914,736)	56,393
Appropriated fund balance	60,000	60,000	-	(60,000)
Total other financing sources (uses)	<u>(911,129)</u>	<u>(911,129)</u>	<u>(914,736)</u>	<u>(3,607)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	68,651	<u>\$ 68,651</u>
Fund balance - beginning			<u>274,595</u>	
Fund balance - ending			<u>\$ 343,246</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, 2022**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues				
Taxes	\$ -	\$ -	\$ 2	\$ 2
Intergovernmental revenues	-	-	-	-
Investments	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
Other financing sources (uses)				
Transfers out	-	-	-	-
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>2</u>	<u>\$ 2</u>
Fund balance - beginning			<u>52</u>	
Fund balance - ending			<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, 2022**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues				
Taxes	\$ 1,119,690	\$ 1,119,690	\$ 1,267,584	\$ 147,894
Investments	-	-	1,417	1,417
Total revenues	<u>1,119,690</u>	<u>1,119,690</u>	<u>1,269,001</u>	<u>149,311</u>
Expenditures				
Public safety	<u>1,119,690</u>	<u>1,119,690</u>	<u>1,119,577</u>	<u>113</u>
Total expenditures	<u>1,119,690</u>	<u>1,119,690</u>	<u>1,119,577</u>	<u>113</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>149,424</u>	<u>149,424</u>
Other financing sources (uses)				
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>149,424</u>	<u>\$ 149,424</u>
Fund balance - beginning			<u>203,391</u>	
Fund balance - ending			<u>\$ 352,815</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, 2022**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues				
Taxes	\$ 99,932	\$ 99,932	\$ 102,911	\$ 2,979
Investments	-	-	91	91
Total revenues	<u>99,932</u>	<u>99,932</u>	<u>103,002</u>	<u>3,070</u>
Expenditures				
Public safety	99,932	99,932	99,898	34
Total expenditures	<u>99,932</u>	<u>99,932</u>	<u>99,898</u>	<u>34</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>3,104</u>	<u>3,104</u>
Other financing sources (uses)				
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>3,104</u>	<u>\$ 3,104</u>
Fund balance - beginning			<u>19,234</u>	
Fund balance - ending			<u>\$ 22,338</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, 2022**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues				
Taxes	\$ 36,773	\$ 36,773	\$ 38,349	\$ 1,576
Investments	-	-	83	83
Total revenues	<u>36,773</u>	<u>36,773</u>	<u>38,432</u>	<u>1,659</u>
Expenditures				
Public safety	<u>36,773</u>	<u>36,773</u>	<u>36,740</u>	<u>33</u>
Total expenditures	<u>36,773</u>	<u>36,773</u>	<u>36,740</u>	<u>33</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>1,692</u>	<u>1,692</u>
Other financing sources (uses)				
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	1,692	<u>\$ 1,692</u>
Fund balance - beginning			<u>45,837</u>	
Fund balance - ending			<u>\$ 47,529</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, 2022**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues				
Taxes	\$ 1,508,241	\$ 1,508,241	\$ 1,583,153	\$ 74,912
Investments	-	-	1,920	1,920
Total revenues	<u>1,508,241</u>	<u>1,508,241</u>	<u>1,585,073</u>	<u>76,832</u>
Expenditures				
Public safety	<u>1,508,241</u>	<u>1,508,241</u>	<u>1,508,173</u>	<u>68</u>
Total expenditures	<u>1,508,241</u>	<u>1,508,241</u>	<u>1,508,173</u>	<u>68</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>76,900</u>	<u>76,900</u>
Other financing sources (uses)				
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>76,900</u>	<u>\$ 76,900</u>
Fund balance - beginning			<u>431,013</u>	
Fund balance - ending			<u>\$ 507,913</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, 2022**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues				
Taxes	\$ -	\$ -	\$ 24	\$ 24
Investments	-	-	434	434
Total revenues	<u>-</u>	<u>-</u>	<u>458</u>	<u>458</u>
Other financing sources (uses)				
Transfers out	-	-	-	-
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	458	<u>\$ 458</u>
Fund balance - beginning			<u>327,292</u>	
Fund balance - ending			<u>\$ 327,750</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, 2022**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues				
Taxes	\$ 5,131,272	\$ 5,131,272	\$ 5,333,250	\$ 201,978
Investments	-	-	2,516	2,516
Total revenues	<u>5,131,272</u>	<u>5,131,272</u>	<u>5,335,766</u>	<u>204,494</u>
Expenditures				
Public safety	5,662,584	5,662,584	4,648,498	1,014,086
Total expenditures	<u>5,662,584</u>	<u>5,662,584</u>	<u>4,648,498</u>	<u>1,014,086</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(531,312)</u>	<u>(531,312)</u>	<u>687,268</u>	<u>1,218,580</u>
Other financing sources (uses)				
Transfers out	(177,750)	(177,750)	(177,750)	-
Appropriated fund balance	709,062	709,062	-	(709,062)
Total other financing sources (uses)	<u>531,312</u>	<u>531,312</u>	<u>(177,750)</u>	<u>(709,062)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	509,518	<u>\$ 509,518</u>
Fund balance - beginning			<u>1,716,201</u>	
Fund balance - ending			<u>\$ 2,225,719</u>	

DURHAM COUNTY, NORTH CAROLINA

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual- Special Park District Special Revenue Fund
Year Ended June 30, 2022**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues				
Taxes	\$ 1,426,010	\$ 1,426,010	\$ 1,532,897	\$ 106,887
Investments	-	-	2,000	2,000
Total revenues	<u>1,426,010</u>	<u>1,426,010</u>	<u>1,534,897</u>	<u>108,887</u>
Expenditures				
Economic and physical development	<u>1,506,933</u>	<u>1,506,933</u>	<u>1,506,700</u>	<u>233</u>
Total expenditures	<u>1,506,933</u>	<u>1,506,933</u>	<u>1,506,700</u>	<u>233</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(80,923)</u>	<u>(80,923)</u>	<u>28,197</u>	<u>109,120</u>
Other financing sources (uses)				
Appropriated fund balance	<u>80,923</u>	<u>80,923</u>	-	<u>(80,923)</u>
Total other financing sources (uses)	<u>80,923</u>	<u>80,923</u>	-	<u>(80,923)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>28,197</u>	<u>\$ 28,197</u>
Fund balance - beginning			<u>288,756</u>	
Fund balance - ending			<u>\$ 316,953</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, 2022**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues				
Investments	\$ -	\$ -	\$ 1,951	\$ 1,951
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>1,251,951</u>	<u>1,951</u>
Expenditures				
Economic and physical development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,251,951</u>	<u>1,951</u>
Other financing sources (uses)				
Transfers out	(1,350,000)	(1,350,000)	(1,350,000)	-
Appropriated fund balance	100,000	100,000	-	(100,000)
Total other financing sources (uses)	<u>(1,250,000)</u>	<u>(1,250,000)</u>	<u>(1,350,000)</u>	<u>(100,000)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	(98,049)	<u>\$ (98,049)</u>
Fund balance - beginning			<u>104,889</u>	
Fund balance - ending			<u>\$ 6,840</u>	

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ENTERPRISE FUNDS

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

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

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DURHAM COUNTY, NORTH CAROLINA

**Schedule of Revenues and Expenditures - Budget and Actual -
(Non-GAAP Basis) Enterprise Fund - Sewer Utility Fund
Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues:			
Charges for services	\$ 10,876,581	\$ 11,183,846	\$ 307,265
Expenditures:			
Operating	6,902,172	6,052,464	849,708
Repairs and maintenance	775,130	530,679	244,451
Excess (deficiency) of revenues over (under) expenditures	3,199,279	4,600,703	1,401,424
Other Financing Sources (Uses):			
Capital expenses	(1,053,968)	(7,134,102)	(6,080,134)
Debt service - principal	(1,471,146)	(1,471,146)	-
Debt service - interest and fiscal charges	(307,824)	(302,824)	5,000
Investment income	300,000	43,694	(256,306)
Sewer connection fees	817,500	3,116,394	2,298,894
Miscellaneous	-	13,431	13,431
Total other financing sources (uses)	(1,715,438)	(5,734,553)	(4,019,115)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,483,841	(1,133,850)	(2,617,691)
Fund balance appropriated	(1,483,841)	-	1,483,841
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (1,133,850)	\$ (1,133,850)

**Reconciliation of Modified Accrual Basis to Full Accrual Basis -
Enterprise Fund - Sewer Utility Fund
Year Ended June 30, 2022**

EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES (BUDGETARY BASIS)	(1,133,850)
RECONCILING ITEMS:	
Capital outlay	7,134,102
Capital contributions	892,852
Debt principal payments	1,471,146
Decrease in accrued interest payable	4,114
Increase in accrued vacation	(12,426)
Increase in accrued payroll	(502)
Increase in accrued interest receivable	28,762
Increase in accounts receivable	90,195
Increase in due from other governments - federal & state agencies	270,325
Increase in due from other governments - local	1,258,010
Depreciation	(3,537,912)
Loss on disposal of capital assets	(85,398)
Pension expense	(153,260)
Deferred outflows of resources for pensions, current fiscal year contributions	200,879
Amortization of loss on refundings	(44,089)
Amortization of bond premium	31,887
CHANGE IN NET POSITION (GAAP BASIS)	<u><u>\$ 6,414,835</u></u>

DURHAM COUNTY, NORTH CAROLINA

**Schedule of Revenues and Expenditures - Budget and Actual -
(Non-GAAP Basis) Enterprise Fund - Stormwater Fund
Year Ended June 30, 2022**

