

March 8, 2021

This memo is a condensed summary of what Durham County has budgeted over two fiscal years related to Durham County COVID support and actual costs for FY20 and FY21 to date. Throughout the last six plus months the County has used a variety of funding sources (revenue) to support a myriad of related COVID related expenditures.

One financial guideline to remember is the County has set “hard stops” around the beginning and end of fiscal years which encapsulates spending within that twelve-month time frame, so while we talk about COVID spending in total, a time frame that may cross several fiscal years, the County has to account for spending in each fiscal year.

The emphasis of this summary is on both budgeted resources and actual costs. The “**budgeted**” funding sources are those approved by the Board of County Commissioners at various times recognizing the awarded funds, and related budget decisions through approved budget amendments. The County’s Finance Department is collecting and tabulating all “**actual**” COVID related costs for the County across two fiscal years and all departments. As that data becomes available it will be shared with the Board.

Four key areas of BOCC related COVID budgeting that have occurred in FY 2019-20 and FY 2020-21 are:

1. Durham County General Fund fund balance appropriations

- a. Several fund balance appropriations were made, primarily in FY 2019-20, because external funding was not readily available. The memorandum reflects the updated information.

2. Specific COVID related grant allocations

- a. Grant funding for Durham County were received in both FY 2019-20 and FY 2020-21.

3. Durham County COVID Relief and Economic Contingency Funds

- a. Budgeted as part of the FY 2020-21 General Fund budget in the initial amount of \$4.5 million
- b. Budgeted as part of the FY 2020-21 General Fund Budget was a contingency amount for potential decreased revenues or increased expenditure needs due to the unknown impact of the pandemic on the economy. These funds were captured from the hiring freeze vacant position lapsed salary and total \$4,286,952
- c. It is important to note these funds were not dedicated only for COVID items

4. Coronavirus Relief Fund (CARES Act funding) awards received by Durham County: \$8,790,103

- a. FY 2019-20: \$5,480,715; Round 1 distribution received at the end of June of FY 2020
- b. FY 2020-21: \$3,309,388; Round 2 distribution received in FY 2021 (excluding the amount provided to the City)
- c. CRF Funds (\$8,790,103) were appropriated in FY 2020-21

1. Durham County General Fund fund balance appropriations

As the COVID pandemic began to take hold in Durham County in March 2020, the Board began considering response and mitigation strategies. Enough funding for these strategies was not available in the FY 2019-20 operating budgets. Through a combination of budget realignments and fund balance appropriations these obligations were met.

Summary of Durham County COVID Budgeted Support from FY 2019-20 through FY 2020-21

County Funding Appropriation			
Fiscal Year, Description, Date	Potential Reimbursement Sources	Expenditure	
FY2019-20	CRF CARES DCo Funding	(\$3,937,440)	
April 13, 2020	CRF CARES DCo Funding	(\$3,837,440)	
DCo increased Security	CRF FEMA DCo Funding	(\$51,035)	
DSS Remote work needs and Program Support	CRF CARES DCo Funding	(\$453,639)	
EOC running costs	CRF FEMA DCo Funding	(\$115,223)	
Janitorial	CRF DCo Funding	(\$253,716)	
Marriott - Temp housing for homeless	CRF FEMA DCo Funding	(\$1,885,000)	
PPE for DCo Employees	CRF FEMA DCo Funding	(\$1,010,253)	
Sheriff PPE	CRF FEMA CARES DCo Funding	(\$68,574)	
May 11, 2020	CRF DCo Funding	(\$100,000)	
Increase Funding for Urban Ministries for Homeless Covid-19 Support	CRF DCo Funding	(\$100,000)	
FY2020-21	DCo Funding	(\$336,223)	
November 9, 2020	DCo Funding	(\$100,000)	
Increase out of County needs for Youth Home residents and decreased capacity due to pandemic	DCo Funding	(\$100,000)	
November 23, 2020	DCo Funding	(\$132,098)	
Media purchase for Back on the Bull Campaign	DCo Funding	(\$132,098)	
February 22, 2021	DCo Funding	(\$104,125)	
Kate's Korner Learning Center at 3 Durham Housing Authority sites	DCo Funding	(\$104,125)	
Total	CRF CARES DCo Funding	(\$4,273,663)	

2. Specific COVID related grant allocations

As part of COVID response and mitigation in the County, a number of different state and federal entities have provided direct funding to various departments either through grants for specific purposes or donations (one from RTF). Below is a summary view, across two fiscal years, of COVID related grant funding received by various departments. Note that the Net County expense is \$0.00 for these items, meaning the revenue was and/or will be sufficient to cover the entire expense (e.g., the expense is fully funded with external funding awards and donations). As clarification, the table does not include the \$1.4M to the support the elections from the Center for Technology & Civic Life (CTCL).

