

DURHAM COUNTY

NC

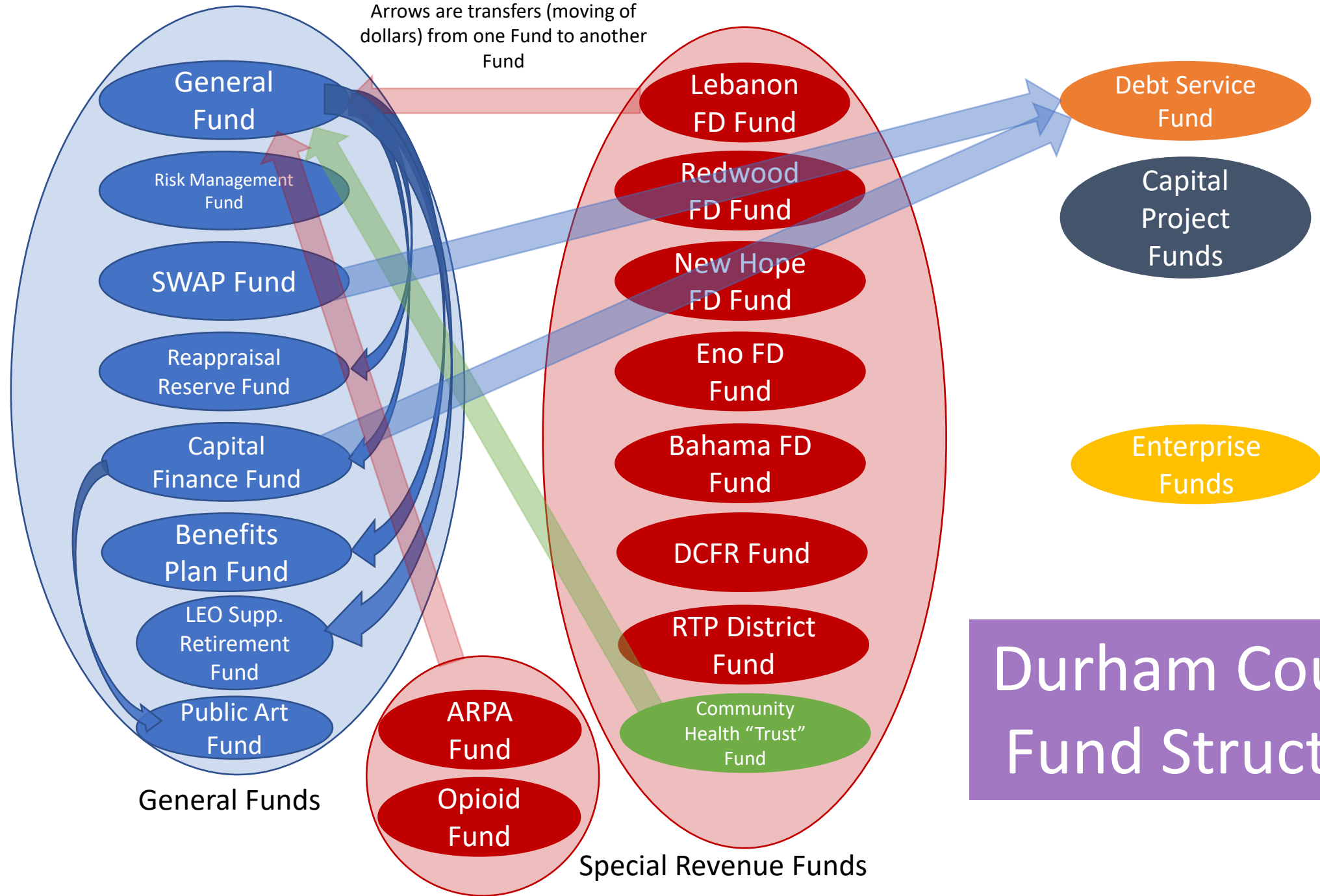
RECOMMENDED
BUDGET
FY 2025-26

May 20

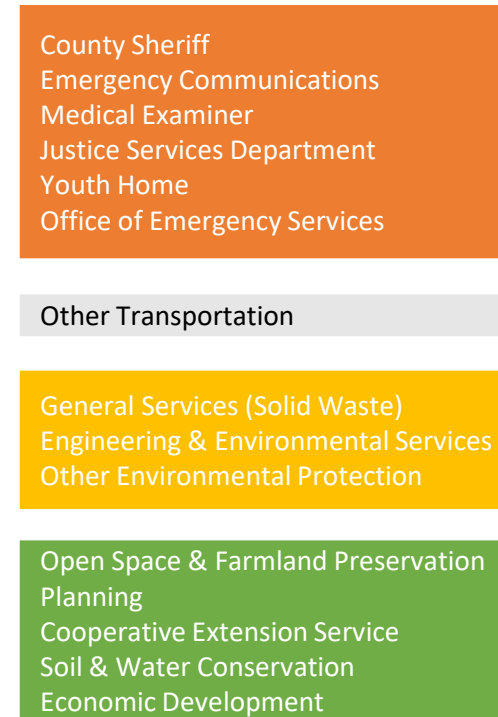
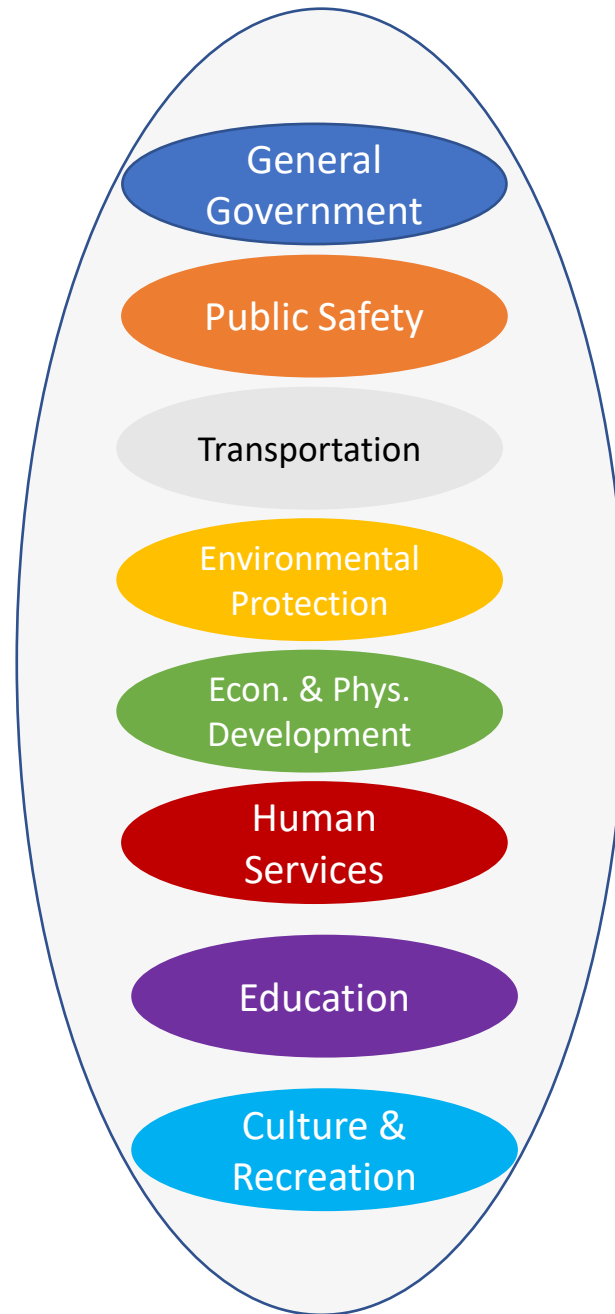
Budget Worksession



Arrows are transfers (moving of dollars) from one Fund to another Fund



Durham County Fund Structure



General Fund

○ Function

□ Department

Five (5) Year Trending

- Sales Tax Interlocal with City of Durham – **Revenue Loss**
- Occupancy Tax – **Revenue Loss**
 - DD Plans (Convention Center & Sports Facility) – **Expenditure Increases**
- **Continued Use of General Fund Fund Balance (Savings Account) – Revenue Loss**
- DPS Funding – **Significant Expenditure Increase**
- Employee Benefits – **Expenditure Increase**
- Capital Improvement Plan – **Expenditure Increase**
 - General Obligation Bond Referendums
 - Higher Interest Rates
- Employee Compensation – **Expenditure Increase**
- Infrastructure Funds Ending – **Revenue Loss and**
- **Potential Expenditure Increase (ARPA, ESSER)**
- Revaluation Effect – Property Valuation increases on average 60%.
- 2 Years in a row Departments asked to reduce operating budgets
- Hiring Freeze for non-crucial County FTEs



FY 2025-26 Manager Budget Priorities

- ❖ Maintain County's fiscal stability
 - ❖ Decrease use of Fund Balance to ensure sustainability into the future
 - ❖ Maximize existing revenue and recommend responsible tax rate
- ❖ Provide appropriate public safety services to a growing population
- ❖ Provide adequate funding for Durham Public Schools
- ❖ Support County employees
- ❖ Focus on reallocating existing positions to offset new position additions
- ❖ Provide services at current levels
- ❖ Provide adequate funding for planned capital projects



FY 2025-26 Budget Development Framework

Requested Expenditures V/S Available Revenues

Budget Expansion Drivers	Annual Revenue Projection
\$55 Million	\$15.3 Million





FY 2025-26 Budget Outlook **\$15.3 Million**

Key “**natural growth**” revenues estimate **are lower than recent years** (*before a tax rate increase*)

➤ **General Fund Budget Outlook**

Property Tax:	\$15.6 million	Investment Income:	\$2.0 million
Sales Tax:	-\$629,009	Reg. of Deeds:	-\$100,000
Med. Hold Harmless:	\$1.0 million	Fund Balance:	-\$2.6 million

➤ **Capital Financing Fund Budget Outlook**

Property Tax:	\$2.2 million	Occupancy Tax:	-\$1.6 million
Sales Tax:	-\$597,923		

FY 2023-24 Budget Outlook \$48 Million

- **General Fund Budget Outlook**

- Key “**natural growth**” revenues estimate **\$35.8 million** (higher property tax and sales tax collection – before a tax rate increase)

Property Tax: \$14.8 million

Med. Hold Harmless: \$3.0 million

Sales Tax: \$13.9 million

Investment Income: \$1.5 million

Fund Balance: \$2.6 million

- **Capital Financing Fund Budget Outlook**

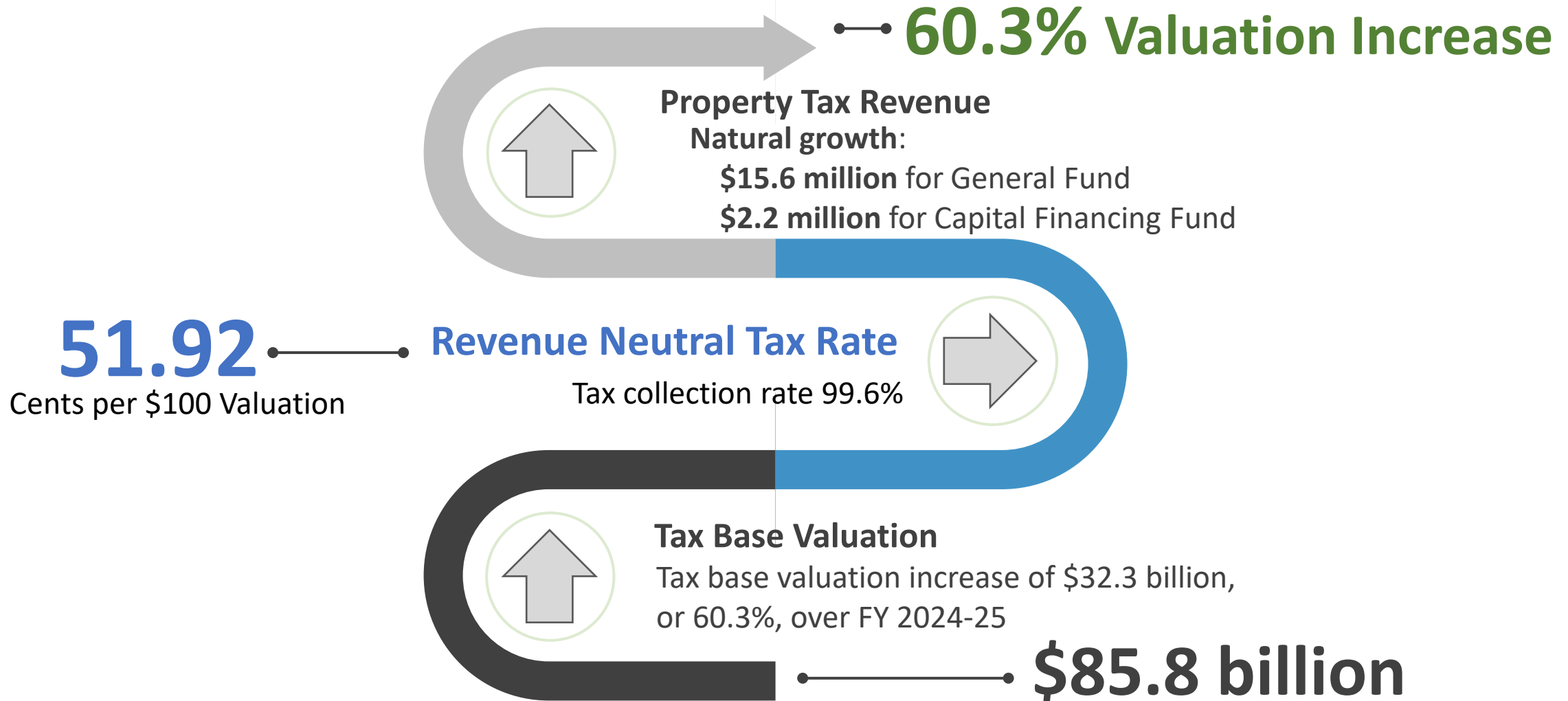
- Key “**natural growth**” revenues estimate **\$12.2 million** (higher property tax and sales tax collection – before a tax rate increase)