	Budget	Actual	Positive (Negative) Variance
Revenues:			
Charges for services	\$ 813,936	\$ 803,360	\$ (10,576)
Expenditures:			
Operating	1,410,103	1,227,294	182,809
Repairs and maintenance	1,300	1,605	(305)
Excess (deficiency) of revenues over (under) expenditures	(597,467)	(425,539)	171,928
Other Financing Sources (Uses):			
Capital expenses	(24,000)	-	24,000
Investment income	-	1,347	1,347
Intergovernmental	40,000	-	(40,000)
Construction permits	594,500	1,412,623	818,123
Inspection fees	5,000	8,972	3,972
Miscellaneous	500	-	(500)
Total other financing sources (uses)	616,000	1,422,942	806,942
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	18,533	997,403	978,870
Fund balance appropriated	(18,533)	-	18,533
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 997,403	\$ 997,403

**Reconciliation of Modified Accrual Basis to Full Accrual Basis -
Enterprise Fund - Stormwater Fund
Year Ended June 30, 2022**

EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES (BUDGETARY BASIS)	997,403
RECONCILING ITEMS:	
Decrease in accrued vacation	3,741
Increase in accrued payroll	(1,979)
Increase in accrued interest receivable	3,630
Increase in accounts receivable	10,535
Increase in due from other governments - federal & state agencies	673
Depreciation	(3,362)
Pension expense	(30,587)
Deferred outflows of resources for pensions, current fiscal year contributions	40,090
	<hr/>
CHANGE IN NET POSITION (GAAP BASIS)	\$ 1,020,144
	<hr/> <hr/>

FIDUCIARY FUNDS

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

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

Custodial Funds – To account for 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.

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DURHAM COUNTY, NORTH CAROLINA

**Combining Statement of Fiduciary Net Position
Private-purpose Trust Funds
June 30, 2022**

	George R. Linder Memorial Private- purpose Trust Fund	Vic Pearson EMS Memorial Private- purpose Trust Fund	Total Private- purpose Trust Funds
Assets			
Cash and equivalents	\$ 6,044	\$ 47,948	\$ 53,992
Accounts receivable	-	-	-
Total assets	<u>6,044</u>	<u>47,948</u>	<u>53,992</u>
Liabilities			
Accounts payable and other liabilities	-	100	100
Total liabilities	<u>-</u>	<u>100</u>	<u>100</u>
Net position			
Held in trust for:			
Individuals, organizations, and other governments	6,044	47,848	53,892
Total net position	<u>\$ 6,044</u>	<u>\$ 47,848</u>	<u>\$ 53,892</u>

DURHAM COUNTY, NORTH CAROLINA

**Combining Statement of Changes in Fiduciary Net Position
Private-purpose Trust Funds
June 30, 2022**

	<u>George R. Linder Memorial Private- purpose Trust Fund</u>	<u>Vic Pearson EMS Memorial Private- purpose Trust Fund</u>	<u>Total Private- purpose Trust Funds</u>
Additions			
Employee Contributions	\$ -	\$ 727	\$ 727
Donations	-	2,350	2,350
Investment Income	10	11	21
Total assets	<u>10</u>	<u>3,088</u>	<u>3,098</u>
Deductions			
Benefit Payments	-	100	100
Total Deductions	<u>-</u>	<u>100</u>	<u>100</u>
Change in Net Position	10	2,988	2,998
Total net position - beginning	<u>6,034</u>	<u>44,860</u>	<u>50,894</u>
Total net position - ending	<u>\$ 6,044</u>	<u>\$ 47,848</u>	<u>\$ 53,892</u>

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DURHAM COUNTY, NORTH CAROLINA

**Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2022**

	Sheriff's Evidence Trust	Jail Inmate Trust	Sheriff's Trust Fund	Durham Public Schools Fund
ASSETS				
Cash and cash equivalents	\$ 601,804	\$ 62,698	\$ 11,185	\$ (47,732)
Accounts receivable	-	-	-	126,983
Net Property receivable	-	-	-	-
Due from governmental agencies	-	-	-	-
Total assets	<u>601,804</u>	<u>62,698</u>	<u>11,185</u>	<u>79,251</u>
LIABILITIES				
Accounts payable and accrued liabilities	-	-	-	-
Due to public schools	-	-	-	145,933
Due to other governments	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,933</u>
NET POSITION				
Restricted for:				
Individuals, organizations, and other governments	<u>\$ 601,804</u>	<u>\$ 62,698</u>	<u>\$ 11,185</u>	<u>\$ (66,682)</u>

Town of Chapel Hill Tax Fund	City of Durham Tax Fund	City of Raleigh Tax Fund	Town of Morrisville Tax Fund	Town of Cary	Total Custodial Funds
\$ 97,523	\$ 2,179,887	\$ 39,736	\$ 1,225	\$ 8	\$ 2,946,334
-	963	-	-	-	127,946
4,893	1,243,938	1,600	9	-	1,250,440
16,423	1,499,079	9,605	-	-	1,525,107
<u>118,839</u>	<u>4,923,867</u>	<u>50,941</u>	<u>1,234</u>	<u>8</u>	<u>5,849,827</u>
-	6,379	11	-	-	6,390
-	-	-	-	-	145,933
37,672	4,258,144	18,878	9	-	4,314,703
<u>37,672</u>	<u>4,264,523</u>	<u>18,889</u>	<u>9</u>	<u>-</u>	<u>4,467,026</u>
<u>\$ 81,167</u>	<u>\$ 659,344</u>	<u>\$ 32,052</u>	<u>\$ 1,225</u>	<u>\$ 8</u>	<u>\$ 1,382,801</u>

DURHAM COUNTY, NORTH CAROLINA

**Combining Statement of Changes in Net Position
Custodial Funds
Year Ended June 30, 2022**

	Sheriff's Evidence Trust Fund	Jail Inmate Trust Fund	Sheriff's Trust Fund	Durham Public Schools Fund
Additions				
Investment income	\$ -	\$ -	\$ -	\$ 363
Collections for public schools	-	-	-	671,424
Tax collections for other governments	-	-	-	-
Collections on behalf of sheriff	64,179	-	258,478	-
Collections on behalf of inmates	-	853,643	-	-
Total assets	<u>64,179</u>	<u>853,643</u>	<u>258,478</u>	<u>671,787</u>
Deductions				
Payments on behalf of sheriff	56,612	-	263,572	-
Payments on behalf of inmates	-	902,305	-	-
Collection distributions to public schools	-	-	-	657,687
Tax distributions to other governments	-	-	-	-
Administrative costs	-	-	-	54,054
Interest costs	-	-	-	-
Total Deductions	<u>56,612</u>	<u>902,305</u>	<u>263,572</u>	<u>711,741</u>
Change in Net Position	7,567	(48,662)	(5,094)	(39,954)
Total net position - beginning	<u>594,237</u>	<u>111,360</u>	<u>16,279</u>	<u>(26,728)</u>
Total net position - ending	<u>\$ 601,804</u>	<u>\$ 62,698</u>	<u>\$ 11,185</u>	<u>\$ (66,682)</u>

Town of Chapel Hill Tax Fund	City of Durham Tax Fund	City of Raleigh Tax Fund	Town of Morrisville Tax Fund	Town of Cary	Total Custodial Funds
\$ 2,736	\$ 103,648	\$ 1,023	\$ 77	\$ 8	\$ 107,855
-	-	-	-	-	671,424
3,057,873	219,771,910	1,014,992	74,611	3,991	223,923,377
-	-	-	-	-	322,657
-	-	-	-	-	853,643
<u>3,060,609</u>	<u>219,875,558</u>	<u>1,016,015</u>	<u>74,688</u>	<u>3,999</u>	<u>225,878,956</u>
-	-	-	-	-	320,184
-	-	-	-	-	902,305
-	-	-	-	-	657,687
3,007,011	217,360,262	1,006,019	73,484	3,931	221,450,707
47,959	2,482,450	16,573	1,128	60	2,602,224
-	1,176	-	-	-	1,176
<u>3,054,970</u>	<u>219,843,888</u>	<u>1,022,592</u>	<u>74,612</u>	<u>3,991</u>	<u>225,934,283</u>
5,639	31,670	(6,577)	76	8	(55,327)
<u>75,528</u>	<u>627,675</u>	<u>38,629</u>	<u>1,149</u>	<u>-</u>	<u>1,438,129</u>
<u>\$ 81,167</u>	<u>\$ 659,345</u>	<u>\$ 32,052</u>	<u>\$ 1,225</u>	<u>\$ 8</u>	<u>\$ 1,382,802</u>

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

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DURHAM COUNTY, NORTH CAROLINA

Capital Assets Used in the Operation of Governmental Funds
 Schedule by Function and Activity¹ as of June 30, 2022

