

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

**DURHAM PUBLIC SCHOOLS
BOARD OF EDUCATION**

For the Year Ended June 30, 2013



One Vision. One Durham.

Prepared by

Paul LeSieur

Interim Chief Financial Officer

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA

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Durham Public Schools Board of Education

P. O. Box 30002 • Durham, NC 27702 • Telephone: 919-560-2000

Letter of Transmittal

November 25, 2013

To the Members of the Durham Public Schools Board of Education and Citizens of Durham County, North Carolina:

We are pleased to present the Comprehensive Annual Financial Report of the Durham Public Schools (DPS) Board of Education for the year ended June 30, 2013. The Finance Department of Durham Public Schools has prepared this report, which includes the audited financial statements. Responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the district. To the best of our knowledge, the enclosed financial information is accurate in all material respects and is reported in a manner which fairly presents the financial position and results of operations of the various funds of the district. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities are included.

The Report consists of four sections: Introductory, Financial, Statistical and Compliance. The Introductory Section, of which this transmittal letter is a part, includes a list of the Board members and principal officials, the district's organizational chart, and the Certificate of Achievement for Excellence in Financial Reporting awarded by the Governmental Finance Officers Association and the Certificate of Excellence in Financial Reporting awarded by the Association of School Business Officials for the fiscal year ending June 30, 2012 Comprehensive Annual Financial Report. The Financial Section includes the independent auditors' report, management's discussion and analysis, the combined financial statements and the individual fund schedules arranged by fund type. The Statistical Section includes various tables of unaudited data providing financial history of the Board as well as demographic and other informative statistics of Durham County. The Compliance Section includes the compliance and internal control reports, the single audit reports, the schedule of findings and questioned costs, the corrective action plan, the schedule of prior year audit findings and the schedule of expenditures of federal and State awards.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Durham Public Schools Board of Education's MD&A can be found immediately following the report of the independent auditors.

The Durham Public Schools Board of Education's financial statements have been audited by Rives and Associates, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Durham Public Schools Board of Education for the fiscal year ended June 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence

Durham Public Schools Board of Education, North Carolina
Letter of Transmittal (Continued)

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 the Durham Public Schools Board of Education's financial statements for the fiscal year ended June 30, 2013 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Durham Public Schools Board of Education is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act, the US Office of Management and Budget Circular A-133, "*Audits of State and Local Governments*," and North Carolina State law for State funds. Information related to this single audit, including the schedule of financial assistance, findings and questioned costs, and the independent auditors' report on the internal control structure and compliance with applicable laws and regulations are presented in the Compliance Section of this report. For the fiscal year ended June 30, 2013, there were no compliance findings or questioned costs.

REPORTING ENTITY

Durham City Schools and Durham County Schools merged on July 1, 1992 to become the Durham Public Schools. Durham Public Schools Board of Education has total authority over non-charter public education in Durham County. The seven-member Board of Education is elected by the citizens of the county and is accountable to the citizenry for the educational and fiscal operations of the system's 56 schools. For 2012-13, the school system served 32,569 students from kindergarten through 12th grade in 30 elementary schools, 11 middle schools, 2 secondary schools, 9 high schools, and 4 special/optional schools. The Board is charged with the responsibility of providing a free and appropriate education for all students of Durham Public Schools. As defined by the Governmental Accounting Standards Board, the Durham Public Schools Board of Education is a separate reporting entity. These statements cover all financial resources of Durham Public Schools -- State, Federal, Local, Child Nutrition and Grants, as well as funds received at each school.

ECONOMIC CONDITION AND OUTLOOK

Durham Public Schools serves the diverse needs of the entire county of Durham, North Carolina, a 299-square-mile area with an approximate population of 277,588. Our enrollment of 32,405 students mirrors the diversity of the community, speaking more than 105 languages.

Durham is home to the Research Triangle Park (RTP), a 7,000-acre business tract established in 1959 by local businesses, academia, and industry. Located near Duke University in Durham, the University of North Carolina in Chapel Hill, and North Carolina State University in Raleigh, a major focus of the park is research. Even though it was established as a regional research park, approximately 95 percent of its corporate enterprises are located in Durham County. The park is home to industry leading firms such as IBM, GlaxoSmithKline, Ericsson, Cisco Systems, Research Triangle Institute and the U.S. Environmental Protection Agency, employing approximately 39,500 full time employees and an estimated 4,000 contract employees. When

Durham Public Schools Board of Education, North Carolina
Letter of Transmittal (Continued)

one thinks of the computer industry, they typically think of Silicon Valley, but RTP is recognized as one of the hottest markets in the United States for “high tech” industries.