Property Tax: \$2.0 million

Occupancy Tax: \$500k

Sales Tax: \$9.7 million

FY 2025-26 Valuation and Revenue Neutral



FY 2025-26 Property Tax

3.5 Cent Increase



Property Tax Rate 55.42 cents
General Fund (2.5 cents) & Capital Financing Fund (1.0)

One Cent of Tax Rate Change
\$8.54 million



Additional Property Tax Revenue
\$21.31 Million General Fund
\$8.54 Capital Finance Plan Fund
from tax rate change

Household Valuation	FY 2025-26 Revenue Neutral \$51.92/\$100	FY 2025-26 Recommended \$55.42/\$100	Impact of 3.5 Cent Increase/\$100
\$100,000	\$519	\$554	\$35
\$150,000	\$779	\$831	\$53
\$200,000	\$1,038	\$1,108	\$70
\$250,000	\$1,298	\$1,386	\$88
\$300,000	\$1,558	\$1,663	\$105
\$350,000	\$1,817	\$1,940	\$123
\$400,000	\$2,077	\$2,217	\$140

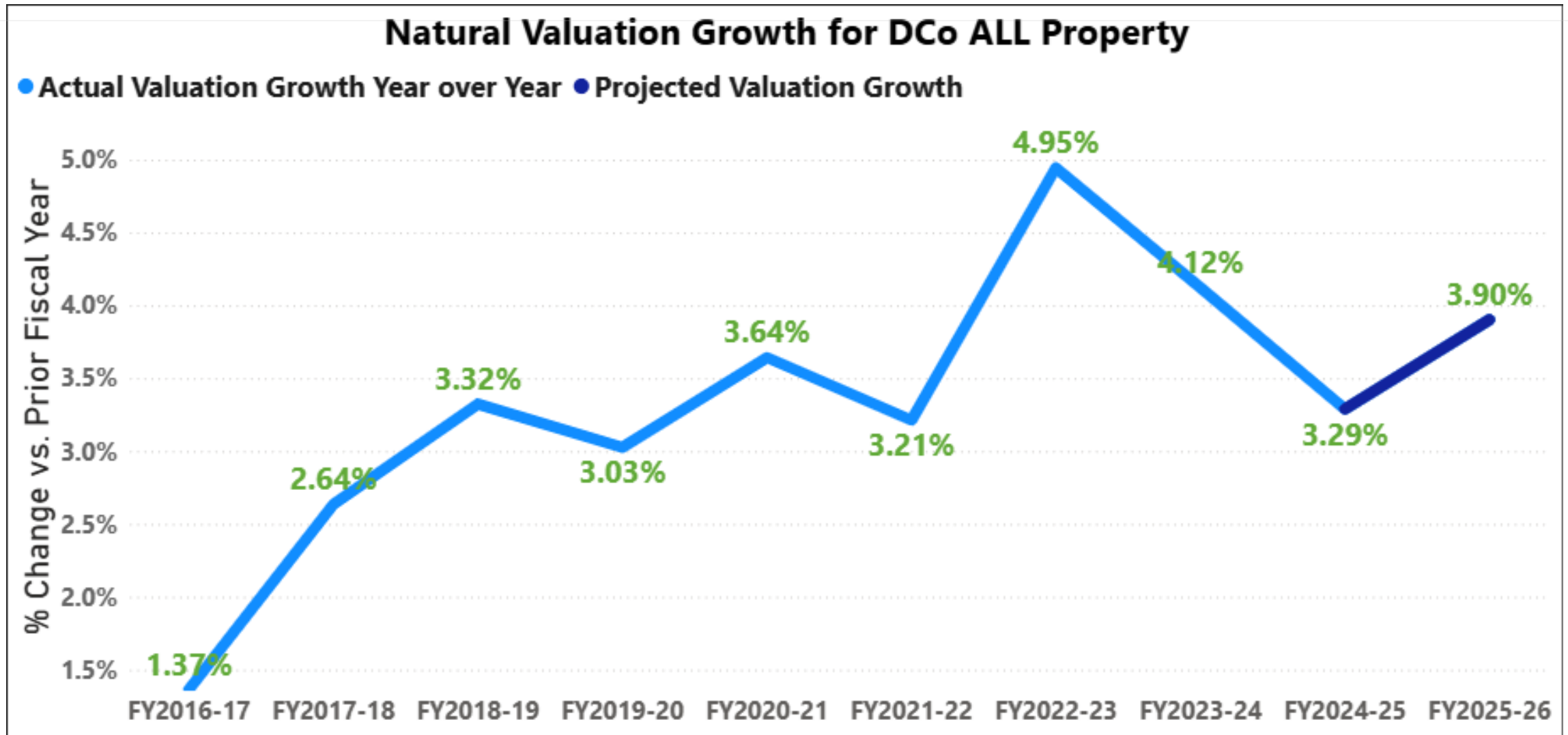


FY 2025-26 Property Tax

PROPERTY TAX	FY 2024-25 Approved Tax Rate	FY2025-26 Revenue Neutral Tax Rate	FY 2025-26 Recommended Tax Rate	FY 2025-26 Projected Revenue
General Fund	69.76	43.35	47.85	\$409,197,931
Capital Financing Fund	10.11	6.57	7.57	\$64,657,123
TOTAL	79.87	51.92	55.42	\$473,855,054

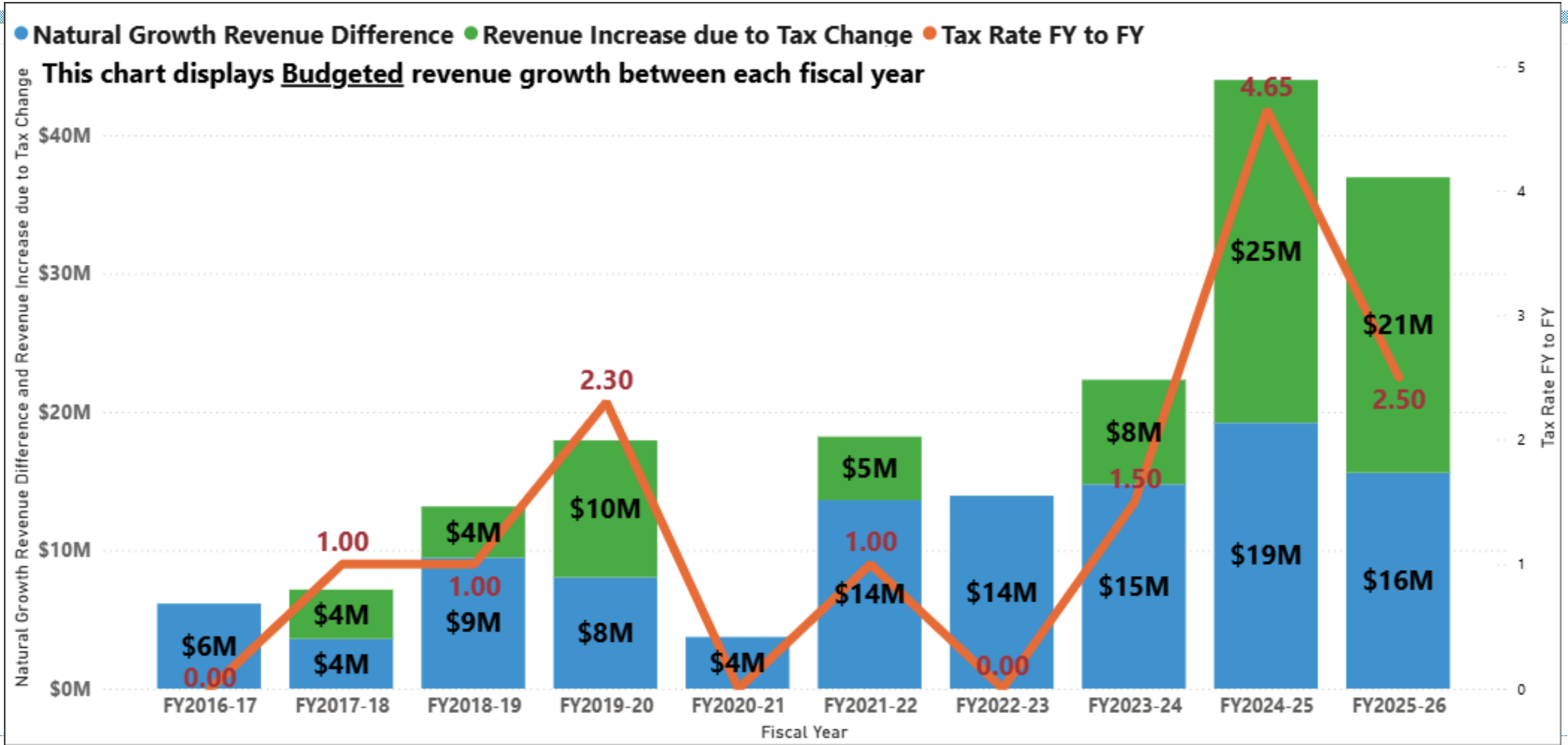
FY 2025-26 Total GF and CFP property tax revenue increase = **\$47.7 million**

ALL Property Valuation Growth History



Percent Growth uses ACFR final valuations except for two most recent years where budgeted valuations are used