	Total Assets	Land	Easements	Buildings	Office Furniture and Equipment
General Government:					
County commissioners	\$ 948,128	\$ -	\$ -	\$ -	\$ -
Board of Elections	158,772	-	-	-	10,117
Finance	4,505,356	-	-	417,874	-
Tax administration	3,386,114	-	-	-	-
County Attorney	6,190	-	-	-	-
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	349,023,729	4,790,491	-	339,225,428	359,642
Information Technology	21,774,342	-	-	-	29,298
Human resources	10,820	-	-	-	-
Budget	10,897	-	-	-	-
Total general government	396,187,490	4,790,491	-	353,420,808	1,356,249
Public Safety:					
Sheriff	53,569,864	1,398,962	-	39,483,036	57,087
County fire protection	1,709,348	-	-	1,244,463	6,744
Emergency Management	5,164,559	-	-	1,144,636	45,635
Animal control	4,007,958	-	-	3,259,400	20,704
Criminal Justice Partnership	944,080	-	-	844,521	-
Youth home	551,210	-	-	367,000	-
Emergency medical services	13,086,296	-	-	2,856,008	-
Total public safety	79,033,315	1,398,962	-	49,199,064	130,170
Environmental Protection:					
Environmental engineering	11,871,145	2,730,566	1,857,992	77,873	7,315
Open Space and Real Estate	2,120,655	1,067,607	1,053,048	-	-
Total Environmental Protection	13,991,800	3,798,173	2,911,040	77,873	7,315
Economic and Physical Development:					
Cooperative extension	24,184	-	-	-	-
Planning	6,500	6,500	-	-	-
Soil and Erosion	84,511	-	-	-	-
Total Economic and Physical Development	115,195	6,500	-	-	-
Human Services:					
Public health	1,639,630	-	-	-	47,868
Mental health	713,709	-	-	-	-
Veteran's Administration	32,447	-	-	-	-
Social services	4,107,564	-	-	3,101,314	-
Other human services	22,762	-	-	-	-
Total human services	6,516,112	-	-	3,101,314	47,868

Machinery and Equipment	Computer Hardware	Vehicles	Computer Software	Water System	Construction in Progress
\$ 948,128	\$ -	\$ -	\$ -	\$ -	\$ -
117,816	-	30,839	-	-	-
27,381	15,553	-	4,044,548	-	-
89,810	37,911	279,676	2,978,717	-	-
-	6,190	-	-	-	-
33,091	-	56,963	-	-	-
-	-	-	-	-	-
62,520	110,272	-	1,365,598	-	-
2,662,355	19,374	1,910,744	55,695	-	-
133,905	16,210,670	-	5,400,469	-	-
-	10,820	-	-	-	-
-	10,897	-	-	-	-
<u>4,075,006</u>	<u>16,421,687</u>	<u>2,278,222</u>	<u>13,845,027</u>	<u>-</u>	<u>-</u>
2,074,484	728,997	9,192,906	634,392	-	-
128,841	-	263,211	66,089	-	-
3,650,536	60,429	186,323	77,000	-	-
21,420	-	668,411	38,023	-	-
-	36,348	63,211	-	-	-
111,468	-	72,742	-	-	-
1,330,856	46,095	8,309,233	544,104	-	-
<u>7,317,605</u>	<u>871,869</u>	<u>18,756,037</u>	<u>1,359,608</u>	<u>-</u>	<u>-</u>
4,597,445	8,998	60,531	-	2,530,425	-
-	-	-	-	-	-
<u>4,597,445</u>	<u>8,998</u>	<u>60,531</u>	<u>-</u>	<u>2,530,425</u>	<u>-</u>
-	-	24,184	-	-	-
-	-	-	-	-	-
-	-	56,795	27,716	-	-
-	-	80,979	27,716	-	-
357,194	13,666	1,158,905	61,997	-	-
42,324	6,165	-	665,220	-	-
-	-	32,447	-	-	-
39,757	79,126	686,585	200,782	-	-
-	-	22,762	-	-	-
<u>439,275</u>	<u>98,957</u>	<u>1,900,699</u>	<u>927,999</u>	<u>-</u>	<u>-</u>

DURHAM COUNTY, NORTH CAROLINA

**Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity¹ as of June 30, 2022 (continued)**

	Total Assets	Land	Easements	Buildings	Office Furniture and Equipment
Education:					
Public school building	\$ 8,080,942	\$ -	\$ -	\$ 8,080,942	\$ -
Cultural and Recreational:					
Library	7,430,703	7,500	-	6,111,610	29,126
Capital Projects:					
Construction in progress	198,048,684	-	-	-	-
Total Capital Assets	\$ 709,404,241	\$ 10,001,626	\$ 2,911,040	\$ 419,991,611	\$ 1,570,728

¹ This schedule presents only the capital asset balances related to governmental funds.

Machinery and Equipment	Computer Hardware	Vehicles	Computer Software	Water System	Construction in Progress
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
238,017	18,368	647,306	378,776	-	-
-	-	-	-	-	198,048,684
<u>\$ 16,667,348</u>	<u>\$ 17,419,879</u>	<u>\$ 23,723,774</u>	<u>\$ 16,539,126</u>	<u>\$ 2,530,425</u>	<u>\$ 198,048,684</u>

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DURHAM COUNTY, NORTH CAROLINA

**Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity¹**

Year Ended June 30, 2022

	Capital Assets July 1, 2021	Additions	Transfers and Deletions	Capital Assets June 30, 2022
General Government:				
Board of county commissioners	\$ 948,128	\$ -	\$ -	\$ 948,128
Board of Elections	65,193	93,579	-	158,772
Finance	4,492,973	12,383	-	4,505,356
Tax administration	3,386,114	-	-	3,386,114
County attorney	6,190	-	-	6,190
Risk management	149,754	-	(21,500)	128,254
Court facilities	13,739,306	12,620	-	13,751,926
Register of deeds	2,482,962	-	-	2,482,962
General services	365,721,577	118,871	(16,816,719)	349,023,729
Information Technology	18,086,861	3,687,481	-	21,774,342
Human Resources	22,350	-	(11,530)	10,820
Budget	10,897	-	-	10,897
Total general government	<u>409,112,305</u>	<u>3,924,934</u>	<u>(16,849,749)</u>	<u>396,187,490</u>
Public Safety:				
County sheriff	53,078,309	1,492,209	(1,000,654)	53,569,864
Fire marshal	1,709,348	-	-	1,709,348
Emergency management	1,716,754	3,447,805	-	5,164,559
Criminal justice partnership	888,268	55,812	-	944,080
Animal control	3,925,198	235,366	(152,606)	4,007,958
Youth home	551,210	-	-	551,210
Emergency medical services	13,109,074	1,316,561	(1,339,339)	13,086,296
Total public safety	<u>74,978,161</u>	<u>6,547,753</u>	<u>(2,492,599)</u>	<u>79,033,315</u>
Environmental Protection:				
Environmental engineering	10,450,272	1,420,873	-	11,871,145
Open Space	1,759,546	361,109	-	2,120,655
Total Environmental Protection	<u>\$ 12,209,818</u>	<u>\$ 1,781,982</u>	<u>\$ -</u>	<u>\$ 13,991,800</u>

¹ This schedule presents only the capital asset balances related to governmental funds.

DURHAM COUNTY, NORTH CAROLINA

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes by Function and Activity¹

Year Ended June 30, 2022 (continued)

	Capital Assets July 1, 2021	Additions	Transfers and Deletions	Capital Assets June 30, 2022
Economic and Physical Development:				
Cooperative extension	\$ 61,441	\$ -	\$ (37,257)	\$ 24,184
Planning	6,500	-	-	6,500
Soil and Erosion	84,511	-	-	84,511
Total Economic and Physical Development	<u>152,452</u>	<u>-</u>	<u>(37,257)</u>	<u>115,195</u>
Human Services:				
Public health	1,614,424	25,206	-	1,639,630
Mental health	713,709	-	-	713,709
Social services	4,107,564	-	-	4,107,564
Veteran's Administration	32,447	-	-	32,447
Other human services	40,987	-	(18,225)	22,762
Total human services	<u>6,509,131</u>	<u>25,206</u>	<u>(18,225)</u>	<u>6,516,112</u>
Education:				
DPS Building	<u>8,080,942</u>	<u>-</u>	<u>-</u>	<u>8,080,942</u>
Cultural and Recreational:				
Library	<u>7,444,564</u>	<u>7,500</u>	<u>(21,361)</u>	<u>7,430,703</u>
Capital Projects:				
Construction in progress	<u>171,827,942</u>	<u>34,864,108</u>	<u>(8,643,366)</u>	<u>198,048,684</u>
Total Capital Assets	<u>\$ 690,315,315</u>	<u>\$ 47,151,483</u>	<u>\$ (28,062,557)</u>	<u>\$ 709,404,241</u>