CARES, Donation, or Grant				
Fiscal Year, Description, Date	Potential Reimbursement Sources	Expenditure	Revenue	Net
FY2019-20	Donation	(\$303,962)	\$303,962	\$0
April 13, 2020	Grant	(\$195,954)	\$195,954	\$0
Public Health Emergency Response to Covid-19	Grant	(\$195,954)	\$195,954	\$0
June 8, 2020	Donation	(\$108,008)	\$108,008	\$0
DOJ grant for Sheriff's Office for PPE	Grant	(\$58,008)	\$58,008	\$0
Donation to EM from RTF to EOC	Donation	(\$50,000)	\$50,000	\$0
FY2020-21	CARES 	(\$23,590,251)	\$23,590,251	\$0
August 10, 2020	CARES 	(\$792,426)	\$792,426	\$0
CARES Act funding for PPE, Vehicle Supplies, Medical Supplies	CARES	(\$219,744)	\$219,744	\$0
Covid-19 Emergency Support for Epidemiology Support	Grant	(\$195,954)	\$195,954	\$0
Covid-19 Voting Support - CARES	FEMA CARES	(\$277,268)	\$277,268	\$0
Monitor Key Activities within PH on Covid-19 related issues	Grant	(\$99,460)	\$99,460	\$0
September 14, 2020	CARES 	(\$1,497,059)	\$1,497,059	\$0
Covid-19 Support to Increase Testing Capabilities	CARES	(\$419,458)	\$419,458	\$0
Rental Assistance w/ City of Durham	CARES Grant	(\$1,077,601)	\$1,077,601	\$0
October 12, 2020	CARES 	(\$3,047,179)	\$3,047,179	\$0
Cares Act CPS Essential Worker Support	CARES	(\$236,561)	\$236,561	\$0
Local Needs for Covid-19 Prevention	CARES Grant	(\$359,582)	\$359,582	\$0
Rental and Utility Assistance	CARES Grant	(\$2,451,036)	\$2,451,036	\$0
October 26, 2020	Grant	(\$10,000)	\$10,000	\$0
Residential recycling programs impacted by Covid-19	Grant	(\$10,000)	\$10,000	\$0
December 14, 2020	CARES 	(\$7,714,447)	\$7,714,447	\$0
Rental Assistance Contract Extension	CARES	(\$7,714,447)	\$7,714,447	\$0
February 22, 2021	Grant	(\$10,529,140)	\$10,529,140	\$0
Emergency Rental Assistance	Grant	(\$1,244,759)	\$1,244,759	\$0
Help America Vote Act (HAVA) Grant for COVID impact on 2020 election	Grant	(\$192,290)	\$192,290	\$0
NCDPHHS Laboratory testing capacity and workforce grant	Grant	(\$877,282)	\$877,282	\$0
Rental Assistance ILA with DCity	Grant	(\$8,214,809)	\$8,214,809	\$0
Total	CARES 	(\$23,894,213)	\$23,894,213	\$0

Summary of Durham County COVID Budgeted Support from FY 2019-20 through FY 2020-21

3. Durham County COVID Relief funds

These funds (\$4.5 million) were budgeted as part of the County's FY 2020-21 General Fund budget and were specifically set aside to use as COVID related allocations during the fiscal year as determined to be needed during the fiscal year. This budget amount was not supported with Coronavirus Relief Fund (CRF) funding source (CARES funding), FEMA reimbursement revenue, or any other outside source, but rather these were available County dollars that were reallocated from other potential purposes like supporting new positions, buying additional capital such as vehicles, or reducing the property tax rate.

While \$4.5 million was budgeted for COVID support as part of the FY 2020-21 budget development process, the Board, during that same process, took \$1 million of the \$4.5 million and allocated to the COVID small business loan program, in partnership with Duke University and the City of Durham.

Additional allocations from the remaining \$3.5 million are summarized in the following table.