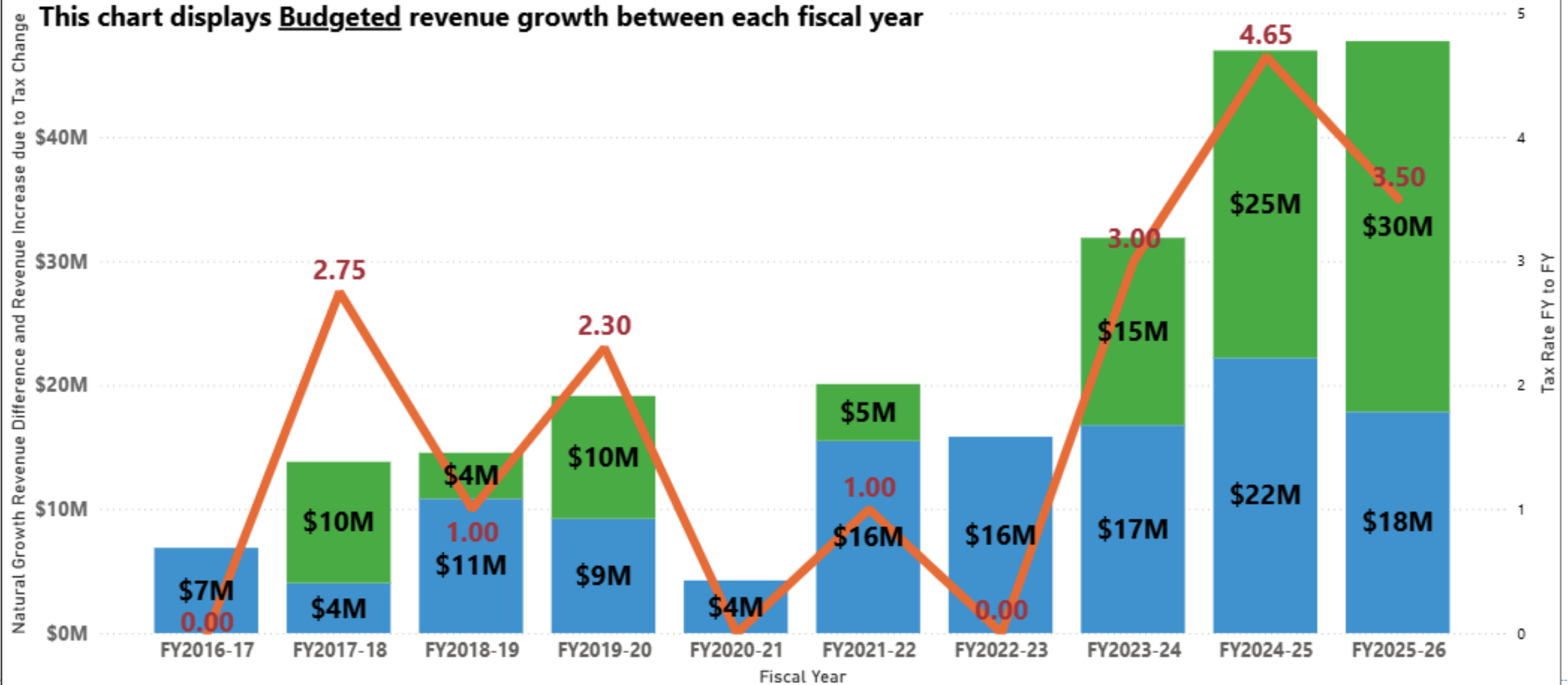
Growth in General Fund Property Tax Revenue



Growth in General and Capital Fund Property Tax Revenue

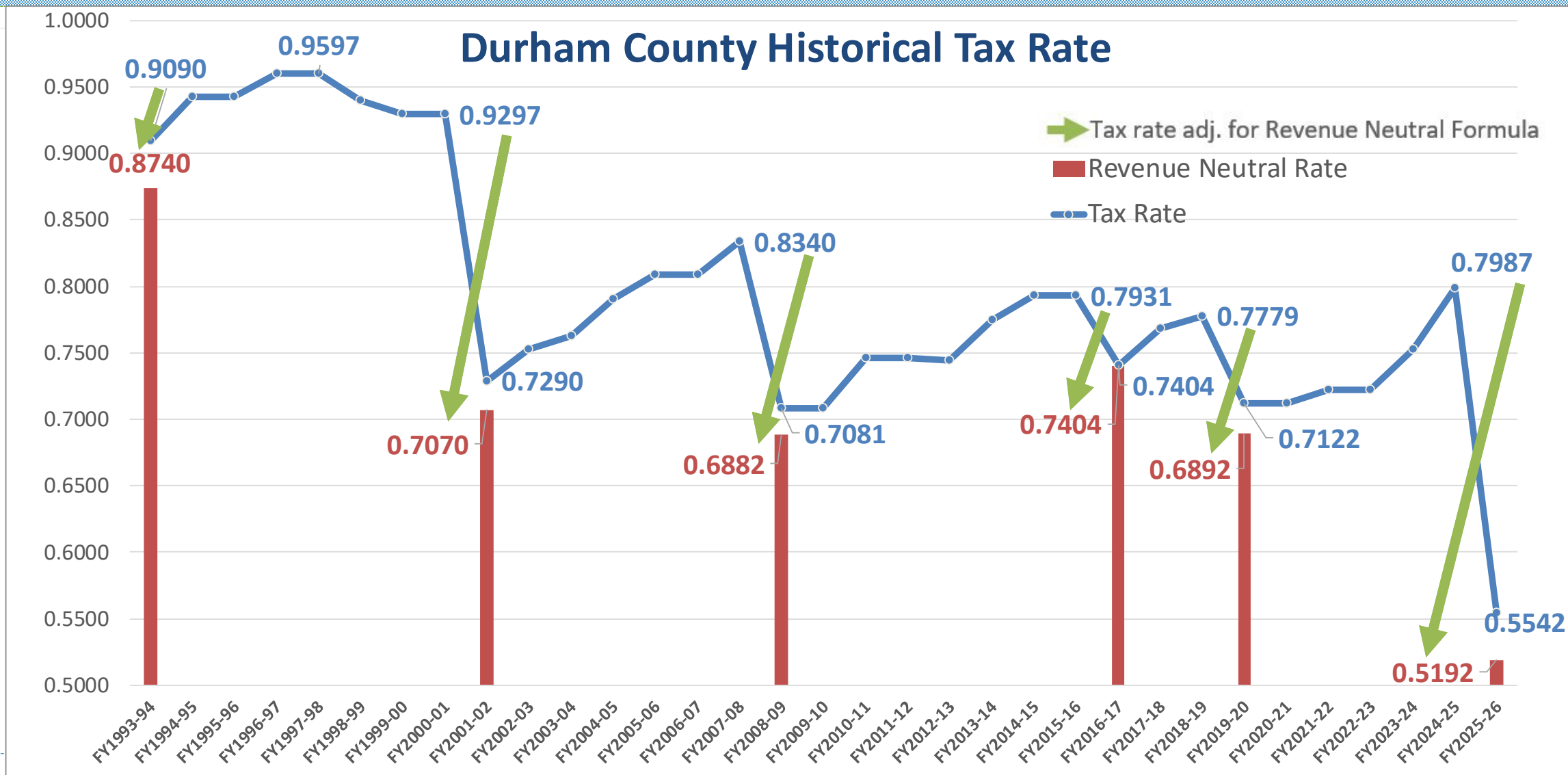
● Natural Growth Revenue Difference ● Revenue Increase due to Tax Change ● Tax Rate FY to FY