¹ 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, 2022**

DESCRIPTION	INTEREST RATE	ISSUE DATE	AMOUNT OUTSTANDING 6-30-21	ISSUED DURING YEAR	ADJUSTED DURING YEAR
GENERAL LONG-TERM DEBT:					
BONDED DEBT:					
REFUNDING, SERIES 2009	2.00%-5.00%	11/3/09	\$ 5,250,000	\$ -	-
REFUNDING, SERIES 2011	3.00%-5.00%	6/08/11	11,070,000	-	-
PUBLIC IMPROVEMENT, SERIES 2012	3.00%-5.00%	4/25/12	2,870,000	-	-
PUBLIC IMPROVEMENT REFUNDING, SERIES 2014	2.00%-5.00%	6/3/14	13,385,000	-	-
PUBLIC IMPROVEMENT REFUNDING, SERIES 2015	3.00%-5.00%	07/09/15	25,815,000	-	-
PUBLIC IMPROVEMENT REFUNDING, SERIES 2016	3.00%-5.00%	09/29/16	89,905,000	-	-
PUBLIC IMPROVEMENT, SERIES 2017	3.23%	03/16/17	2,280,000	-	-
PUBLIC IMPROVEMENT REFUNDING, SERIES 2019	3.00%-5.00%	03/5/19	39,790,000	-	-
PUBLIC IMPROVEMENT REFUNDING, SERIES 2021			60,680,000	-	-
UNAMORTIZED BOND PREMIUM			36,375,103	-	-
TOTAL BONDED DEBT:			287,420,103	-	-
OTHER LONG-TERM DEBT:					
INSTALLMENT PURCHASE AGREEMENTS:					
LIMITED OBLIGATION BONDS:					
LOBS 2012	2.00%-5.00%	03/29/12	11,760,000	-	-
LOBS 2013	1.50%-5.00%	03/28/13	14,990,000	-	-
LOBS 2016	4.00%-5.00%	04/01/16	28,685,000	-	-
LOBS 2018	4.00%-5.00%	09/06/18	49,370,000	-	-
LOBS 2020A	1.668%-3.085%	01/23/20	16,260,000	-	-
LOBS 2020B	2.375%-5.00%	01/23/20	98,365,000	-	-
UNAMORTIZED BOND PREMIUM			23,126,522	-	-
TOTAL LIMITED OBLIGATION BONDS:			242,556,522	-	-
OTHER FINANCING AGREEMENTS					
INSTALLMENT FINANCING CONTRACT (LOBs) TAX-EXEMPT FY21			17,895,063	68,077,140	-
INSTALLMENT FINANCING CONTRACT (LOBs) TAXABLE FY21			2,252,698	11,039,901	-
BOND ANTICIPATION NOTES (BANs) FY22			-	28,896,911	-
Total Direct Installment Placement Financing			20,147,761	108,013,952	-
UTILITY PERFORMANCE CONTRACT			2,697,988	-	-
LEASES			-	1,897,483	-
NC HOUSING FINANCE AGENCY			17,611	-	(5)
Total Direct Installment Placement Financing and Other Financing Agreement			2,715,599	1,897,483	(5)
TOTAL OTHER FINANCING AGREEMENTS			22,863,360	109,911,435	(5)
TOTAL INSTALLMENT PURCHASE AGREEMENTS:			265,419,882	109,911,435	(5)
EARNED VACATION PAY			9,951,447	6,247,981	-
NET PENSION LIABILITY (LGRS)			53,649,353	-	-
TOTAL PENSION LIABILITY (LEOSSA)			10,182,265	-	-
NET OPEB OBLIGATION			195,593,637	9,846,912	-
TOTAL OTHER LONG-TERM DEBT:			534,796,584	126,006,328	(5)
TOTAL GENERAL LONG-TERM DEBT:			\$ 822,216,687	\$ 126,006,328	\$ (5)

DEFEASED DURING YEAR	DUE FISCAL YEAR 2021- 2022		AMOUNT OUTSTANDING 6-30-22	DUE FISCAL YEAR 2022- 2023		LONG-TERM PRINCIPAL DUE THEREAFTER
	PRINCIPAL	INTEREST		PRINCIPAL	INTEREST	
\$ -	\$ 5,250,000	\$ 262,500	\$ -	\$ -	\$ -	-
-	8,785,000	332,175	2,285,000	2,285,000	57,125	-
-	2,870,000	114,800	-	-	-	-
-	2,235,000	585,625	11,150,000	2,230,000	473,875	8,920,000
-	1,120,000	1,245,950	24,695,000	5,360,000	1,100,750	19,335,000
-	4,285,000	3,551,475	85,620,000	6,665,000	3,277,725	78,955,000
-	380,000	67,507	1,900,000	380,000	55,233	1,520,000
-	2,215,000	1,796,125	37,575,000	2,215,000	1,685,375	35,360,000
-	3,195,000	1,916,606	57,485,000	3,195,000	1,820,756	54,290,000
-	3,602,362	-	32,772,741	3,562,234	-	29,210,507
-	33,937,362	9,872,763	253,482,741	25,892,234	8,470,839	227,590,507
-	3,190,000	480,088	8,570,000	3,190,000	339,588	5,380,000
-	3,745,000	571,612	11,245,000	3,750,000	496,712	7,495,000
-	2,915,000	1,317,375	25,770,000	2,910,000	1,193,750	22,860,000
-	2,745,000	2,050,750	46,625,000	2,745,000	1,913,500	43,880,000
-	860,000	691,013	15,400,000	860,000	656,613	14,540,000
-	1,000,000	2,493,902	97,365,000	1,015,000	2,475,784	96,350,000
-	1,494,270	-	21,632,252	1,494,270	-	20,137,982
-	15,949,270	7,604,740	226,607,252	15,964,270	7,075,951	210,642,982
-	-	254,970	85,972,203	-	-	85,972,203
-	-	66,628	13,292,599	-	-	13,292,599
-	-	25,972	28,896,911	-	9	28,896,911
-	-	347,570	128,161,713	-	9	128,161,713
-	309,084	59,916	2,388,904	323,732	52,768	2,065,172
-	428,503	14,685	1,468,980	393,126	-	1,075,854
-	9,958	-	7,648	7,648	-	-
-	747,545	74,601	3,865,532	724,506	52,768	3,141,026
-	747,545	422,171	132,027,245	724,506	52,777	131,302,739
-	16,696,815	8,026,911	358,634,497	16,688,776	7,128,728	341,945,721
-	6,002,749	-	10,196,679	6,002,749	-	4,193,930
30,182,737	-	-	23,466,616	-	-	23,466,616
58,725	-	-	10,123,540	-	-	10,123,540
-	-	-	205,440,549	-	-	205,440,549
30,241,462	22,699,564	8,026,911	607,861,881	22,691,525	7,128,728	585,170,356
\$ 30,241,462	\$ 56,636,926	\$ 17,899,674	\$ 861,344,622	\$ 48,583,759	\$ 15,599,567	\$ 812,760,863

DURHAM COUNTY, NORTH CAROLINA

GROSS BONDED DEBT AND OTHER LONG-TERM DEBT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

DESCRIPTION	INTEREST RATE	ISSUE DATE	AMOUNT OUTSTANDING 6-30-21	ISSUED DURING YEAR	ADJUSTED DURING YEAR
PROPRIETARY DEBT:					
<i>ENTERPRISE FUND:</i>					
ENTERPRISE REVOLVING LOAN	2.22%	7/1/10	\$ 1,527,995	\$ -	-
ENTERPRISE REVOLVING II LOAN	2.22%	7/1/10	6,386,848	-	-
REVENUE BONDS REFUNDING, SERIES 2012	2.49%	08/23/12	5,105,000	-	-
UNAMORTIZED BOND PREMIUM			236,492	-	-
TOTAL ENTERPRISE FUND BONDED DEBT:			13,256,335	-	-
EARNED VACATION PAY			183,898	120,900	-
NET PENSION LIABILITY (LGRS)			748,930	12,852	-
TOTAL PROPRIETARY DEBT:			14,189,163	133,752	-
TOTAL GENERAL LONG-TERM DEBT AND PROPRIETARY DEBT:			\$ 836,405,850	\$ 126,140,080	\$ (5)

DEFEASED DURING YEAR	DUE FISCAL YEAR 2021- 2022		AMOUNT OUTSTANDING 6-30-22	DUE FISCAL YEAR 2022- 2023		LONG-TERM PRINCIPAL DUE THEREAFTER
	PRINCIPAL	INTEREST		PRINCIPAL	INTEREST	
\$ -	\$ 138,909	\$ 33,922	\$ 1,389,086	\$ 138,909	\$ 30,838	1,250,177
-	532,237	141,788	5,854,611	532,237	129,972	5,322,374
-	800,000	127,114	4,305,000	820,000	107,195	3,485,000
-	31,887	-	204,605	31,887	-	172,718
-	1,503,033	302,824	11,753,302	1,523,033	268,005	10,230,270
-	112,215	-	192,583	112,215	-	80,368
531,149	-	-	230,633	-	-	230,633
531,149	1,615,248	302,824	12,176,518	1,635,248	268,005	10,541,271
\$ 30,772,611	\$ 58,252,174	\$ 18,202,498	\$ 873,521,140	\$ 50,219,007	\$ 15,867,572	\$ 823,302,134

DURHAM COUNTY, NORTH CAROLINA

Analysis of Current Tax Levy Fiscal Year Ending June 30, 2022

Property Valuations

Real property	\$	39,132,997,771
Personal property		4,351,409,488
Public service		670,716,745
DMV-registered vehicles		2,921,224,229
Total subject to tax	\$	<u>47,076,348,233</u>
Real property/personal property/corporate excess levy	\$	522,252,487
DMV -registered vehicles levy		<u>34,629,498</u>
Gross Levy	\$	556,881,985
Abatements/discoveries		<u>3,290,433</u>
Net Levy	\$	560,172,418
Uncollected at June 30, 2022		<u>1,040,632</u>
Current year taxes collected	\$	<u>559,131,786</u>
Percent of current taxes collected		<u>99.81%</u>

This schedule includes current year levy and collections for the Custodial Funds and excludes current year levy and collections of Special Revenue Funds.