FY 2020-21 Set Aside COVID Funds		
Fiscal Year, Description, Date	Potential Reimbursement Sources	Expenditure
<input type="checkbox"/> FY2020-21	CRF 	(\$4,500,000)
<input type="checkbox"/> July 1, 2020	DCo Funding	(\$1,000,000)
Small Business Loan program	DCo Funding	(\$1,000,000)
<input type="checkbox"/> July 13, 2020	DCo Funding	(\$1,010,160)
Carolina Duke Inn, Reinvestment Partners. A portion of this is also being used for Contract Extension with Reinvestment Partners on Dec. 14, 2020 Agenda	DCo Funding	(\$570,000)
Contract with Reinvestment Partners for 64 hotels rooms at Carolina Duke Inn for medically fragile homeless residents (note: The orig. AAF was \$440,160, on Oct. 12, 2020 the Board approved a contract for \$450,600. There was no budget adjustment done for this action)	FEMA DCo Funding	(\$440,160)
<input type="checkbox"/> August 10, 2020	DCo Funding	(\$195,000)
COVID+ Families Food Security	DCo Funding	(\$100,000)
Media purchase for Back on the Bull Campaign	DCo Funding	(\$95,000)
<input type="checkbox"/> August 24, 2020	DCo Funding	(\$470,250)
Feed Covid + Families with Local Durham Restaurants	DCo Funding	(\$470,250)
<input type="checkbox"/> October 12, 2020	DCo Funding	(\$723,244)
Community Health Ambassador Program - CRF Request	DCo Funding	(\$89,000)
Community Health Ambassador Program - DCo Funding	DCo Funding	(\$229,244)
HOPE Learning Center for 338 Seats Partner Agencies - 11 Weeks	DCo Funding	(\$405,000)
<input type="checkbox"/> November 9, 2020	DCo Funding	(\$37,098)
2nd Media purchase for Back on the Bull Campaign - Approved Aug. 24, Additional DCo contribution	DCo Funding	(\$37,098)
<input type="checkbox"/> November 23, 2020	CRF 	\$132,098
CRF Reimbursement - Media purchase for Back on the Bull Campaign	CRF	\$132,098
<input type="checkbox"/> December 14, 2020	DCo Funding	(\$376,350)
Food Security/M meal Delivery	DCo Funding	(\$376,350)
<input type="checkbox"/> January 4, 2021	DCo Funding	(\$243,960)
Bi-weekly testing for close contact employees and as needed testing of all DCo staff - Risk Management Fund	DCo Funding	(\$243,960)
<input type="checkbox"/> January 11, 2021	DCo Funding	(\$257,859)
Detailed screening of all employees and residents entering HHS and Admin II	FEMA DCo Funding	(\$133,859)
HOPE Learning Center 2 weeks to complete through end of January - Actual Board approval of decision was Dec. 2020	DCo Funding	(\$124,000)
<input type="checkbox"/> February 8, 2021	DCo Funding	(\$300,000)
HOPE Learning Center: 3rd Semester Funding from Covid Set Aside Funding	DCo Funding	(\$300,000)
<input type="checkbox"/> February 22, 2021	FEMA DCo Funding	(\$18,177)
COVID + Housing increased contract needs	FEMA DCo Funding	(\$18,177)
Total	CRF 	(\$4,500,000)

All funds from the \$4.5 million in COVID-19 set aside funds at the outset of the FY 2020-21 have been expended.

Summary of Durham County COVID Budgeted Support from FY 2019-20 through FY 2020-21

The table below shows the newest funding source being used by the County to support COVID related costs. This funding comes from the management instituted hiring freeze at the beginning of the fiscal year which created unspent lapsed salaries. 40% of that hiring freeze lapsed salary “savings” was set aside for potential revenue collection reductions (which do not appear to be materializing) and/or additional COVID related needs. The majority of items funded through these contingency funds are related to the County’s response to the pandemic. However, these funds are used to cover other unplanned expenses as well that arise and are noted in the table below by starting with “NON-COVID”.