This chart displays Budgeted revenue growth between each fiscal year

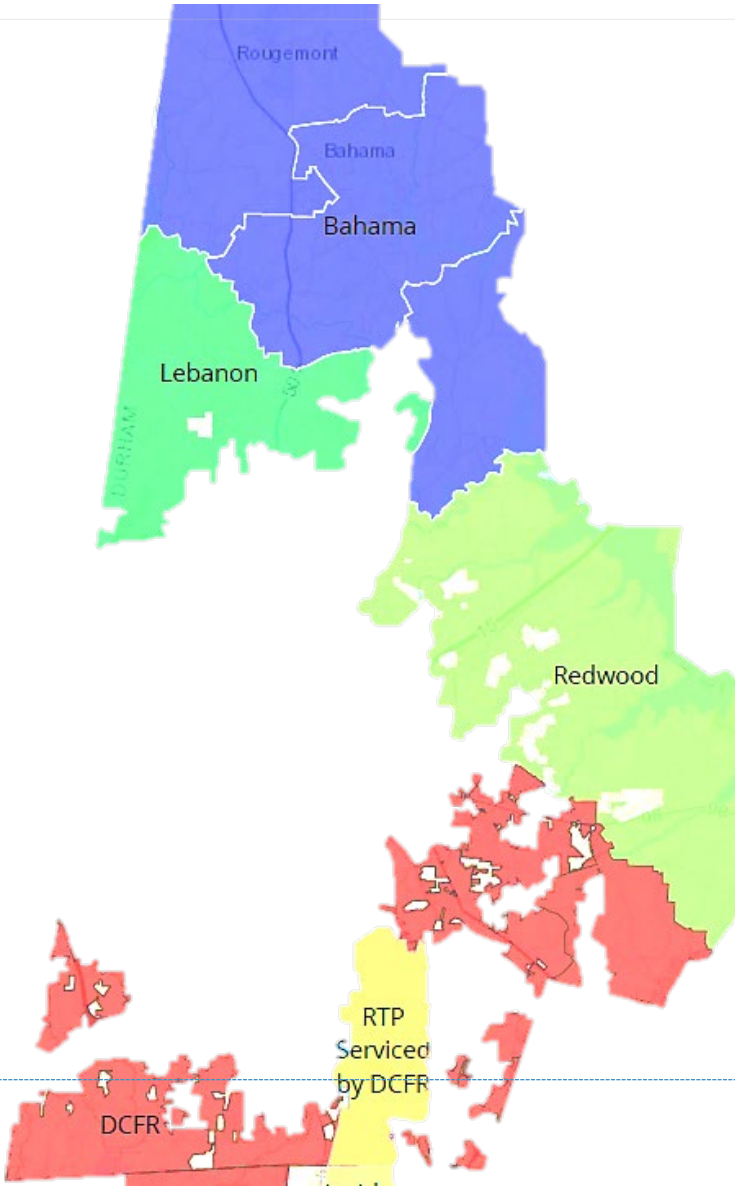




Historical Property Tax



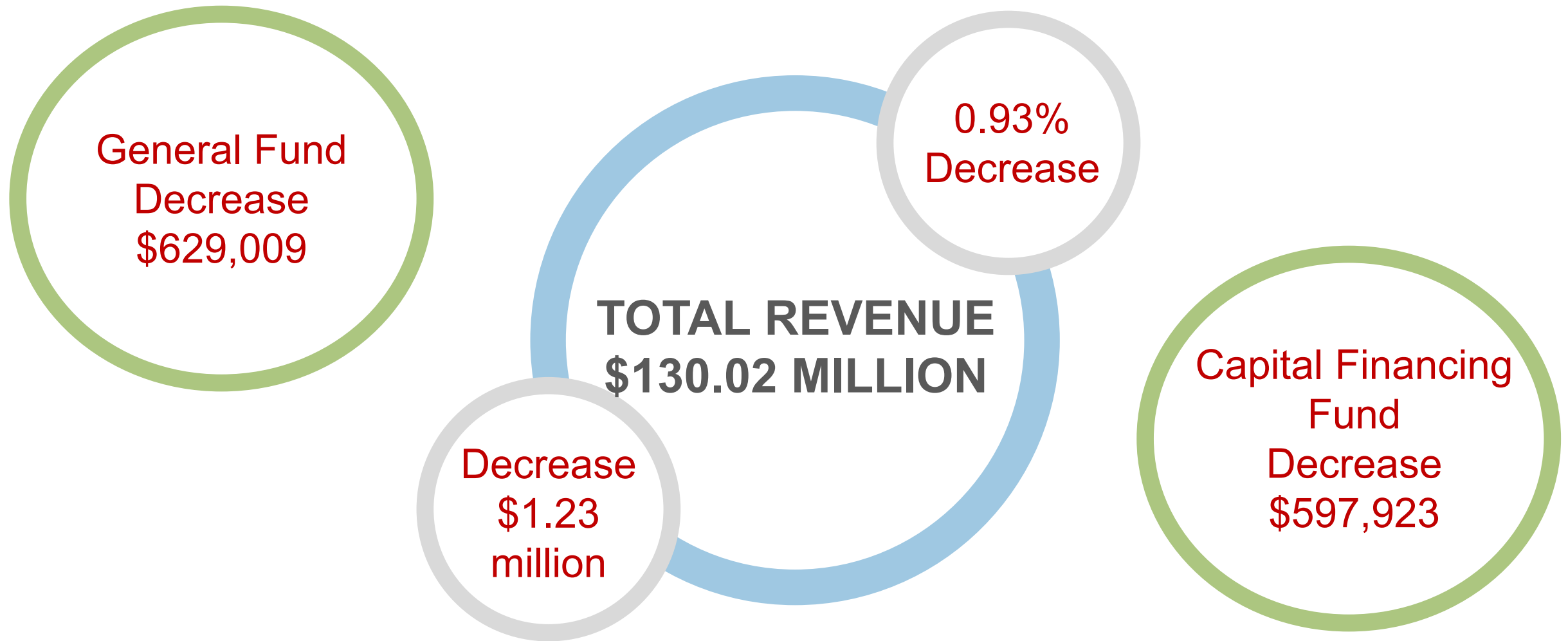
Special Tax Districts



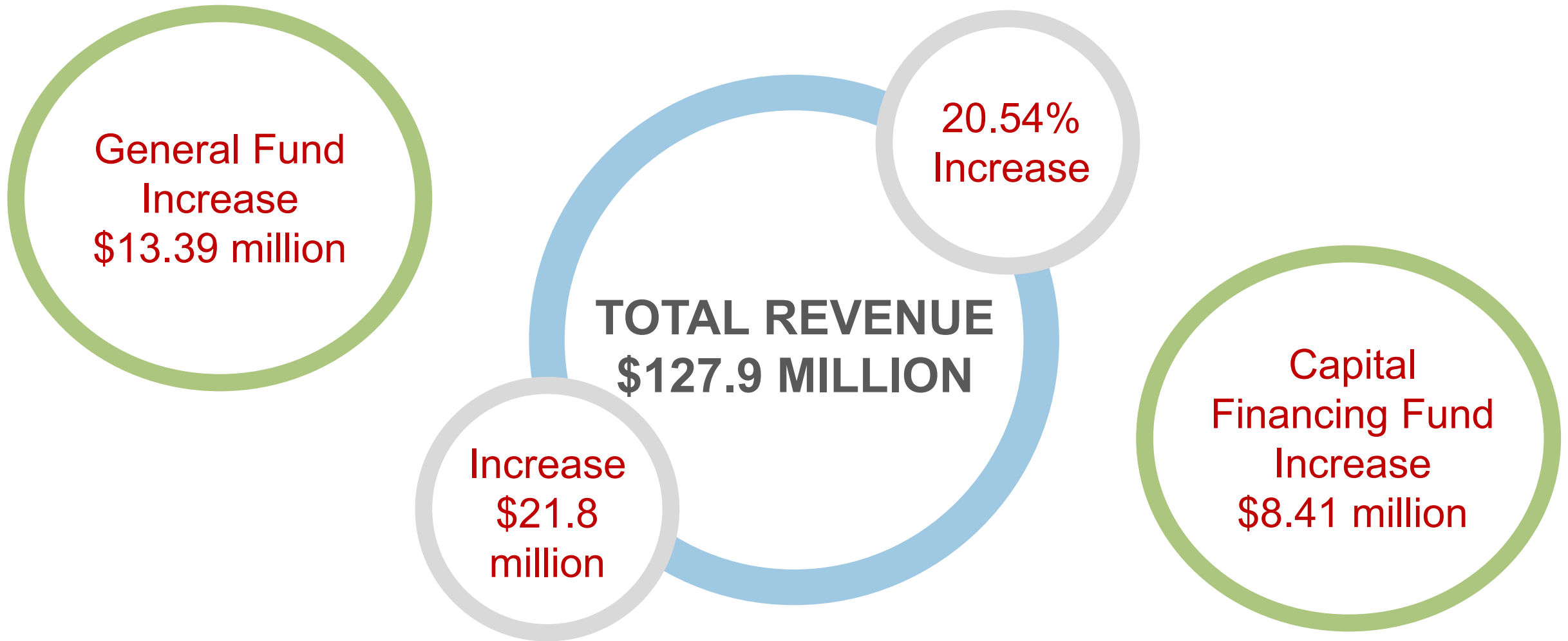
Tax Rate by District	FY 2025-26 Revenue Neutral	FY 2025-26 Recommended
Lebanon	7.69	9.19 (+1.5)
Redwood	8.33	9.07 (+0.74)
New Hope	4.91	6.41 (+1.50)
Eno	4.84	4.84
Bahama	7.78	8.83 (+1.05)
Durham County Fire & Rescue	8.79	8.29 (-0.5)
RTP Service Tax	6.31	7.8 (+1.49)
RTP Public Transportation Tax	1.79	2.5 (+0.71)