The City of Durham is the only municipality in Durham County and is known as the “City of Medicine” because of the importance that biotechnology, health care, and medical-related industries play in the city’s economy. More than 300 medical and health related companies are located in Durham County including Duke University Medical Center, which was ranked the ninth Best Hospital in the US by *US News and World Report, July, 2011*. The ongoing medical research and expanding clinical opportunities attract medical doctors. Durham County has one of the nation’s top five concentrations of physicians per capita and nearly one third of the labor work force works in a health or medical related industry. The metropolitan area of Raleigh-Durham-Chapel Hill is consistently ranked among the top U.S. metropolitan areas in economic performance. Our local economy has remained stable because of our diverse industrial base including medicine, research, education, “high-tech,” telecommunications, and manufacturing.

Durham is home to the world-renowned Duke University and North Carolina Central University. Durham Technical Community College operates a successful industry-training program, which offers new and expanding companies with industrial, technical, and occupational classes specifically designed to meet their needs. Also located in Durham County is the Museum of Life and Science and the innovative North Carolina School of Science and Mathematics, a statewide residential high school for gifted students. Its strategic location, an excellent quality of life, and its ability to attract and retain quality businesses and industries bolster Durham County’s economy.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Graduation Rate

All but one of DPS’s high schools achieved a graduation rate of 80 percent or higher in 2012-13, with three schools—Hillside New Tech, J.D. Clement Early College, and Southern School of Engineering graduating 100 percent of their students. The DPS four-year graduation cohort rate reached just under 80 percent (79.6), representing approximately a 10-point increase in four years.

Information Technology Refresh

During the 2012-13 school year, Durham County appropriated funding for technology refresh which was used to upgrade a significant majority of DPS technology, including teacher and student computers and the placement of Brightlink projection systems in our classrooms. While a technology refresh is necessary on an annual basis, the investment made during the 2012-13 school year served as a springboard to ensuring technology solvency into the future.

Child Nutrition

Child Nutrition Services (CNS) worked to exceed state and federal nutrition standards during the 2012-13 school year. In the midst of changing recipes, adjusting menus and addressing

Durham Public Schools Board of Education, North Carolina
Letter of Transmittal (Continued)

required compliance issues, the CNS Department increased breakfast participation by 7.5 percent and lunch participation by 1.0 percent. Fund balances were stable at 2.1 months of expenses. The program continues to develop strategies to increase participation and ensure students have healthy, nutritious meal choices.

New Magnet Programs

The DPS Board of Education approved five new magnet schools to be implemented beginning with the 2013-14 school year:

- *Holt Year-Round Elementary* transitioned to a Language Academy.
- *Lowe's Grove Middle School* became a Science, Technology, Engineering, and Mathematics (STEM) magnet school with a particular emphasis on the infusion of technology.
- *Neal Middle School* became a Science, Technology, Engineering, and Mathematics (STEM) magnet school with a particular emphasis on Engineering and Design.
- *The School for Creative Studies* opened on the former Chewning Middle School campus. The school is designed for students in grades 6-12 and focuses on the following creative themes: Video Technology and Communications, Digital Media and Design, Creative Entrepreneurship and Marketing, Music and Audio Production, and Design for Living: Architecture.
- *Southern School of Energy and Sustainability* opened as a new magnet high school comprised of four small schools into which students may apply: The School of Computer and Technology Engineering, The School of Infrastructure Engineering, The School of Business Management and Sustainability, and The School of Biomedical Technology.

Moving in the Middle

Every DPS middle school met expected academic growth targets in 2012-13, with students meeting expected growth in reading, math and science in grades 6, 7 and 8 and with no low-performing middle schools. To further accelerate our progress, DPS will offer new instructional focus areas at our Showcase (non-magnet) schools in 2013-14 while launching new magnet programs at Lowe's Grove and Neal. The instructional focus areas include:

- *Brogden*: Leadership Development
- *Carrington*: Global Connections
- *Githens*: Leadership Through Service
- *Lucas*: Project-Based Learning

New Farm and Educational Hub

The Durham Hub Farm held a grand opening on October 20. It is a 30-acre school system farm and wilderness where students, teachers and the community grow and harvest healthy food; hike, bike, and explore nature; and study and learn about agriculture, food system, history, and the environment.

Durham Public Schools Board of Education, North Carolina
Letter of Transmittal (Continued)

CPR Training

Durham County Government, the City of Durham and Durham Public Schools joined to help improve the survival rates of Sudden Cardiac Arrest (SCA) victims by training Durham residents and students in Bystander Hands Only Cardiopulmonary Resuscitation (CPR), along with Automated External Defibrillator education.

The joint training initiative supports both the County's and the City's strategic plan efforts to improve the health and safety of Durham residents, while addressing a state mandate that requires all publicly educated students to be trained in CPR before receiving their diplomas starting in 2015.