Hiring Freeze - Revenue / Expense Contingency		
Fiscal Year, Description, Date	Potential Reimbursement Sources	Expenditure
FY2020-21	DCo Funding	\$2,730,001
July 1, 2020	FY 2020-21 Budget	\$4,286,952
FY 2020-21 Hiring Freeze Funds set aside in Non-Departmental (9800)	FY 2020-21 Budget	\$4,286,952
February 8, 2021	DCo Funding	(\$191,000)
HOPE Learning Center: 3rd Semester Funding from Hiring Freeze Funding	DCo Funding	(\$191,000)
February 22, 2021	DCo Funding	(\$55,823)
COVID + Housing increased contract needs	FEMA DCo Funding	(\$5,823)
NON-COVID investment from Durham County to support efforts towards the redevelopment of Durham's Historic Hayti District	DCo Funding	(\$50,000)
March 8, 2021	DCo Funding	(\$1,310,128)
Back on the Bull Media Campaign	DCo Funding	(\$75,325)
Carolina Duke Inn, Reinvestment Partners. A portion of this is also being used for Contract Extension with Reinvestment Partners on Dec. 14, 2020 Agenda	FEMA DCo Funding	(\$465,920)
Increase out of County needs for Youth Home residents and decreased capacity due to pandemic	DCo Funding	(\$30,000)
Janitorial Services-One Time Costs	DCo Funding	(\$731,683)
NON-COVID Increase out of County needs for Youth Home residents and decreased capacity due to pandemic	DCo Funding	(\$7,200)
Total	DCo Funding	\$2,730,001

This table assumes the Board approval of all items at the current meeting.

The following table is a reconciliation of the previous charts and denotes potential revenues that can offset COVID-19 expenses currently funded by county dollars. Finance team members are in process of reconciling expenses that will be filed for FEMA reimbursement. The initial screening contract was applied to CARES funding after a compliance review, with the remaining amount covered with county dollars. These costs can be included in the FEMA reimbursement process. The housing expenses are in process of being reviewed by Finance for compliance with the FEMA reimbursement process.

Summary of Durham County COVID Budgeted Support from FY 2019-20 through FY 2020-21

Date	Program/Initiative	Expenditure*	Revenue Category				
			County Set Aside Base Budget	CARES Funding	FEMA	Other	Total
7.01.2020	Small Business Loan Program	\$ 1,000,000	\$ 1,000,000	\$ -			\$ 1,000,000
7.13.2020	Housing Shelter (Carolina Inn, Reinvestment Partners)	\$ 1,010,160	\$ 40,160				\$ 40,160
	Carolina Duke Inn		\$ 119,400				\$ 119,400
	Reinvestment Partners (October 12th Contract)				\$ 450,600		\$ 450,600
	Reinvestment Partners (December 14 contract)				\$ 400,000		\$ 400,000
8.10.2020	COVID Families Food Security	\$ 100,000	\$ 100,000	\$ -			\$ 100,000
	Media purchase for Back on the Bull Campaign	\$ 95,000	\$ 95,000	\$ -			\$ 95,000
8.24.2020	Feed COVID+ Families with Local Durham Restaurants	\$ 470,250	\$ 470,250	\$ -			\$ 470,250
10.12.2020	Hope Learning Center 338 Seats Partner Agencies - 11 weeks	\$ 405,000	\$ 405,000	\$ -			\$ 405,000
	Community Health Ambassador Funding Program	\$ 318,244	\$ 229,244	\$ 89,000			\$ 318,244
11.09.2020	2nd Media Purchase for Back on the Bull Campaign Approved Aug. 24. Additional DCO contribution	\$ 37,098	\$ 37,098	\$ -			\$ 37,098
11.23.2020	CRF Reimbursement - Media Purchase for Back on the Bull Campaign	\$ 132,098	\$ 132,098				\$ 132,098
12.14.2020	Food Security/Meal Delivery	\$ 376,350	\$ 376,350				\$ 376,350
1.04.2021	Bi-weekly testing for close contact employees	\$ 243,960	\$ 243,960				\$ 243,960
1.11.2021	Funding to support screening at HHS and Admin II Building	\$ 133,859			\$ 133,859		\$ 133,859
1.11.2021	Hope Learning Center 338 Seats Partner Agencies through January	\$ 124,000	\$ 124,000				\$ 124,000
2.8.2021	Hope Learning Center 3rd Semester Support	\$ 300,000	\$ 300,000				\$ 300,000
2.8.2021	Hope Learning Center 3rd Semester Support	\$ 191,000	\$ 191,000			\$ 191,000	\$ 382,000
2.22.2021	Kate's Korner Learning Center at DHA sites	\$ 104,125	\$ 104,125				\$ 104,125
02.22.2021	COVID+ Housing Contract Support	\$ 24,000	\$ 24,000				\$ 24,000
03.08.2021	Increased costs for Janitorial Services in County facilities	\$ 731,683			\$ 731,683		\$ 731,683
03.08.2021	Carolina Duke Inn	\$ 465,920			\$ 465,920		\$ 465,920
	Total	\$ 6,262,747	\$ 3,991,685	\$ 89,000	\$ 2,182,062	\$ 191,000	\$ 6,453,747