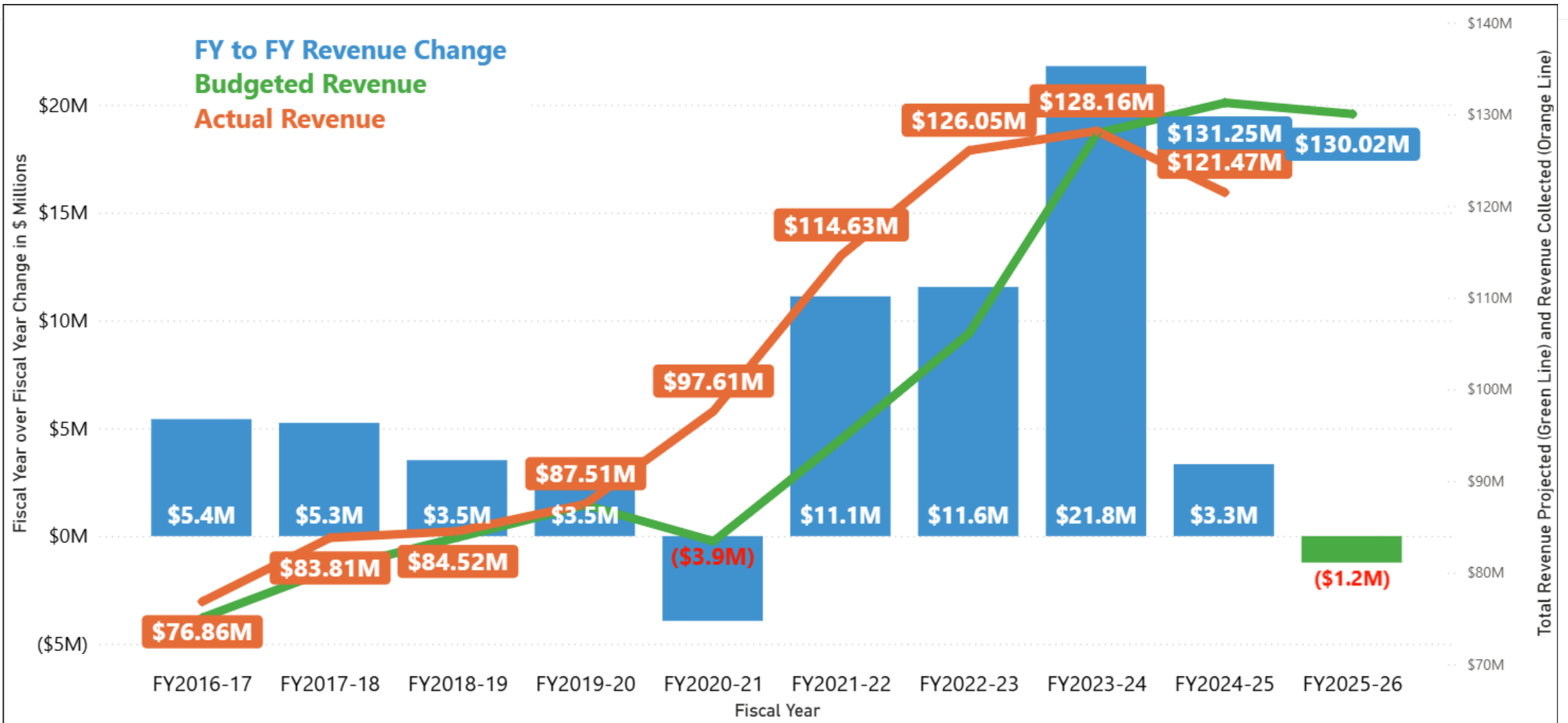
FY 2025-26 Sales Tax



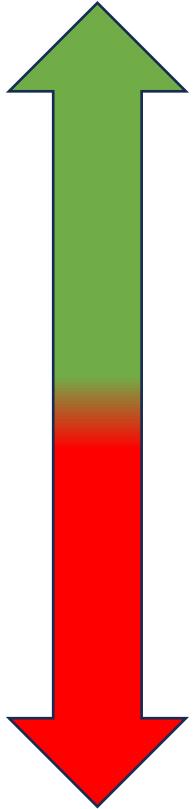
FY 2023-24 Sales Tax



Historical Sales Tax Revenue Growth



FY 2025-26 Other Major Revenue Sources



Investment Revenue

- Increase of **\$2 million**, total revenue budget of **\$7 million**

State Hold Harmless

- Increase of **\$1 million**, total revenue budget of **\$10 million**

EMS Patient Fees

- Decrease of **(\$1.8 million)**, total revenue budget of **\$16.06 million**

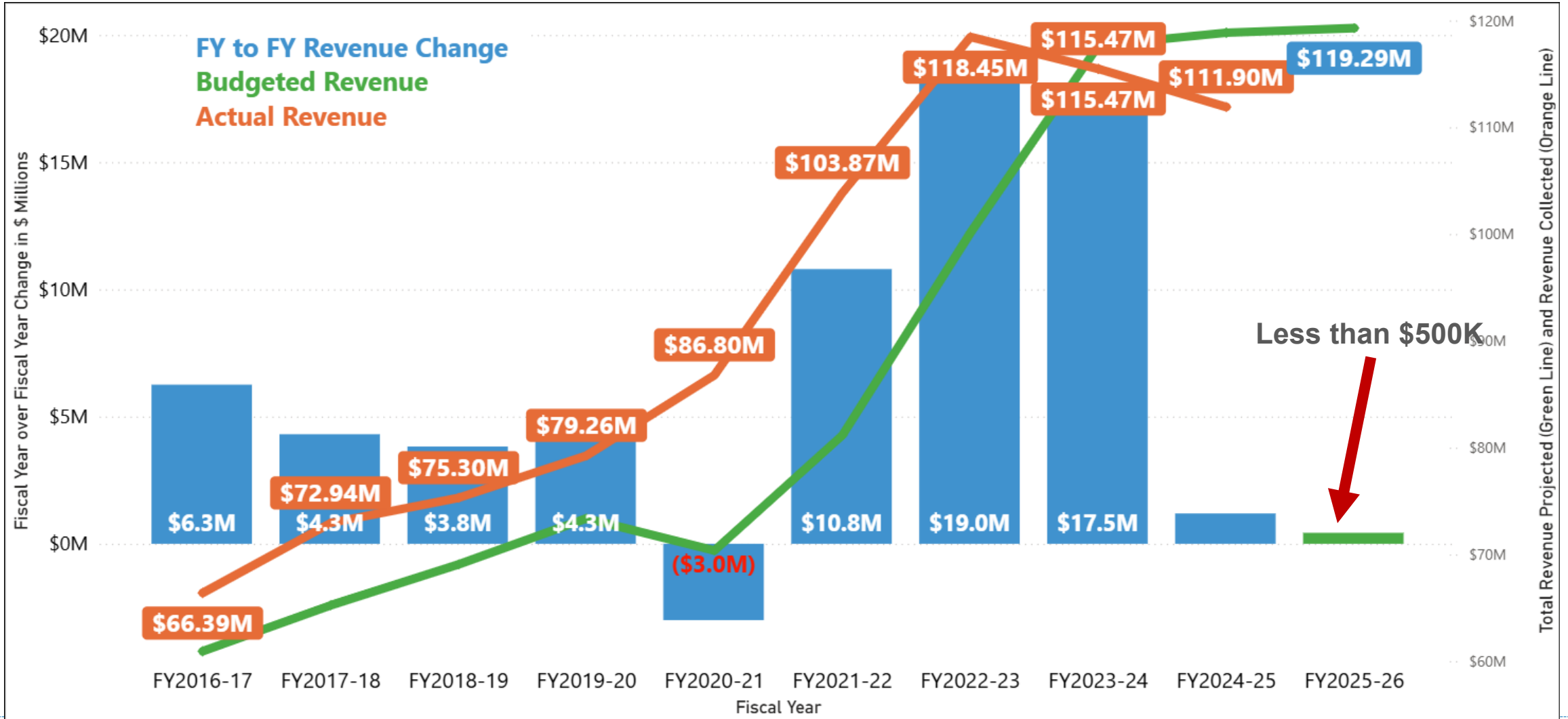
Register of Deeds

- Decrease of **(\$100,000)**, total revenue budget of **\$5.9 million**

Lower Fund Balance Appropriation Included

- Decrease of **(\$2.6 million)**, total revenue budget of **\$23.2 million**

FY 2025-26 Other Major Revenue Sources – Minus Property Tax

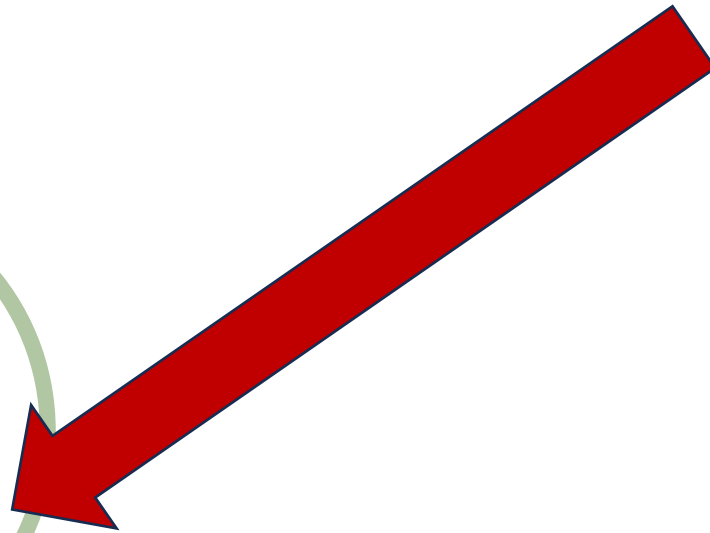


State Medicaid Hold Harmless

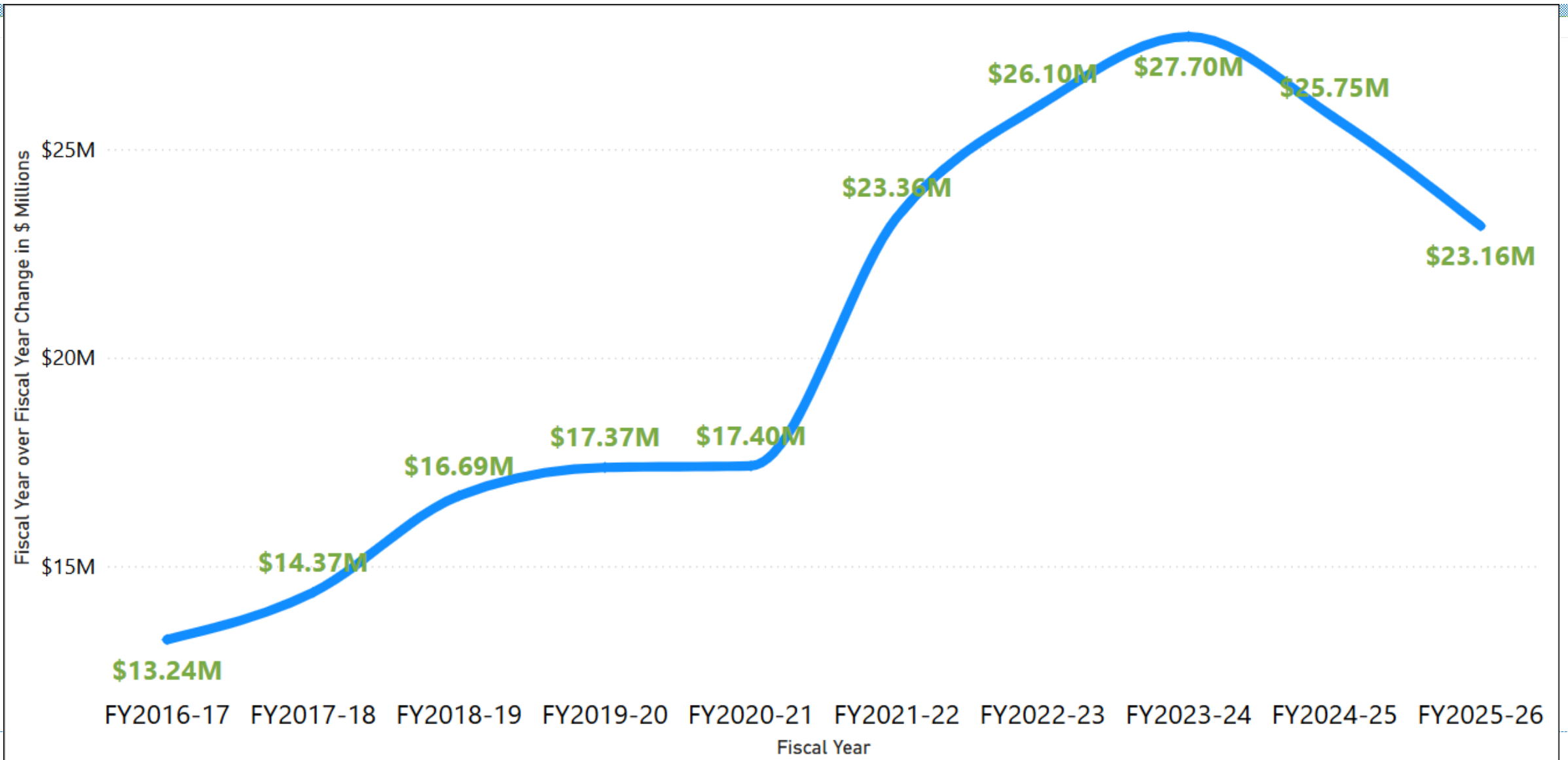
State Medicaid Hold Harmless Revenue	
FY 2007-08 to FY 2013-14	\$0
FY 2014-15	\$967,362
FY 2015-16	\$2,209,666
FY 2016-17	\$2,207,970
FY 2017-18	\$4,698,898
FY 2019-20	\$4,507,538
FY 2020-21	\$9,581,459
FY 2021-22	\$9,921,962
FY 2022-23	\$11,962,587
FY 2023-24	\$10,344,345
FY 2024-25 (Projected)	\$10,998,098
Total	\$67,399,885
FY 2025-26 (Budgeted)	\$10,000,000

Medicaid Hold Harmless Funds

- Had significant increases 4 years in a row
- Recent stabilizing of revenue amount??
- Total revenue budget of \$10 million



General Fund Fund Balance Appropriated



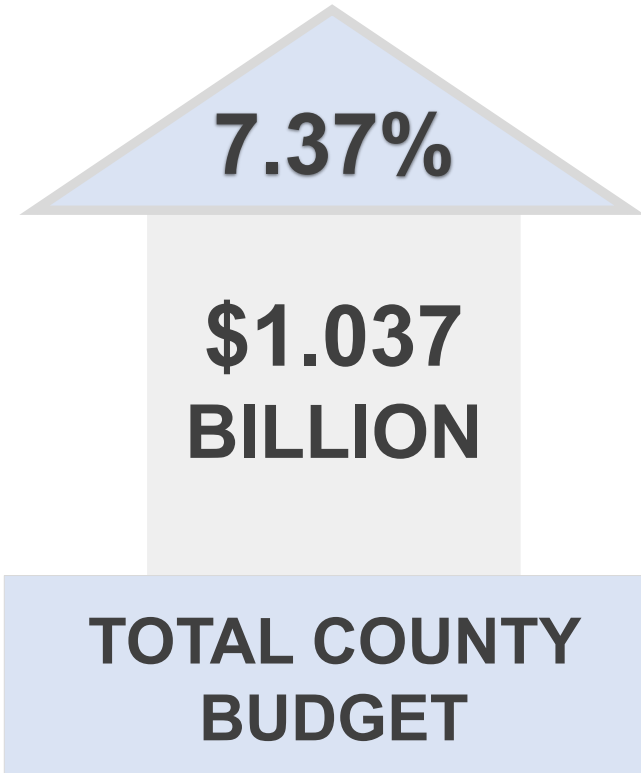


FY 2025-26 Budget Outlook

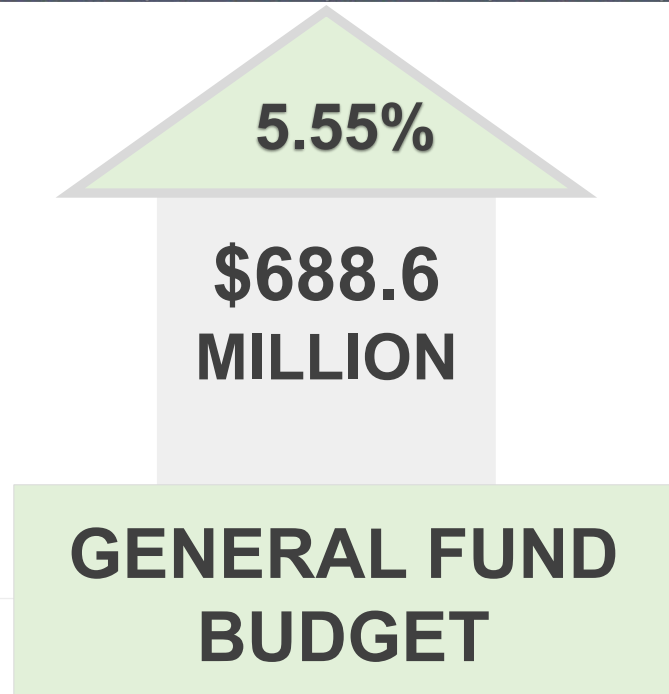
Priority Expenditures

- | | |
|---|------------------------|
| 1. Additional funding support for DPS: | \$10.35 million |
| 2. Employee Benefits (Insurance): | \$6.3 million |
| 3. Employee compensation increases:
Merit (Pay for Performance): 3%-4% | \$5.3 million |
| 4. New Positions to address
increased service demands | \$2.18 million |
| 5. Increased inflationary costs
(IT, Service Contracts) | \$986,531 |