DURHAM COUNTY, NORTH CAROLINA

Schedule of Ad Valorem Taxes Receivable By Fund
Year Ended June 30, 2022

Year of Levy	Uncollected Balance July 1, 2021	Current Year Gross Levy	Collections	Abatements/ Discoveries	Uncollected Balance June 30, 2022
2021	\$ -	\$ 556,881,985	\$ 559,131,786	\$ 3,290,433	\$ 1,040,632
2020	2,864,112	-	2,182,526	(277,786)	403,800
2019	1,520,828	-	829,281	(28,105)	663,442
2018	609,612	-	114,607	(1,820)	493,185
2017	164,817	-	39,084	(85)	125,648
2016	135,206	-	19,246	(85)	115,875
2015 and prior	1,304,065	-	40,770	(692,578)	606,717
	<u>\$ 6,634,640</u>	<u>\$ 556,881,985</u>	<u>\$ 562,357,300</u>	<u>\$ 2,289,974</u>	<u>3,449,299</u>
Less allowance for uncollectible ad valorem taxes receivable					<u>(139,624)</u>
Ad valorem taxes receivable (net)					<u>\$ 3,309,675</u>
Receivable by fund, net:					
General Fund			\$ 1,815,725		
Capital financing			<u>243,510</u>		
General Fund					2,059,235
City of Durham			1,243,938		
City of Chapel Hill			4,893		
City of Raleigh			1,600		
Town of Morrisville			9		
Town of Cary			<u>-</u>		
Custodial funds					<u>1,250,440</u>
					<u>\$ 3,309,675</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, 2022**

Fiscal Year	Uncollected Balance June 30, 2021	Additions	Collections	Abatements/ Discoveries	Uncollected Balance June 30, 2022
2020-2021	\$ -	\$ 556,881,985	\$ 559,131,786	\$ 3,290,433	\$ 1,040,632
2019-2020	2,864,112	-	2,182,526	(277,786)	403,800
2018-2019	1,520,828	-	829,281	(28,105)	663,442
2017-2018	609,612	-	114,607	(1,820)	493,185
2016-2017	164,817	-	39,084	(85)	125,648
2015-2016	135,206	-	19,246	(85)	115,875
2014 and prior	1,340,065	-	40,770	(692,578)	606,717
	<u>\$ 6,634,640</u>	<u>\$ 556,881,985</u>	<u>\$ 562,357,300</u>	<u>\$ 2,289,974</u>	<u>3,449,299</u>
Less allowance for uncollectible ad valorem taxes receivable					<u>(139,624)</u>
Ad valorem taxes receivable (net)					<u>\$ 3,309,675</u>
Reconciliation with revenues:					
Taxes - ad valorem - governmental funds					\$ 342,417,461
Taxes - ad valorem - custodial funds					<u>219,939,839</u>
Total collections and credits					<u>\$ 562,357,300</u>

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

**Statistical Section
(TAB)**

FINANCIAL TRENDS INFORMATION

Schedule of Net Position by Component

This schedule is a summary of the County's net position for the last 10 fiscal years. Information can be obtained from the Statement of Net Position in the financial statements for each of the fiscal years. The Net Position must be presented in the three different components and in the aggregate.

Schedule of Changes in Net Position

This schedule is a summary of the changes in net position for the last 10 fiscal years. Information can be obtained from the Statement of Activities in the financial statements for each of the fiscal years.

Schedule of Fund Balances, Governmental Funds

This schedule is a summary of the governmental funds fund balances for the last 10 fiscal years. Information can be obtained from the Governmental Funds Balance Sheet in the financial statements for each of the fiscal years. The General Fund is reported in five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent: nonspendable, restricted, committed, assigned and unassigned fund balance. The remaining Governmental Funds are grouped together but split out into the appropriate fund balance classifications.

Schedule of Changes in Fund Balances of Governmental Funds

This schedule is required to show three items: the net change in fund balance over the last 10 fiscal years, provide the debt service as a percentage of noncapital expenditures ratio, and debt service must be broken out into principal and interest. The schedule also shows the revenues by source and expenditures by function. This information can be obtained from the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances in the financial statements for each of the fiscal years.

Government-wide Expenses by Function

This schedule is a summary of the expenses by functional area for the last 10 fiscal years. Information can be obtained from the Statement of Activities in the financial statements for each of the fiscal years.

Government-wide Revenues

This schedule is a summary of the revenues by source for the last 10 fiscal years. Information can be obtained from the Statement of Activities in the financial statements for each of the fiscal years.

General Government Expenditures by Function

This schedule is a summary of general government expenditures by function for the last 10 fiscal years for all governmental fund types consisting of General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund and Community Health Trust Fund. This information can be obtained from the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances in the financial statements for each of the fiscal years.

General Government Revenues by Source

This schedule is a summary of general government revenues by source for the last 10 fiscal years for all governmental fund types consisting of General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund and Community Health Trust Fund. This information can be obtained from the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances in the financial statements for each of the fiscal years.

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DURHAM COUNTY, NORTH CAROLINA

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities										
Net investment in capital assets	\$ 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	\$ 7,789,264
Restricted	115,860,818	97,332,350	68,391,721	64,193,834	57,833,938	52,646,580	56,579,115	57,772,872	52,415,572	81,325,452
Unrestricted	(160,393,172)	(221,962,274)	(151,535,380)	(192,337,701)	(96,020,674)	(112,774,836)	(89,071,940)	(44,425,284)	(69,263,012)	(94,227,528)
Total governmental activities net position	<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>	<u>\$ (5,112,812)</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 44,714,405
Restricted	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	6,232,518
Unrestricted	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	19,318,687
Total business-type activities net position	<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>	<u>\$ 70,265,610</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 52,503,669
Restricted	123,126,169	107,840,957	70,500,053	67,568,023	58,521,985	53,979,427	57,531,703	63,554,765	60,270,058	87,557,970
Unrestricted	(119,370,529)	(185,758,642)	(112,182,362)	(155,341,746)	(59,279,612)	(79,440,604)	(60,612,445)	(18,432,103)	(47,538,413)	(74,908,841)
Total primary government net position	<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>	<u>\$ 65,152,798</u>

DURHAM COUNTY, NORTH CAROLINA

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental activities:										
General government	\$ 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	\$ 57,034,487
Public safety	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	57,767,228
Transportation	800,206	291,640	228,549	244,338	238,948	353,001	205,873	309,017	12,500	12,500
Economic and physical development	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	4,916,125
Environmental protection	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	3,632,359
Human services	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	88,141,193
Education	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	151,919,349
Cultural and recreational	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	11,688,669
Interest and fiscal charges	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	19,814,600
Total governmental activities	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	394,926,510
Business-type activities:										
Sewer utility	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	5,761,082
Stormwater	1,220,996	984,943	-	-	-	-	-	-	-	-
Total business-type activities	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	5,761,082
Total primary government expenses	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	400,687,592
Program Revenues										
Governmental activities:										
Charges for services:										
General government	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	9,250,904
Public safety	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	8,376,150
Transportation	2,429	-	-	-	-	-	-	-	-	-
Economic and physical development	42,721	38,873	34,022	47,202	44,544	52,116	67,361	68,673	18,654	24,524
Environmental protection	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	2,441,809
Human services	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	4,750,608
Education	1,881	1,332	-	-	-	-	-	-	-	-
Cultural and recreational	219,251	183,507	314,749	402,152	398,319	386,919	456,385	473,764	299,711	298,180
Operating grants and contributions:										
General government	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	2,807,583
Public safety	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	4,483,911
Transportation	599,383	-	-	-	-	-	-	-	-	-
Economic and physical development	337,685	799,373	285,930	899,686	591,505	334,540	542,097	618,300	588,110	732,984
Environmental protection	24,000	174,107	-	99,569	119,019	74,244	169,636	193,511	52,678	62,078
Human services	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	44,706,570
Education	2,000	-	-	-	-	-	-	-	-	-
Cultural and recreational	423,716	525,562	423,926	516,005	251,390	287,840	355,168	240,335	266,690	223,253
Capital grants and contributions:										
General government	-	-	-	1,000,000	999,880	1,260,807	2,361,838	1,639,435	1,123,462	1,044,849
Public safety	-	-	-	-	-	-	-	655,147	1,341,125	257,499
Environmental protection	-	30,693	-	-	446,622	2,004,287	24,007	233,750	-	-
Education	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	102,473
Cultural and recreational	-	-	400,000	800,000	-	-	-	-	-	96,181
Total governmental activities program revenues	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	79,659,556
Business-type activities:										
Charges for services:										
Sewer utility	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	11,748,514
Stormwater	2,236,163	1,639,669	-	-	-	-	-	-	-	-
Capital grants and contributions:										
Sewer utility	892,852	5,805	-	-	959,110	42,925	284,195	600,000	780,802	471,600
Stormwater	-	17,116	-	-	-	-	-	-	-	-
Total business-type activities program revenues	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	12,220,114
Total primary government program revenues	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	91,879,670

DURHAM COUNTY, NORTH CAROLINA

Changes in Net Position (continued)

Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2013	2013
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (315,266,954)
Business-type activities	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	6,459,032
Total primary government net expense	(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)	(308,807,922)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes, levied for general purposes	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	229,853,877
Property taxes, levied for fire districts	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	6,064,378
Property taxes, levied for other districts purposes	1,532,491	1,477,449	1,133,988	1,070,763	1,145,501	1,219,855	959,142	754,365	736,793	739,049
Local option sales tax	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	59,047,561
Occupancy tax	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	2,436,586
Animal tax	-	-	-	-	-	-	-	-	(1,277,314)	540,618
Gross receipts tax	624,673	546,969	485,215	571,291	483,133	479,899	429,419	410,964	406,605	347,226
Vehicle registration tax	191,524	223,347	216,049	231,838	226,448	340,501	193,373	296,517	-	-
Investment and interest income	(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	1,977,962
Other revenues	16,502,446	1,027,593	788,094	982,195	1,062,967	1,090,502	953,890	1,300,117	4,574,741	4,709,427
Total governmental activities	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	305,716,684
Business-type activities:										
Investment and interest income	65,231	(38,941)	382,011	600,355	320,391	110,656	71,355	16,054	42,036	29,074
Other revenues	13,431	12,977	-	(3,524)	(6,957)	-	12,841	-	25,889	493
Total business-type activities	78,662	(25,964)	382,011	596,831	313,434	110,656	84,196	16,054	67,925	29,567
Total primary government	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	305,746,251
Change in Net Position										
Government activities	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	(9,550,270)
Business-type activities	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	6,488,599
Total primary government	\$ 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	\$ (3,061,671)

Notes:

(1) As of Fiscal Year 2015, the County no longer reports animal tax revenues in a separate line item. Effective Fiscal Year 2014, the County no longer assesses an animal tax. As such, the revenues collected are the decrease in the accounts receivable. These revenues are now reported in the function they pertain to, public safety.