4. Coronavirus Relief Fund (CRF) funding source received by Durham County: \$8,790,103

FY, Description, Date	Potential Reimbursement	Budget	Revenue	Net
FY2020-21	CRF Funding		\$8,790,103	\$8,790,103
11.23.2020	CRF Funding		\$8,790,103	\$8,790,103
Coronavirus Relief Funding from State	CRF Funding		\$5,480,715	\$5,480,715
Second Round of CRF Funding from State	CRF Funding		\$3,309,388	\$3,309,388
Total	CRF Funding		\$8,790,103	\$8,790,103

CARES funding was allocated to jurisdictions across the country to assist with expenses incurred in response to the COVID-19 pandemic. Funding distributions occurred in two periods to include \$5,480,715 in FY 2019-20 and \$3,309,388 in FY 2020-21 (excluding the amount of over \$2.9M allotted to the City as a funding source for their plan).

Additional internal controls and compliance reviews have occurred in preparation for impending external audits by the State Auditor and federal compliance review. The State Auditor review begins early January 2021 (January 7th). The State Auditor is required to complete performance and fiscal audits for all CARES funding by March 2021.

Durham County's CRF plan allocated dollars for medical expenses for testing of detention center detainees and employees county-wide. Further the funds supported the procurement of critical personnel protective equipment (PPE) and increased cleaning protocols to meet CDC recommended standards. Funding also covered for additional staffing needed due to increased workload, expanded shifts, work reassignments or other personnel related costs due to COVID-19. The dollars also reimbursed the County for costs incurred from staff having to cover for employees who could not report to work due to being "high risk" as well as to cover for applicable job responsibilities for staff that entered a quarantined period due to potential COVID-19 exposure or infection or positive

Summary of Durham County COVID Budgeted Support from FY 2019-20 through FY 2020-21

diagnosis. Finally funding offset expenses for remote work to include software enhancements, computers, printers, and other critical supplies/equipment.

Conclusion

The following summary reflects summary information related to COVID-19 projected expenditures. While the summary shows the total amount budgeted, it is important to note the fund balance levels noted for FY 2019-20 were ultimately offset by a portion of CRF Funds.

Expense Summary			
Initial Revenue Source (groups)	FY2019-20	FY2020-21	Total
⊕ CARES, Donation, or Grant	(\$303,962)	(\$23,590,251)	(\$23,894,213)
⊕ County Funding Appropriation	(\$3,937,440)	(\$336,223)	(\$4,273,663)
⊕ FY 2020-21 Set Aside COVID Funds		(\$4,500,000)	(\$4,500,000)
⊕ Hiring Freeze - Revenue / Expense Contingency		(\$1,556,951)	(\$1,556,951)
Total	(\$4,241,402)	(\$29,983,425)	(\$34,224,827)

**Note as of March 8, 2021 there remains \$2,730,001 in the Hiring Freeze – Revenue / Expense Contingency Funds that were set aside at the outset of the current fiscal year.*

Revenue Summary			
Initial Revenue Source (groups)	FY2019-20	FY2020-21	Total
⊕ CARES, Donation, or Grant	\$303,962	\$23,590,251	\$23,894,213
⊕ Coronavirus Relief Funds (CRF)		\$8,790,103	\$8,790,103
⊕ County Funding Appropriation	\$3,937,440	\$336,223	\$4,273,663
Total	\$4,241,402	\$32,716,577	\$36,957,979

**CRF funding offset county direct spending allocated in the FY 2019-20 budget. Funding was applied in FY 2020-21.*

Please note that the full amount of the CRF funding (e.g., round 1 and 2 distributions) is being recognized in the FY 2020-21 budget as an intergovernmental revenue. These funds cannot be recognized until earned (e.g., applicable expenses applied toward the funding source). Therefore, these funds have been recorded in the County's general ledger (g/l) as deferred revenue in the liability section of the General Fund's balance sheet. Then, as expenses are reported and submitted to the State monthly, the corresponding amount is recognized as an intergovernmental revenue decreasing the deferred revenue amount in the liability section of the General Fund's balance sheet. This method of accounting and revenue recognition is in accordance with Governmental Accounting Standards Board (GASB) Technical Bulletin No. 2020-1, *Accounting and Financial Reporting issues Related to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and Coronavirus Diseases*.