FY 2025-26 Expenditure Summary

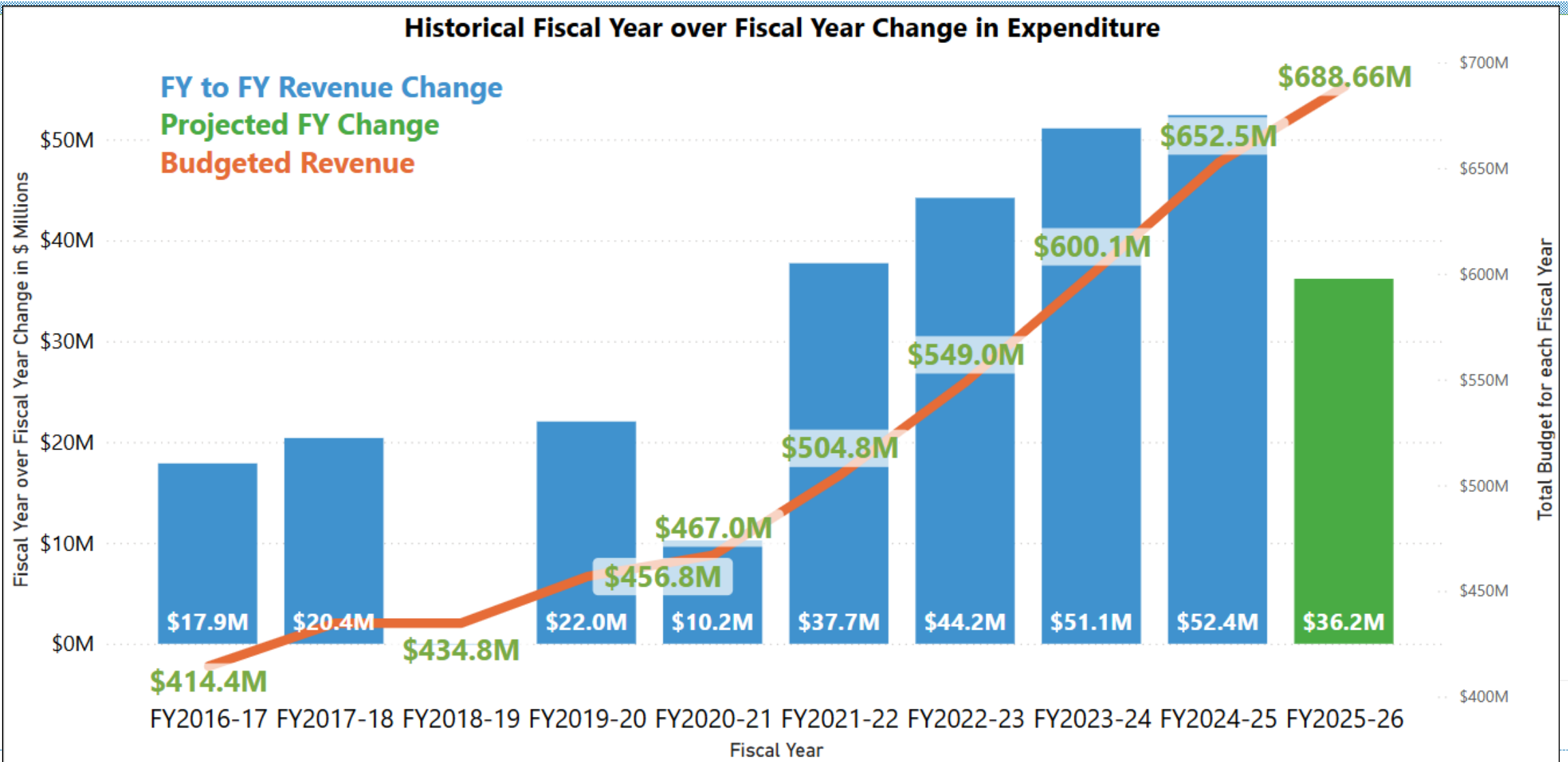


Functional Area Name	FY 2023-24 Actuals	FY 2024-25 Original	FY 2024-25 Estimated	FY 2025-26 Requested	FY 2025-26 Recommend	\$ Change Rec. v. Orig.	% Change Rec. v. Orig.
General Government	\$173,003,287	\$181,607,958	\$190,585,265	\$198,267,347	\$193,462,411	\$11,854,453	6.53%
Public Safety	\$83,361,793	\$89,138,365	\$83,856,814	\$96,236,309	\$95,104,406	\$5,966,041	6.69%
Transportation	\$1,273,816	\$4,657,932	\$1,646,215	\$4,634,350	\$4,544,472	(\$113,460)	-2.44%
Environmental Protection	\$6,334,576	\$6,901,858	\$7,530,608	\$8,094,302	\$7,866,848	\$964,990	13.98%
Econom. & Physical Devlp.	\$8,388,699	\$9,804,532	\$9,601,673	\$11,077,837	\$10,419,457	\$614,925	6.27%
Human Services	\$117,715,897	\$113,243,104	\$105,126,282	\$118,646,688	\$114,815,668	\$1,572,564	1.39%
Education	\$208,634,771	\$230,521,600	\$230,577,903	\$254,164,354	\$245,125,951	\$14,604,351	6.34%
Cultural & Recreational	\$16,333,553	\$16,595,836	\$16,022,452	\$17,729,298	\$17,317,877	\$722,041	4.35%
Total	\$615,046,392	\$652,471,185	\$644,947,213	\$708,850,485	\$688,657,090	\$36,185,905	5.55%

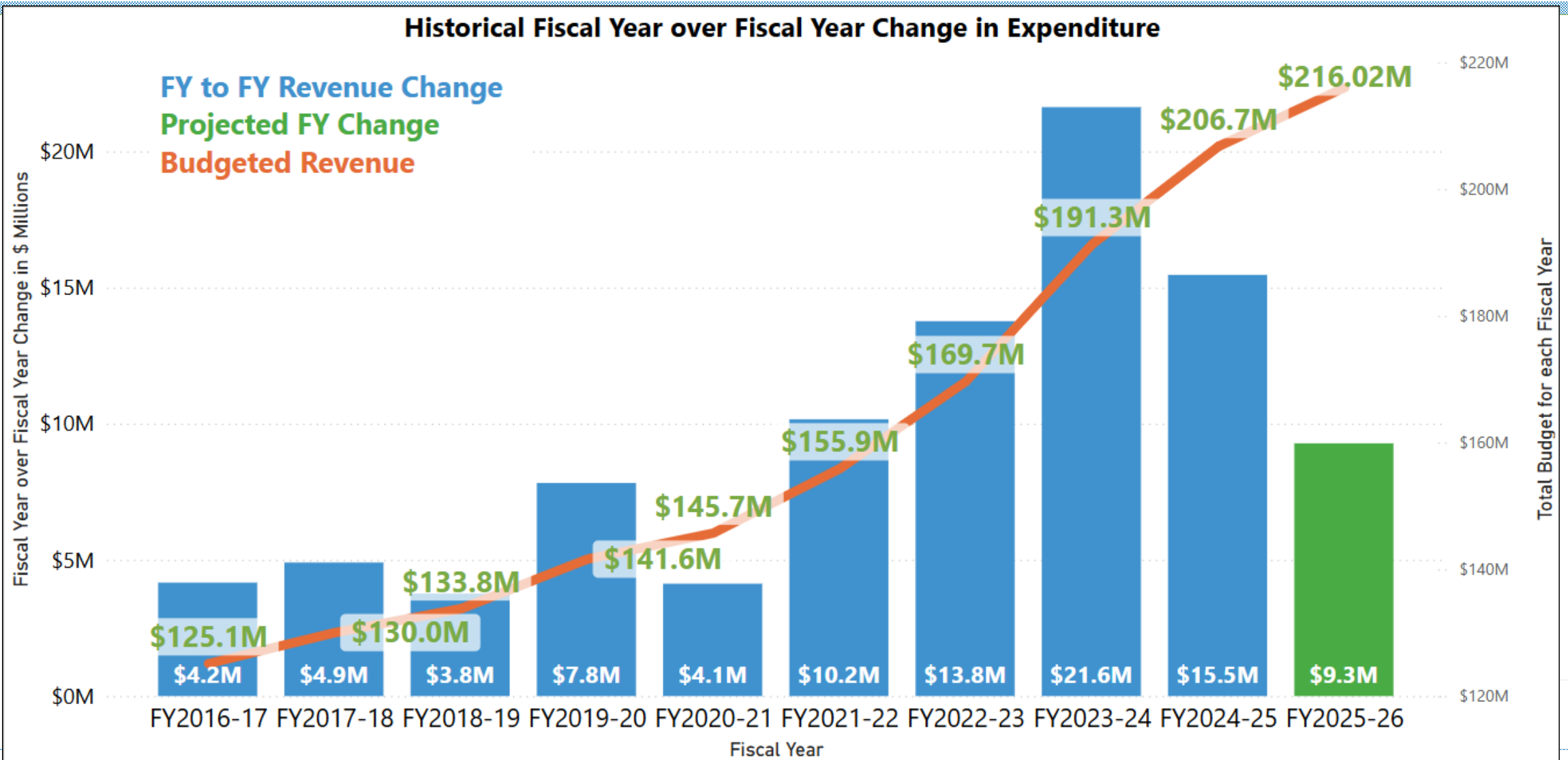


Fund SubCategory	FY 2023-24 Actuals	FY 2024-25 Original	FY 2024-25 Estimated	FY 2025-26 Requested	FY 2025-26 Recommend	\$ Change Rec. v. Orig.	% Change Rec. v. Orig.
General Funds	\$769,071,373	\$821,184,336	\$810,485,677	\$904,958,830	\$876,602,679	\$55,418,343	6.75%
Special Revenue Funds	\$15,160,797	\$15,454,565	\$14,002,363	\$18,458,783	\$18,369,774	\$2,915,209	18.86%
Debt Service Funds	\$130,144,113	\$108,841,636	\$108,013,174	\$116,589,842	\$116,589,842	\$7,748,206	7.12%
Enterprise Funds	\$17,663,646	\$20,694,580	\$22,033,212	\$25,859,286	\$25,859,286	\$5,164,706	24.96%
Total	\$932,039,929	\$966,175,117	\$954,534,425	\$1,065,866,741	\$1,037,421,581	\$71,246,464	7.37%

