



### **Agenda Action Form Overview**

As part of the Durham County Policy on financing capital projects, all collected Article 40 and 42 sales tax and Local Occupancy Tax are directed for support of capital projects and their related debt service. In FY 2024-25, \$117,630.96 from these revenue sources was realized over what was budgeted to be collected in the General Fund (Fund 101). Per capital financing policy this over-collection needs to be transferred to the Capital Financing Fund (Fund 125) where they can be applied to debt service. Per Generally Accepted Accounting Principles (GAAP) the revenues are recorded in the fiscal year that they apply. However, it is too late to amend the prior year budget to transfer the over realized funds in the prior fiscal year, therefore these monies have fallen to fund balance within the General Fund for the prior fiscal year (FY 2024-25). Thus, the Board is requested to approve Budget Ordinance Amendment No. 26BCC073 appropriating \$692,479.19 of General Fund (Fund 101) fund balance (the combination of Sales and Occupancy Tax overcollection) and transferring those funds to the Capital Financing Fund (Fund 125).

### **Background/Justification**

The table below shows previous completed fiscal years, and the amount of over / under collection summarized and by item. Note that only the positive “Budget Remaining” amounts are over-collections, so only the total each fiscal year of those items are transferred per this action. The Budget Office has a target of 101% collection on these items, however due to the nature of budgeting where the future fiscal year’s projection is built off only partial information for the current fiscal year (i.e. in January of each year when projections for the next fiscal year are being developed, there are only approximately 4 months of actual sales tax known for the current fiscal year) that target is more complicated than some other more stable revenue items. This Board action ensures the accurate amounts are transferred to the Capital Financing Fund per Board policy.

### **Policy Impact**

The completion of this action ensures adherence to all County policies, specifically the policy to ensure all collected Article 40 and 42 sales tax and Occupancy Tax is directed to support capital projects. Transferring prior year’s overcollection of Sales and Occupancy tax is completed on an annual basis as part of the natural cycle of reconciliation at the end of a fiscal year.

### **Procurement Background**

Not applicable

### **Fiscal Impact**

General Fund fund balance will be reduced by the appropriate amount (\$117,630.96) that was collected after the fiscal year was closed and that amount will be accurately recorded in the Capital Financing Fund. For the purpose of counting towards the overall fund balance policy both of these funds are considered at the ACFR level as General Funds and the transfer of this amount between funds will not affect that policy.

### **Recommendation**

The County Manager recommends that the Board approve Budget Ordinance Amendment No. 26BCC073 appropriating \$117,630.96 of General Fund fund balance and transferring those funds to the Capital Financing Fund to comply with the County’s capital and debt financing policy.



Durham County Government  
 Agenda Action Form Supplemental Document – Noncontract Approval

Art. 40 & 42 and Occ. Tax Historical Collections	Current Budget	Actual Revenues	Budget Remaining
<b>FY 2024-25</b>	<b>\$55,646,937</b>	<b>\$52,567,994</b>	<b>(\$3,078,943)</b>
Article 40 (1/2 Cent)	\$24,088,341	\$23,526,004	(\$562,337)
Article 42 (1/2 Cent)	\$26,633,596	\$23,999,359	(\$2,634,237)
Local Occupancy Tax (General Fund)	\$4,425,000	\$4,542,631	\$117,631
Local Occupancy Tax (NCMLS)	\$500,000	\$500,000	\$0
<b>FY 2023-24</b>	<b>\$53,076,036</b>	<b>\$53,297,263</b>	<b>\$221,227</b>
Article 40 (1/2 Cent)	\$22,664,769	\$22,982,447	\$317,678
Article 42 (1/2 Cent)	\$25,911,267	\$25,440,015	(\$471,252)
Local Occupancy Tax (General Fund)	\$4,000,000	\$4,374,801	\$374,801
Local Occupancy Tax (NCMLS)	\$500,000	\$500,000	\$0
<b>FY 2022-23</b>	<b>\$44,316,530</b>	<b>\$51,864,616</b>	<b>\$7,548,086</b>
Article 40 (1/2 Cent)	\$18,332,756	\$22,259,069	\$3,926,313
Article 42 (1/2 Cent)	\$21,833,774	\$24,740,673	\$2,906,899
Local Occupancy Tax (General Fund)	\$3,650,000	\$4,364,874	\$714,874
Local Occupancy Tax (NCMLS)	\$500,000	\$500,000	\$0
<b>FY 2021-22</b>	<b>\$38,548,029</b>	<b>\$47,655,916</b>	<b>\$9,107,887</b>
Article 40 (1/2 Cent)	\$16,389,296	\$20,624,476	\$4,235,180
Article 42 (1/2 Cent)	\$19,585,353	\$23,634,350	\$4,048,997
Local Occupancy Tax (General Fund)	\$2,309,194	\$3,179,219	\$870,025
Local Occupancy Tax (NCMLS)	\$264,186	\$217,871	(\$46,315)
<b>FY 2020-21</b>	<b>\$34,680,078</b>	<b>\$39,378,670</b>	<b>\$4,698,592</b>
Article 40 (1/2 Cent)	\$14,028,246	\$17,690,774	\$3,662,528
Article 42 (1/2 Cent)	\$17,328,568	\$20,007,554	\$2,678,986
Local Occupancy Tax (General Fund)	\$2,823,264	\$1,680,342	(\$1,142,922)
Local Occupancy Tax (NCMLS)	\$500,000	\$0	(\$500,000)
<b>FY 2019-20</b>	<b>\$36,779,000</b>	<b>\$36,248,894</b>	<b>(\$530,106)</b>
Article 40 (1/2 Cent)	\$14,744,000	\$15,155,927	\$411,927
Article 42 (1/2 Cent)	\$17,585,000	\$17,470,492	(\$114,508)
Local Occupancy Tax (General Fund)	\$3,950,000	\$3,122,475	(\$827,525)
Local Occupancy Tax (NCMLS)	\$500,000	\$500,000	\$0
<b>FY 2018-19</b>	<b>\$35,037,887</b>	<b>\$35,737,861</b>	<b>\$699,974</b>
Article 40 (1/2 Cent)	\$13,961,887	\$14,520,150	\$558,263
Article 42 (1/2 Cent)	\$17,000,000	\$16,907,182	(\$92,818)
Local Occupancy Tax (General Fund)	\$3,576,000	\$3,810,529	\$234,529
Local Occupancy Tax (NCMLS)	\$500,000	\$500,000	\$0
<b>FY 2017-18</b>	<b>\$33,709,642</b>	<b>\$34,475,363</b>	<b>\$765,721</b>
Article 40 (1/2 Cent)	\$13,382,478	\$13,558,663	\$176,185
Article 42 (1/2 Cent)	\$16,327,164	\$16,946,184	\$619,020
Local Occupancy Tax (General Fund)	\$3,500,000	\$3,470,516	(\$29,484)
Local Occupancy Tax (NCMLS)	\$500,000	\$500,000	\$0
<b>FY 2016-17</b>	<b>\$31,192,267</b>	<b>\$32,247,277</b>	<b>\$1,055,010</b>
Article 40 (1/2 Cent)	\$12,377,711	\$12,808,331	\$430,620
Article 42 (1/2 Cent)	\$15,349,556	\$15,477,603	\$128,047
Local Occupancy Tax (General Fund)	\$3,465,000	\$3,461,343	(\$3,657)
Local Occupancy Tax (NCMLS)	\$0	\$500,000	\$500,000