DURHAM COUNTY, NORTH CAROLINA

Fund Balances, Governmental Funds
Last Ten Fiscal Years

June 30	General Fund						All Other Governmental Funds						All Governmental Funds
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total	Total
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
2013	1,002,364	30,539,412	51,109,294	16,348,230	35,630,010	134,629,310	-	10,529,068	-	56,003,778	(232,519)	66,300,327	200,929,637

DURHAM COUNTY, NORTH CAROLINA

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues									
Taxes	\$ 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	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	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	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	182,652	723,085	729,374	902,528	1,134,280	972,562	988,807	1,058,153	1,077,167
Charges for services	40,227,111	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	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	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
Expenditures									
General government	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	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	818,605	291,640	228,549	244,338	238,948	353,001	205,873	309,017	12,500
Economic and physical development	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	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	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	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	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	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	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	115,256	619,803	770,191	929,899	247	1,002,975	741,165	23,000	644,769
Total expenditures	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
Excess of revenues over (under) expenditures	(45,098,109)	(31,914,545)	(24,503,693)	(36,508,300)	(36,245,319)	(21,902,159)	727,759	8,691,931	(28,209,908)
Other Financing Sources (Uses)									
Transfers in	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	(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)
Premium on issuance of debt	-	-	-	5,284,798	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	3,800,000	-	-	-
Premium on issuance of refinancing	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	-	8,594,638	117,400,000	87,720,000	-	96,460,000	63,930,000	-	44,635,000
Payment to refunded debt escrow agent	-	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)	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
Net change in fund balances	\$ 64,813,326	\$ 4,021,736	\$ 27,339,652	\$ 31,680,660	\$ 13,382,629	\$ 11,635,840	\$ 10,013,267	\$ 18,412,648	\$ (4,031,088)
Debt service as a percentage of noncapital expenditures	9.84%	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**

Fiscal Year Ended	General Government	Public Safety	Transportation	Economic and Physical Development	Environmental Protection
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
2013	57,034,487	57,767,228	12,500	4,916,125	3,632,359

	Human Services	Education	Cultural and Recreational	Interest and Fiscal Charges	Sewer Utility	Stormwater	Total
\$	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
	88,141,193	151,919,349	11,688,669	19,814,600	5,761,082	-	400,687,592

DURHAM COUNTY, NORTH CAROLINA

Government-wide Revenues Last Ten Fiscal Years

Fiscal Year Ended	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes
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
2013	36,890,689	53,016,379	1,972,602	299,029,295

Investment and Interest Income	Other Revenues	Total
\$ (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
2,007,036	4,709,920	397,625,921

DURHAM COUNTY, NORTH CAROLINA

Governmental Expenditures by Function¹ Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Government	Public Safety	Transportation	Environmental Protection	Education
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
2013	69,537,969	56,386,531	12,500	20,301,762	151,717,325

Notes:

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

Human Services	Economic and Physical Development	Cultural and Recreational	Debt Service	Total
\$ 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
91,592,879	4,914,778	11,454,684	54,807,703	460,726,131

DURHAM COUNTY, NORTH CAROLINA

General Government Revenues by Source¹ Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Property Taxes	Other Local Taxes	Licenses and Permits	Intergovernmental Revenues
2022	\$ 354,953,810	\$ 118,924,759	\$ 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
2013	236,671,981	62,454,309	826,580	54,163,701

Notes:

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

Rental Income	Investment Income	Charges for Services	Other Revenues	Total
\$ 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
824,104	4,637,119	23,350,074	4,372,836	387,300,704

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REVENUE CAPACITY INFORMATION

Principal Property Taxpayers

This schedule lists the largest taxpayers in the County. The GASB requires the ten largest be listed, unless less than ten are needed to reach 50% of the County's equalized assessed valuation. This information is to be presented for the current levy year and the levy year nine years prior. This information can be obtained from the County Tax Assessor's Office.

Schedule of Assessed Value and Actual Value of Taxable Property

This schedule presents real estate classes by type for the last 10 levy years as well as the county-wide tax rate, the range of special tax districts tax rates and the average County Tax Rate. This information can be obtained from the County Tax Assessor's Office.

Property Tax Levies and Collections

This schedule presents information for levies (original, adjustments and adjusted levies), amounts collected within the fiscal year of the levy with the percentage collection of original levy, and total amounts collected as of this fiscal year end with a percentage collection of adjusted levy. This information is provided for the last 10 fiscal years.

Property Tax Levies Direct and Overlapping Local Government Jurisdictions

This schedule lists the final adjusted tax levy direct and overlapping for all local government jurisdictions for the last 10 fiscal years.

Direct and Overlapping Property Tax Rates

This schedule presents information for direct and overlapping property tax rates for the last 10 fiscal years.

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DURHAM COUNTY, NORTH CAROLINA

Principal Property Taxpayers

June 30, 2022

Current Year and Nine Years Ago

Taxpayer	2022			Fiscal Year 2013		
	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
WOLFSPEED INC	\$ 380,717,967	1	0.81%	\$ -	-	-
DUKE ENERGY CAROLINAS, LLC	328,072,474	2	0.70%	198,892,209	6	0.69%
AISIN NORTH CAROLINA CORPORATION	264,211,556	3	0.48%	-	-	-
IQVIA RDS INC	228,225,712	4	0.40%	-	-	-
EMC CORPORATION	189,347,884	5	0.39%	161,316,645	8	0.56%
SOUTHPOINT MALL LLC	185,965,037	6	0.00%	171,926,928	7	0.60%
BIOGEN US CORPORATION	185,324,964	7	0.37%	-	-	-
MERCK SHARP & DOHME CORP	173,963,675	8	0.00%	285,128,867	5	0.99%
IBM CORPORATION	166,700,255	9	0.35%	537,620,386	1	1.87%
ARE-NC REGION NO. 19 HOLDING, LLC	148,446,253	10	0.32%	-	-	-
GLAXOSMITHKLINE	-	-	-	490,134,296	2	1.71%
CREE INC	-	-	-	385,996,271	3	1.34%
AW NORTH CAROLINA INC	-	-	-	306,265,079	4	1.07%
EISAID INC	-	-	-	123,330,961	9	0.43%
FRONTIER COMMUNICATIONS	-	-	-	113,355,689	10	0.39%
	<u>\$ 2,250,975,777</u>		<u>3.82%</u>	<u>\$ 2,773,967,331</u>		<u>9.65%</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
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
2013	24,909,554,030	3,304,053,564	494,110,311	1,739,032,299	30,446,750,204	0.7444	0.0599-0.1524	0.7734

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)		Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in the Subsequent Year	Total Collections to Date	
	Adjustments			Amount	Percentage of Adjusted Levy		Amount	Percentage of Adjusted Levy
2022	\$ 556,881,985	\$ 3,290,433	\$ 560,172,418	\$ 559,131,786	99.81%	\$ -	\$ 559,131,786	99.81%
2021	530,841,726	(23,019)	530,818,707	527,954,594	99.46%	2,182,526	527,954,594	99.46%
2020	512,055,634	2,403,140	514,458,774	510,808,652	99.29%	1,179,536	511,988,188	99.52%
2019	469,060,647	1,813,738	470,874,385	469,334,909	99.67%	729,677	470,064,586	99.83%
2018	449,249,843	467,101	449,716,944	448,937,493	99.83%	446,608	449,384,101	99.93%
2017	422,882,431	133,369	423,015,800	422,143,612	99.79%	181,536	422,325,148	99.84%
2016	411,676,610	1,001,471	412,678,081	411,447,291	99.70%	854,574	412,301,865	99.91%
2015	402,438,892	373,436	402,812,328	401,244,673	99.61%	1,181,131	402,425,804	99.90%
2014	387,365,732	267,700	387,633,432	385,068,858	99.34%	1,273,755	386,342,613	99.67%
2013	360,277,056	7,885,151	368,162,207	364,152,559	98.91%	2,669,340	366,821,899	99.64%

DURHAM COUNTY, NORTH CAROLINA

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

Fiscal Year Ended June 30,	Durham County	Fire Tax Districts						
		Bethesda	Lebanon	Parkwood	Redwood	Eno	New Hope	Bahama
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
2013	229,802,881	1,760,488	1,075,946	1,522,095	764,284	24,325	76,341	854,020

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 Chapel Hill, City of Raleigh, Town of Cary, and Town of Morrisville:

- a. Taxes are due September 1 of each year.
- b. Taxes are considered delinquent on January 6 (lien date) of the subsequent year.
- c. Discount on all County tax levies are at the discretion of the Board of Commissioners.
- d. Penalties are applied to delinquent taxes at the rate of two percent (2%) in January, and 3/4 of 1% per month thereafter until collected or foreclosure proceedings are consummated.
- e. Procedures allowed for collection of delinquent taxes include the use of garnishment, the North Carolina Debt Set Off Program and the sale of taxable property.