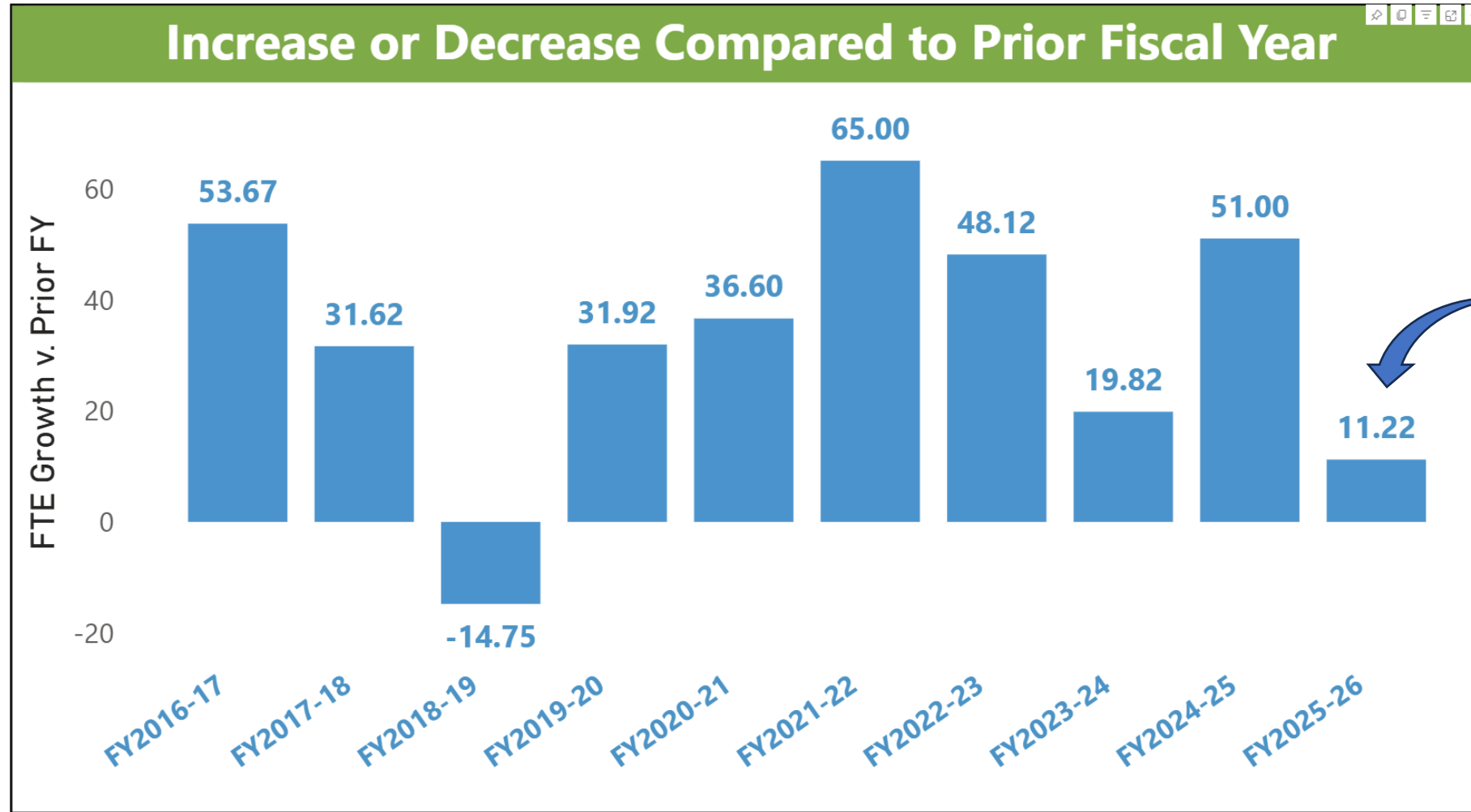
General Fund Expenditure Summary



Personnel Expenditure Summary



New Position Growth



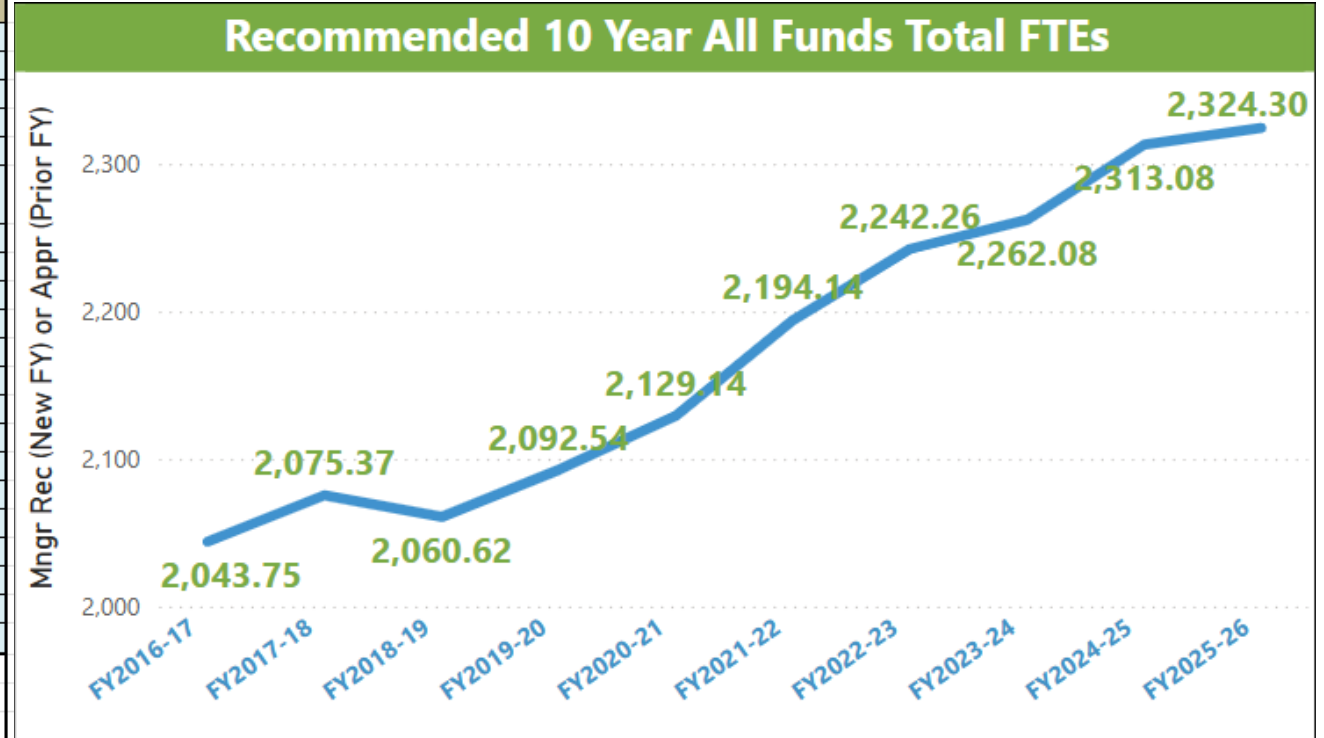
**20.5 New FTEs in
FY 2025-26
Budget**

*9.28 FTEs reduced
during FY 2024-25*

Durham County's population grew by 18% over the past decade. Additional staffing supported increased service demands. Some positions are offset by revenues.

New Position Growth

FY 2025-26 General Fund Recommended NEW FULL TIME EQUIVALENT (FTEs)				
Department	Position(s)	FTEs	Salary and Benefits	Anticipated Starting Date
Office Of Emergency Services	Paramedic	6.00	\$510,162	07.01.2025
Office Of Emergency Services	EMT	6.00	\$399,408	07.01.2025
Office Of Emergency Services	Senior Auto Mechanic	1.00	\$82,538	07.01.2025
Office Of Emergency Services	Deputy Chief of Emergency Management	1.00	\$120,698	07.01.2025
Durham County Sheriff Office	Law Enforcement Officer - RTP	5.00	\$392,560	07.01.2025
Soil & Water	Environmental Education and Outreach Coordinator	1.00	\$11,500	07.01.2025
Elections	Ballot processing manager	1.00	\$101,640	07.01.2025
General Services	Technical Security Specialist	1.00	\$95,767	07.01.2025
General Services	Security Operations Supervisor	1.00	\$77,553	07.01.2025
General Services	Solid Waste crew leader	1.00	\$57,136	07.01.2025
Information Service & Technology - ERP	Business Relationship	1.00	\$144,063	07.01.2025
Information Service & Technology - ERP	ERP Project Manager	1.00	\$152,460	07.01.2025
Information Service & Technology - ERP	Senior Business Analyst-HR	1.00	\$139,755	07.01.2025
Information Service & Technology - ERP	Senior Business Analyst-IT	1.00	\$139,755	07.01.2025
Information Service & Technology - ERP	Senior ERP Architect	1.00	\$171,518	07.01.2025
Information Service & Technology	Digital Content Specialist	1.00	\$107,993	07.01.2025
Information Service & Technology	IT Manager Service Now Platform	1.00	\$145,813	07.01.2025
Youth Home	Youth Counselor	8.00	\$520,592	07.01.2025
Youth Home	Cook	0.50	\$23,805	07.01.2025
Community Intervention & Support Service	Project BUILD - Outreach worker	3.00	\$197,879	07.01.2025
Total General Fund Additional FTEs		42.50	\$3,592,595	
Reallocated FTEs Changes FY 2025-26 Budget (see table below)		-24.00	-\$1,414,476	
FTEs Changes During FY 2024-25		-9.28		
Net FY 2025-26 General Fund Supported FTEs		9.22	\$2,178,119	
FY 2025-26 Realigned General Fund FTEs				
Community Intervention & Support Service	Outreach workers	-4.00	-\$192,836	
Dept. of Social Service	Case Workers	-15.00	-\$904,000	
Durham County Sherrieff Office	Correction Officers	-5.00	-\$317,640	
Total		-24.00	-\$1,414,476	
* Vacancy rates across the County trend in the 15%-16% range (320 - 370 FTEs) during the fiscal year				
Other Fund Recommended New FTEs				
Sewer Utility	Water & Distribution Technician	1.00	\$82,583	7/1/2025
Public Art Fund	Public Art Coordinator (formerly contracted Position)	1.00	\$107,993	07.01.2025
Total		2.00	\$190,576	

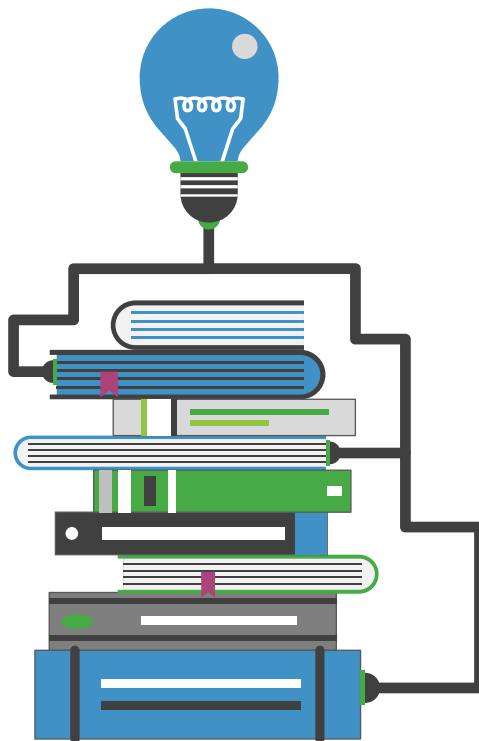




Durham Public Schools Funding

Per Pupil Funding
increases \$128
(2.4%) to \$5,496

\$6 million recurring Capital Funding



Other DCo spending to support DPS

SROs \$2.6 million

Public Health \$3.8 million

Non-Profits \$177,050

DPS Debt Service \$61.8 million

Pre-K Support \$8.76 million

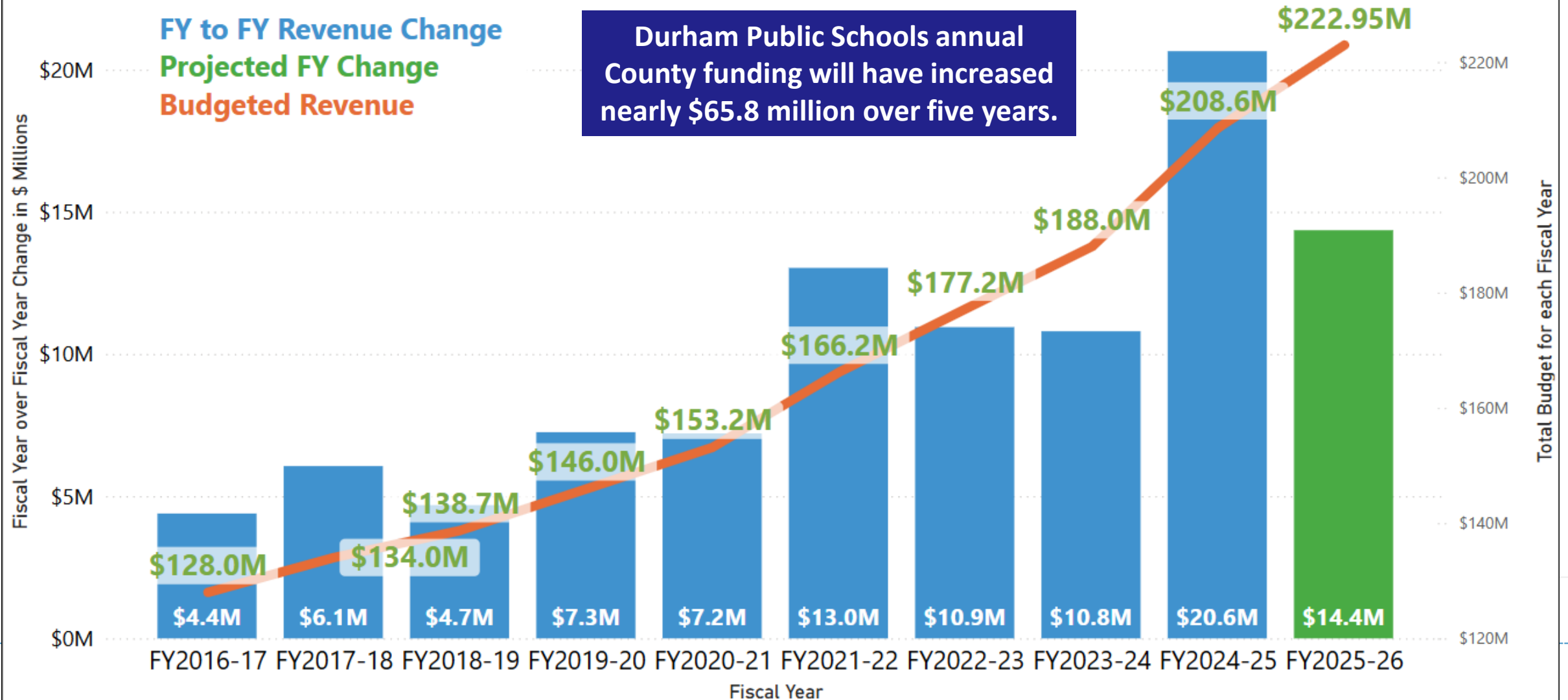
Total = \$77.14 million

\$10.35 million current expense increase

Total Funding = \$223,678,258 3.9% increase

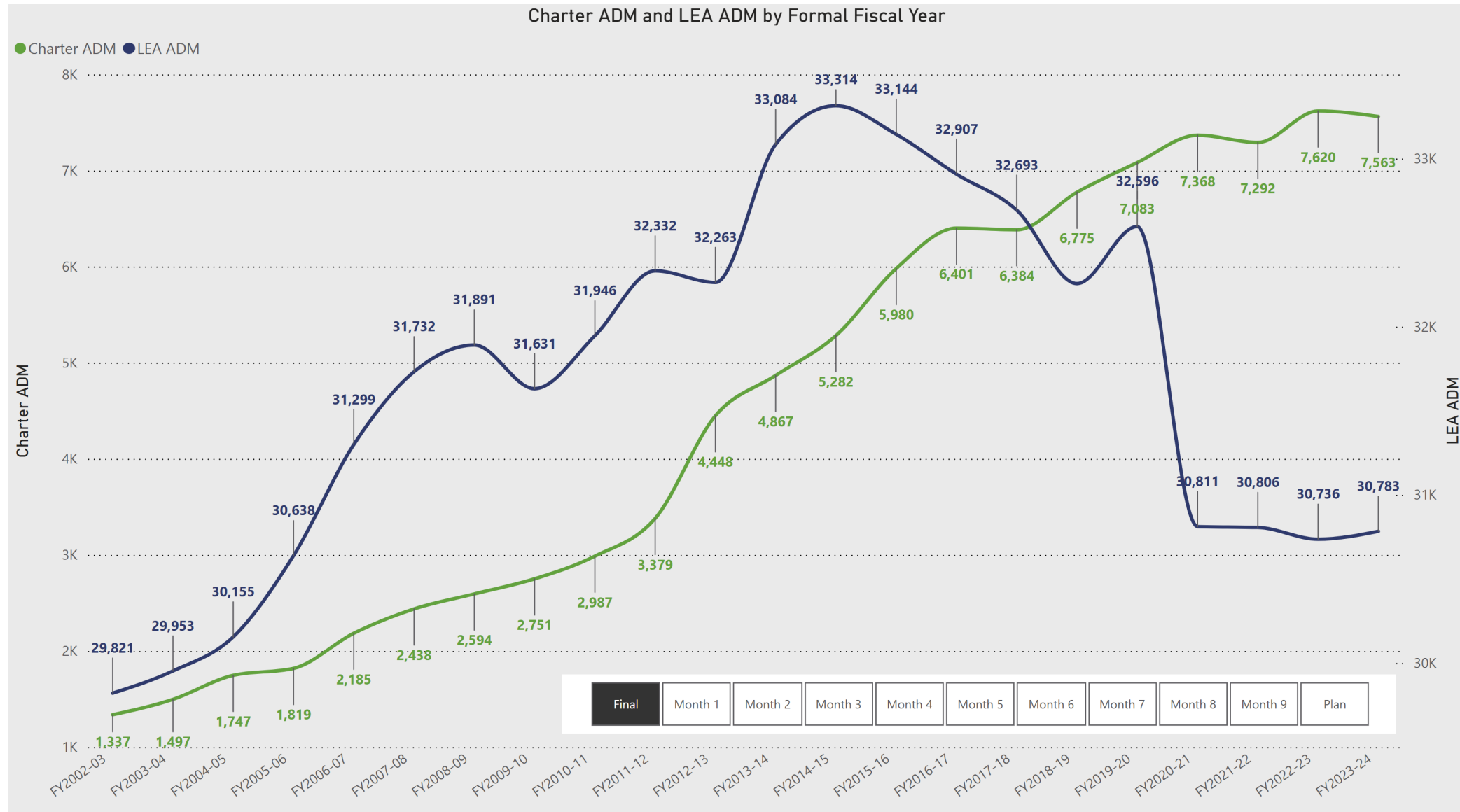
Durham Public Schools Allocations Historical Trends

Historical Fiscal Year over Fiscal Year Change in Expenditure





DPS Enrollment Patterns



Fiscal Year 2023-24 Current Expense Allocation / Per ADM

County	Current Expense / Per ADM Rank	Current Expense / Per ADM \$	Property Tax Levy Per Capita	Property Tax Levy Per Capita Rank
Dare	1	\$5,723	\$1,857	2
Orange	2	\$5,344	\$1,272	10
Durham	3	\$4,903	\$1,147	13
Buncombe	4	\$3,908	\$925	36
Hyde	5	\$3,821	\$2,249	1
Brunswick	6	\$3,694	\$1,075	18
Transylvania	7	\$3,679	\$1,325	6
Wake	8	\$3,659	\$1,146	14
Mecklenburg	9	\$3,652	\$1,166	12
New Hanover	10	\$3,567	\$952	30
Guilford	11	\$3,432	\$953	29
Carteret	12	\$3,399	\$851	44
Chatham	13	\$3,376	\$1,282	8
Warren	14	\$3,233	\$1,240	11
Watauga	15	\$3,187	\$801	51
Polk	16	\$3,035	\$1,012	21
Forsyth	17	\$2,999	\$784	54
Avery	18	\$2,889	\$1,412	5
Currituck	19	\$2,881	\$1,503	3
Pamlico	20	\$2,787	\$1,039	20

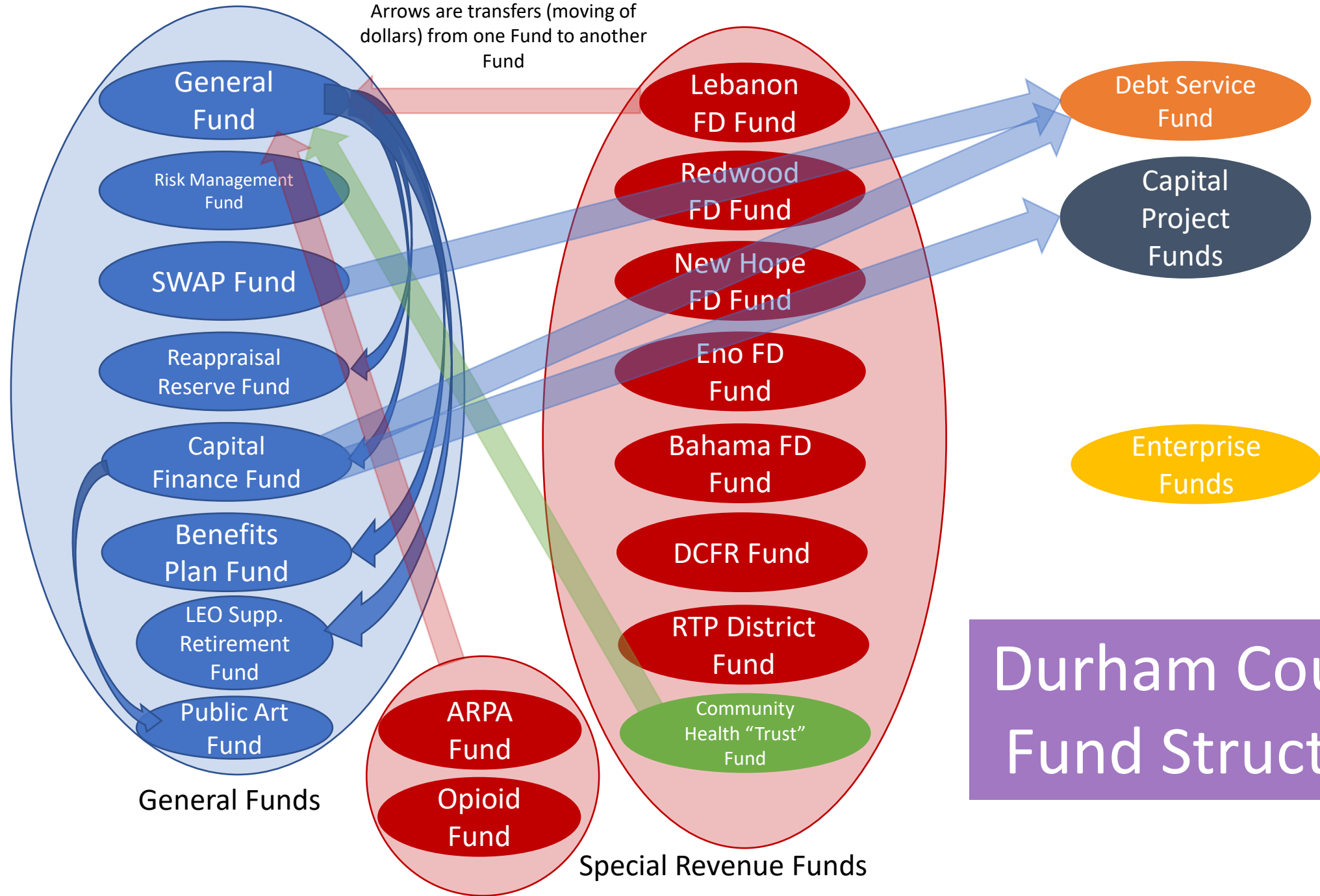
- For decades Durham County has funded Durham Public Schools among the highest in the state for current expense allocations.
- The table reflects the current expense allocations per student and the current tax levy per County capita for Fiscal Year 2023-24.
- Durham County's current expense funding per student was ranked No. 3 in FY 2023-24.
- Durham County's property tax levy per capita is 13th in the state, and 6th out of the top ten local per pupil funding counties.

Source:

NC Association of County Commissioners County Map Book

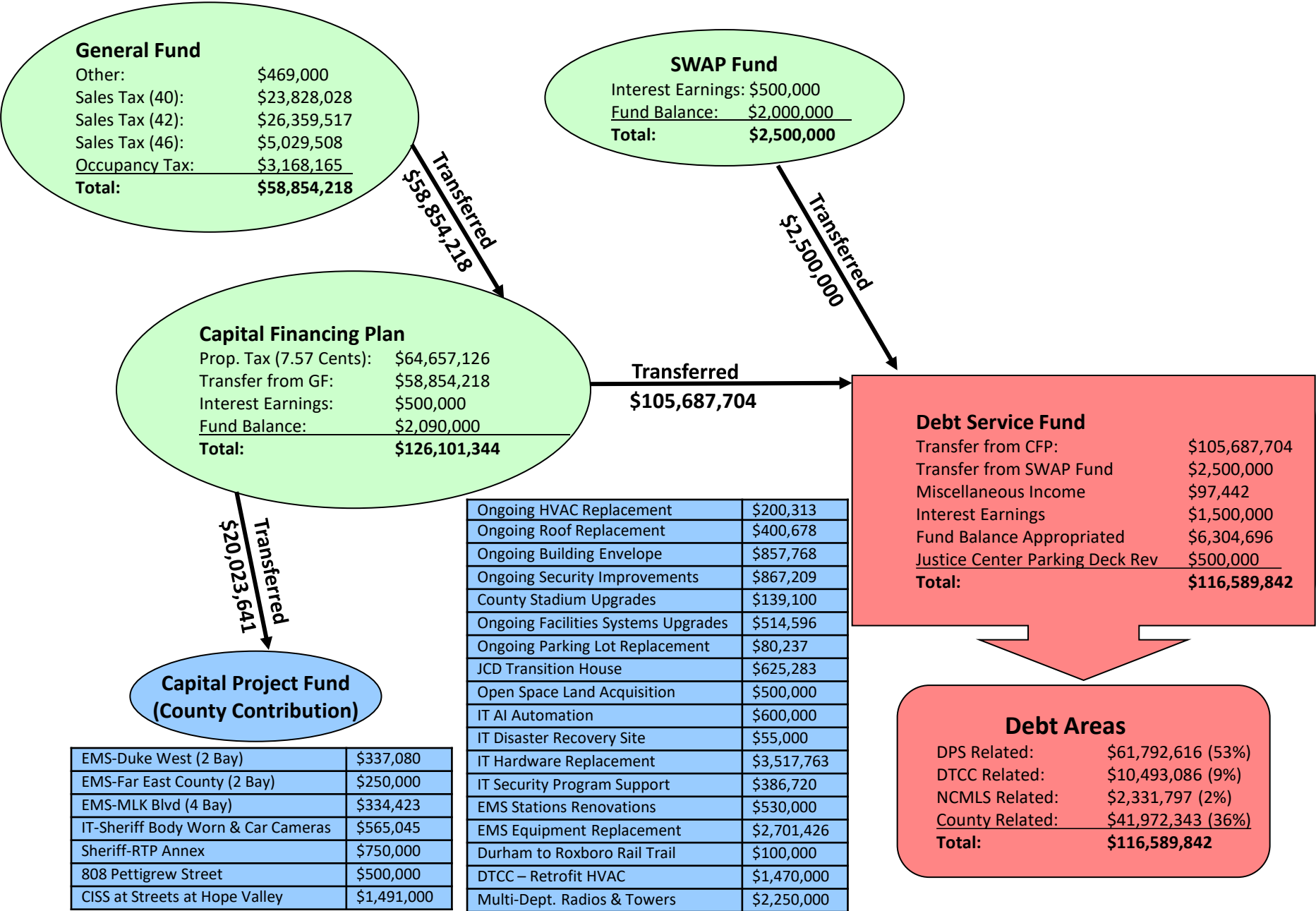
<https://www.ncacc.org/research-and-publications/research/county-data-and-information/>

Arrows are transfers (moving of dollars) from one Fund to another Fund



Durham County Fund Structure

Capital Improvement Plan Debt Funding FY 2025-26





FY 2025-26 Budget Timeline

- ★ May 22
Budget Work Sessions
- ★ May 27
Public Hearing for FY 2025-26 Budget
- ★ May 29, June 3 and 5 (if needed)
Budget Work Sessions
- ★ June 9
FY 2025-26 Budget Approval

BUDGET WORKSESSIONS

MAY 2025

20 WORKSESSION 9-3:30PM
Board of County Commissioners

22 WORKSESSION 1-5PM
Board of County Commissioners

27 PUBLIC HEARING 7PM
Board of County Commissioners

29 WORKSESSION 9-3:30PM
Board of County Commissioners

JUNE 2025

3 WORKSESSION 9-3:30PM
Board of County Commissioners

5 WORKSESSION 1-5PM
Board of County Commissioners

9 BUDGET ADOPTION 7PM
Board of County Commissioners

Worksessions provide County Commissioners time to explore citizen feedback and speak with County Management, department leaders, and community partners in order to shape a comprehensive budget for the upcoming fiscal year

View Public Hearing/worksessions: <https://bit.ly/3n04B9b>