RTP Special District	Butner Safety District	Durham County Fire & Rescue	City of Durham	City of Raleigh	Town of Cary	Town of Chapel Hill	Town of Morrisville	Total Tax Levies
\$ 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
746,927	315	-	135,132,373	595,878	-	2,619,338	11,738	374,986,949

DURHAM COUNTY, NORTH CAROLINA

**Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

(rate per \$100 of assessed value)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
County direct rate										
Operating rate	\$ 0.6361	\$ 0.6261	\$ 0.6261	\$ 0.6808	\$ 0.6708	\$ 0.6608	\$ 0.7078	\$ 0.6951	\$ 0.6850	\$ 0.6850
Capital rate	0.0861	0.0861	0.0861	0.0971	0.0971	0.0796	0.0853	0.0980	0.0894	0.0594
Total general fund direct rate	<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>	<u>0.7444</u>
Fire district rates	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	0.0599-0.1150
Other special district rates	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	0.1374-0.1524
Municipality Rates										
City of Durham	0.5517	0.5317	0.5317	0.5786	0.5786	0.5607	0.5912	0.5912	0.5675	0.5675
City of Durham BID	0.6217	0.6017	0.6017	0.6486	0.6486	0.6307	0.6612	0.6612	0.6375	0.6375
Town of Chapel Hill	0.5140	0.5440	0.5440	0.5280	0.5080	0.5240	0.5240	0.5240	0.5140	0.4940
City of Raleigh	0.3730	0.3552	0.4382	0.4382	0.4253	0.4183	0.4210	0.4038	0.3826	0.3826
Town of Morrisville	0.3600	0.3600	0.3900	0.3900	0.3900	0.3900	0.4100	0.3900	0.3900	0.3665

Notes:

- (1) All taxable property is subject to the County direct rate. Most property in unincorporated areas is also subject to one of the seven fire district taxes.
- (2) A revaluation of real property is required by N. C. General Statutes at least every eight years. Revaluation of taxable property 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

<u>Fiscal Year Ended June 30,</u>	<u>Population Estimate (1)</u>		<u>Taxable Property Assessed Value</u>	<u>Debt Limit</u>	<u>Gross Bonded Debt</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Taxable Property Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2013	277,588	(1)	\$ 30,446,750,204	\$ 2,435,740,016	\$ 273,900,000	\$ 273,900,000	0.90	987
2014	284,437	(1)	32,025,003,772	2,562,000,302	295,905,000	295,905,000	0.92	1,040
2015	290,874	(1)	31,736,178,319	2,538,894,266	270,905,000	270,905,000	0.85	931
2016	293,647	(1)	32,454,800,165	2,596,384,013	243,775,000	243,775,000	0.75	830
2017	301,243	(1)	35,230,345,247	2,818,246,797	288,086,321	288,086,321	0.82	956
2018	308,194	(1)	36,159,221,674	2,892,737,734	258,989,288	258,989,288	0.72	840
2019	320,639	(1)	37,361,508,577	2,988,920,686	280,732,596	280,732,596	0.75	876
2020	331,807	(1)	44,007,086,698	3,520,566,616	249,550,771	249,550,771	0.57	752
2021	321,488	(2)	45,610,306,084	3,648,824,487	287,420,103	287,420,103	0.63	894
2022	327,306	(2)	47,076,348,233	3,766,107,859	253,482,741	253,482,741	0.54	774

NOTES:

- (1) Estimate from Durham City/County Planning Department.
 (2) Estimate from U.S. Census Bureau, Population Estimates, last updated 2019.

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DURHAM COUNTY, NORTH CAROLINA

Legal Debt Margin Information Last Ten Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assessed Value of Property	\$ 47,076,348,233	\$ 45,610,306,084	\$ 44,007,082,698	\$ 37,361,508,577	\$ 36,159,211,674
Debt Limit, 8% of Assessed Value (Statutory Limitation)	3,766,107,859	3,648,824,487	3,520,566,616	2,988,920,686	2,892,737,734
Amount of Debt Applicable to Limit					
General Obligation Bonds	<u>220,710,000</u>	<u>251,045,000</u>	<u>218,045,000</u>	<u>245,470,000</u>	<u>226,455,000</u>
Total net debt applicable to limit	<u>220,710,000</u>	<u>251,045,000</u>	<u>218,045,000</u>	<u>245,470,000</u>	<u>226,455,000</u>
Legal Debt Margin	<u>\$ 3,545,397,859</u>	<u>\$ 3,397,779,487</u>	<u>\$ 3,302,521,616</u>	<u>\$ 2,743,450,686</u>	<u>\$ 2,666,282,734</u>
Total net debt applicable to limit as a percentage of debt limit	<u>5.86%</u>	<u>6.88%</u>	<u>6.19%</u>	<u>8.21%</u>	<u>7.83%</u>

Note: The County is subject to the Local Government Bond Act of North Carolina which limits the amount of net bonded debt the County may have outstanding to 8 percent of the appraised value of property subject to taxation. The legal debt margin is the difference between the debt limit and the County's net debt outstanding applicable to the limit, and represents the County's legal borrowing authority.

2017	2016	2015	2014	2013	2012
\$ 35,230,345,247	\$ 32,454,800,165	\$ 31,736,178,319	\$ 32,025,003,772	\$ 30,446,750,204	\$ 29,842,363,341
2,818,427,620	2,596,384,013	2,538,894,266	2,562,000,302	2,435,740,016	2,387,389,067
252,270,000	243,775,000	270,905,000	295,905,000	273,900,000	298,585,000
252,270,000	243,775,000	270,905,000	295,905,000	273,900,000	298,585,000
<u>\$ 2,566,157,620</u>	<u>\$ 2,352,609,013</u>	<u>\$ 2,267,989,266</u>	<u>\$ 2,266,095,302</u>	<u>\$ 2,161,840,016</u>	<u>\$ 2,088,804,067</u>
<u>8.95%</u>	<u>9.39%</u>	<u>10.67%</u>	<u>11.55%</u>	<u>11.25%</u>	<u>12.51%</u>

DURHAM COUNTY, NORTH CAROLINA

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2022**

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Municipality:			
City of Durham	\$ 254,452,310	100%	\$ 254,452,310
Town of Chapel Hill	35,582,000	0%	-
City of Raleigh	938,678,369	0%	-
Overlapping debt	<u>1,228,712,679</u>		<u>254,452,310</u>
Direct debt	566,388,997		566,388,997
Total direct and overlapping debt	<u><u>\$ 1,795,101,676</u></u>		<u><u>\$ 820,841,307</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	
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%
2013	34,520,922	19,468,651	818,130	54,807,703	460,726,131	11.90%
2012	109,738,119	17,434,904	1,115,755	128,288,778	562,551,859	22.80%

DURHAM COUNTY, NORTH CAROLINA

Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property¹	Per Capita²
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
2013	273,900,000	0.90%	986.71

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule of Assessed Value and Actual Value of Taxable Property for property assessed/actual value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

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DURHAM COUNTY, NORTH CAROLINA

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Governmental Activities					
Fiscal Year	General Obligation Bonds	Certificates of Participation	Limited Obligation Bonds	Installment Purchases	Total Governmental Activities
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
2013	293,099,857	55,660,000	189,366,572	43,123,317	581,249,746

Notes: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule for demographic and economic statistics for personal income and population data.

Business-Type Activities

General Obligation Bonds	Refunding Revenue Bonds	State Revolving Loans	Total Business-Type Activities	Total Primary Government	Percentage of Personal Income¹	Per Capita¹
\$ -	\$ 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	0	1,760.86
-	6,158,379	8,585,989	14,744,368	581,322,556	0	1,751.99
-	6,955,266	9,257,134	16,212,400	568,624,720	0	1,773.41
-	7,732,153	9,928,280	17,660,433	542,719,596	0	1,760.97
-	8,489,040	10,599,426	19,088,466	536,229,979	0	1,780.06
32,343	9,294,315	11,270,571	20,597,229	539,439,361	0	1,837.03
604,728	10,084,590	11,941,717	22,631,035	562,905,096	0	1,935.22
1,304,131	10,854,865	12,612,864	24,771,860	594,036,597	0	2,088.46
2,357,603	11,268,200	13,408,267	27,034,070	608,283,816	0	2,191.32

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OPERATING INFORMATION

Full-time Equivalent County Government Employees by Function

The County is required to present the number of employees by each function for the last 10 fiscal years.

Operating Indicators by Function

This schedule shows various operating indicators of the County by function for the last 10 fiscal years.

Capital Asset Statistics by Function

This schedule shows various capital assets statistics by function for the last 10 fiscal years.

DURHAM COUNTY, NORTH CAROLINA

Full-time Equivalent County Government Employees by Function Last Ten Fiscal Years

<u>Function/Program</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
General government	361	328	314	332	342
Public safety*	771	762	680	803	814
Economic and physical development*	28	25	37	39	17
Environmental protection	44	42	20	22	18
Human services*	851	797	657	772	775
Cultural and recreational*	148	148	106	106	110
Utilities	35	29	23	27	27
Total	<u>2,238</u>	<u>2,131</u>	<u>1,837</u>	<u>2,101</u>	<u>2,103</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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
287	267	263	258	264
717	687	696	673	644
34	29	32	29	30
15	21	20	19	16
672	639	628	624	610
106	100	106	104	105
21	20	20	20	21
<u>1,852</u>	<u>1,763</u>	<u>1,765</u>	<u>1,727</u>	<u>1,690</u>

DURHAM COUNTY, NORTH CAROLINA

**Operating Indicators By Function
Last Ten Fiscal Years**

Function/Program	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Administration										
Registered voters ⁵	234,339	227,934	222,647	218,123	223,921	210,644	233,602	210,644	201,880	199,756
Taxable real estate parcels ⁶	112,527	112,111	110,241	111,154	110,839	108,026	105,588	103,976	104,350	103,757
Tax bills ^{8*}	150,806	153,465	158,571	159,805	147,264	146,332	144,540	146,193	143,659	377,327
Human Services										
Adult care home residents served through on-site inspections ⁷	1,117	1,077	1,037	1,050	1,069	997	982	994	941	885
Persons testing for HIV/STD ⁸	15,418	11,748	11,813	19,791	20,378	22,412	22,532	37,280	38,482	52,251
Food assistance individuals ⁷	37,519	43,200	37,858	34,708	37,430	30,853	40,358	43,745	43,289	49,281
Education										
Students attending public school ¹	30,806	32,042	32,928	32,448	32,374	33,151	33,501	33,626	33,295	32,484
Public school teachers ¹	2,529	2,512	2,512	2,426	2,393	2,267	2,416	2,329	2,318	2,247
Community college students-average semester ²	5,023	10,092	6,213	8,919	12,898	10,819	19,027	22,341	20,470	22,974
Community college faculty ²	504	449	356	347	355	355	355	333	328	322
Community Development and Cultural⁴										
Residential permits issued **	2,172	2,247	2,050	2,233	2,152	1,726	1,927	1,426	1,270	1,141
Commercial permits issued**	258	117	103	98	101	155	158	132	135	83
Building permits - additional, alterations**	2,212	3,383	3,006	2,749	2,959	2,666	2,592	2,451	2,320	2,362
Inspections performed	132,713	31,949	32,882	33,884	43,292	43,031	38,946	38,481	38,801	31,589
Environmental Services										
Animal control service calls ⁹	10,117	10,574	9,747	12,670	10,967	12,191	12,889	12,568	11,859	11,111
Animals impounded ⁹	1,447	1,454	1,223	3,659	2,087	2,516	2,869	2,166	3,025	3,361
Sanitation inspections ⁸	5,132	5,132	4,348	3,643	3,343	3,149	3,327	6,146	7,243	5,841
Public Safety										
Detention intake ¹⁰	5,244	4,442	7,626	7,513	8,417	7,558	11,013	11,838	11,967	12,350
Civil processes served ¹⁰	11,226	10,702	13,497	18,477	24,755	20,505	33,147	26,407	28,482	35,842
Pistol permits processed ¹⁰	5,918	7,644	7,066	3,514	3,136	2,108	3,266	2,486	1,446	1,715
Average daily jail population ¹⁰	373	320	356	426	498	472	481	520	521	560
Fire/medical incidents responded to by contracting fire departments ¹¹	3,369	2,499	3,391	3,531	3,320	2,025	2,587	4,544	9,152	11,096
Durham EMS incidents ³	56,438	51,546	47,496	47,494	48,547	46,934	44,222	44,388	32,882	28,337

* Includes only those bills that were billed and to be collected, excludes corrected bills.

** Community Development and Cultural permits are for the complete previous calendar year ending during each fiscal year.

- (1) Durham County Public Schools.
- (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								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government ⁽¹⁾									
Rentable square footage	754,777	754,777	749,361	749,361	762,932	762,932	762,932	767,652	767,652
Human Services ⁽²⁾									
Number of centers	1	1	2	2	2	2	2	2	2
Education ⁽³⁾									
Number of schools	54	53	53	53	53	54	54	54	56
Number of higher education institutions	4	4	4	4	4	4	4	4	4
Community Development and Cultural ⁽⁴⁾									
Libraries - branches	7	7	7	7	7	7	7	7	7
Volume of library books	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
Public Safety									
Sheriff - Stations ⁽⁵⁾	5	5	5	5	5	5	5	5	5
Detention capacity ⁽⁵⁾	736	736	736	736	736	736	736	736	736
Fire protection - City Stations ⁽⁶⁾	19	17	17	17	17	16	16	16	16
Fire protection - Volunteer Stations ⁽⁶⁾	8	12	12	12	12	12	12	12	12
EMS - Stations ⁽⁷⁾	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.

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DEMOGRAPHIC & ECONOMIC INFORMATION

Property Value and Construction

This information is presented for the last 10 fiscal years and includes the building value of permits issued and the total assessed valuation.

Demographic and Economic Statistics

This information is presented for the last 10 fiscal years and includes population, personal income for the County, school enrollment and the unemployment rate.

Principal Employers

This schedule presents the 10 largest employers, including the number of employees located inside the County boundaries. This is shown for the current year and nine years ago.

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DURHAM COUNTY, NORTH CAROLINA

Property Value and Construction Last Ten Fiscal Years

Fiscal Year Ended June 30,	Building Value of Permits Issued (1)	Assessed Valuation (2)
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
2013	912,531,665	30,444,978,195

NOTES:

(1) Source: City of Durham/Durham County Inspections Department.

(2) Last revaluation of taxable property occurred on January 1, 2019.

DURHAM COUNTY, NORTH CAROLINA

Demographic and Economic Statistics Last Ten Years

<u>Year</u>	<u>Population Estimates¹</u>	<u>Personal Income² (thousands of dollars)</u>	<u>Per Capita Personal Income³</u>	<u>School Enrollment⁴</u>	<u>Unemployment Rate⁵</u>
2022	327,306	\$ 17,692,950	\$ 54,093	31,124	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%
2013	277,588	11,921,155	41,376	32,484	7.60%

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

(1) U.S. Census Bureau, Population Estimates, last updated 2020.

(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 2020.

(3) All per capita income data is for the calendar year ended in each fiscal year.

2011-2018 is actual per capita income provided by Bureau of Economic Analysis, last update November 14, 2020.

(4) Durham County Public Schools.

(5) North Carolina Department of Commerce.

DURHAM COUNTY, NORTH CAROLINA

Principal Employers Current Year and Nine Years Ago

Employer	2022			2013		
	Employees ¹	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Duke University & Health System	43,108	1	27.96%	34,366	1	18.93%
International Business Machines (IBM)	8,000	2	5.19%	10,000	2	5.51%
Durham Public Schools	7,696	3	4.99%	4,600	3	2.53%
Cisco	5,000	4	3.24%			
Blue Cross and Blue Shield North Carolina	3,930	5	2.55%	2,401	5	1.32%
Fidelity Investments	3,900	6	2.53%	2,200	9	1.21%
US Department of Veterans Affairs	3,900	7	2.53%	2,162	10	1.19%
Pfizer	3,620	8	2.35%			
IQVIA (formerly Quintiles)	2,700	9	1.75%			
Wolfspeed	2,500	10	1.62%			
GlaxoSmithKline				3,700	4	2.04%
Durham City Government				2,401	6	1.32%
Cree, Inc.				2,304	7	1.27%
Research Triangle Institute (RTI)				2,300	8	1.27%
	<u>84,354</u>		<u>54.71%</u>	<u>66,434</u>		<u>36.59%</u>

Source: Durham Chamber of Commerce and Bureau of Labor Statistics

¹As of fiscal year-ended 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.

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**COMPLIANCE SECTION
(DIVIDER)**

Report of Independent Auditor on the Revenue Bond Covenant Compliance

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

Report on the Schedule

We have audited the accompanying schedule of debt covenant compliance (the “Schedule”) of Durham County, North Carolina (the “County”), as of and for the year ended June 30, 2022; as defined in the Series 2003 Revenue Bonds official statement for the Trust Agreement dated December 1, 2002 with First-Citizens Bank & Trust Company.

Management’s Responsibility for the Schedule

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the Schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the Schedule referred to above is presented fairly, in all material respects as, described in the Trust Agreement referred to in the first paragraph, of the County as of and for the year ended June 30, 2022, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2022 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Restricted Use

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Raleigh, North Carolina
November 29, 2022

DURHAM COUNTY, NORTH CAROLINA

**Schedule of Debt Covenant Compliance
Year Ended June 30, 2022**

	Enterprise Fund Sewer Utility Fund
	<u> </u>
Operating revenues	
Charges for services	\$ 12,731,105
Total operating revenues	<u>12,731,105</u>
 Operating expenses	
Personnel services	2,508,438
Utilities	512,017
Maintenance and other	3,527,997
Depreciation	3,537,912
Total operating expenses	<u>10,086,363</u>
 Operating income (loss)	<u>2,644,742</u>
 Add:	
Depreciation expense	3,537,912
Contributions to pension plan in current fiscal year	(200,879)
Pension expense	153,260
	<u>3,490,293</u>
 Income available for debt service	<u>\$ 6,135,035</u>
 Fiscal year revenue bond debt payments	\$ 927,115
Fiscal year total debt payments	\$ 1,773,970
 Senior lien debt service coverage	6.62
Total debt service coverage	3.46
 Series 2003 Revenue Bond Covenant Requirement	
Senior lien debt service coverage	1.20
Total debt service coverage	1.00



Acknowledgments

The preparation of the annual financial report was made possible by the dedicated service of the entire staff of the Finance Department. The audit process was effectively managed by Susan F. Tezai, CPA, Chief Financial Officer.

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

Crystally Wright, Deputy Chief Financial Officer

Stephano Claude, Executive Accountant

Tonia Hernandez, Financial System Manager

Tiffany Long, Accounts Payable Manager

Keri Carnes, Executive Accountant

Jamila Wilson-Davis, Senior Accountant

Jose Rivera, Accountant

Elana Jones, Payroll Manager

Yolanda Deaver, CPA, MBA, Contractor