The unique partnership includes emergency services personnel and Bystander Hands Only CPR trained employees, equipment provided by City and County Governments to train DPS students, and support from Duke University Health System.

Positive Behavior and Intervention Support (PBIS) Recognitions

Twenty-five schools received recognition from the State for their implementation of PBIS. Five schools (Eastway Elementary, Eno Valley Elementary, Carrington Middle, Lowes Grove Middle, and R.N. Harris Elementary) received the highest recognition of Exemplar status. Twelve schools received Model status and seven schools received Green Ribbon status.

FINANCIAL AND BUDGETARY CONTROLS

The State of North Carolina is the primary funding source for public education in North Carolina. Minimum program criteria are determined by the State Board of Education and funds are distributed to each school system by the Department of Public Instruction. Once minimum programs are established, the remaining funds are allocated on a per-pupil basis. Local funds are appropriated in varying amounts by each county to supplement the basic educational programs. These local monies are derived primarily from the general tax levy of the county. Federal funds are received through the State operating as a conduit to address the needs of identified categorical groups of students qualifying for federal funding.

The management of the school system is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the school system are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

North Carolina General Statutes require all governmental units to adopt a balanced budget by July 1 of each year. Our budget resolution is adopted at the purpose level for the General and

Durham Public Schools Board of Education, North Carolina
Letter of Transmittal (Continued)

Special Revenue Funds. The Capital Outlay Fund budget is adopted at the project level. The Enterprise Fund budget is adopted at the fund level. By statute, the Fiduciary Fund is not a part of the budget resolution adopted by the Board of Education. The objective of these budgetary controls is to ensure compliance with legal provisions of the adopted resolution.

An encumbrance accounting system is used to record outstanding purchase commitments. Open encumbrances at year end are either canceled or are included as a reservation of fund balance in the subsequent year.

Durham Public Schools uses a fund accounting system. Each fund is a self-balancing set of accounts, segregated for the purpose of accounting for specific activities in accordance with law, sound accounting practice, special regulation or other limitations. There are three categories of funds, Governmental, Proprietary, and Fiduciary. The Governmental Funds have now been expanded to include the individual school funds. Further explanation of these funds has been detailed in the Management's Discussion and Analysis section within the Financial Section of this report.

The Governmental Funds use the modified accrual basis of accounting, while the Proprietary and Fiduciary use the full accrual basis of accounting.

CASH MANAGEMENT

Employees of the school system who collect monies are required to make daily deposits unless the amount on hand is less than \$250. Money belonging to the school system or individual school must be deposited in an official depository.

Durham Public Schools primarily uses the North Carolina State Treasurer's Short-Term Investment Fund to invest idle funds. Funds invested in the Short-Term Investment Fund can be called at any time, and the Fund invests only in high-quality fixed income securities. General Statute 147-69.1 governs what securities are eligible for purchase by the Fund. The Fund can invest in securities with maturities ranging from overnight to seven years.

DPS also invests funds in the North Carolina Cash Management Trust (NCCMT) for many of the same reasons. The NCCMT invests in high quality securities for a shorter term, and the rate of return has been slightly below the North Carolina State Treasurer's Short-Term Investment Fund, but above the local banks.

RISK MANAGEMENT

Durham Public Schools has a risk management program which includes a combined program of self-insurance and commercial insurance. This program is reviewed at least quarterly to ensure adequate coverage for the district and that it remains within budgeted resources. The Board does maintain an insurance reserve of approximately 3.4 million dollars for its self-insurance program.

ADDITIONAL INFORMATION

Durham Public Schools Board of Education, North Carolina
Letter of Transmittal (Continued)

Certificates – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a **Certificate of Achievement for Excellence in Financial Reporting** and the Association of School Business Officials (ASBO) awarded a **Certificate of Excellence in Financial Reporting** to Durham Public Schools for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the 18th consecutive year that the government has achieved these prestigious awards. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgment - The preparation of the Comprehensive Annual Financial Report on a timely basis could not have been accomplished without the efforts and dedication of the staff of Durham Public Schools and the independent audit firm. Separate acknowledgment goes to the finance department for their contributions. We would like to express our appreciation to all of the employees who contributed to the development of this report and to the Durham County government, Durham City government, and the Durham Chamber of Commerce for providing statistical data.

Respectfully submitted,

Eric J. Becoats
Superintendent

Paul D. LeSieur
Interim, Chief Financial Officer

*Durham Public Schools Board of Education, North Carolina
Board of Education Members*

LIST OF PRINCIPAL OFFICIALS

June 30, 2013

BOARD OF EDUCATION

Heidi Carter, Chair

Ms. Minnie Forte-Brown, Vice Chair

Natalie Beyer
Leigh Bordley
Nancy Cox
Pastor Fredrick Davis
Omega Curtis Parker

SUPERINTENDENT

Eric J. Becoats

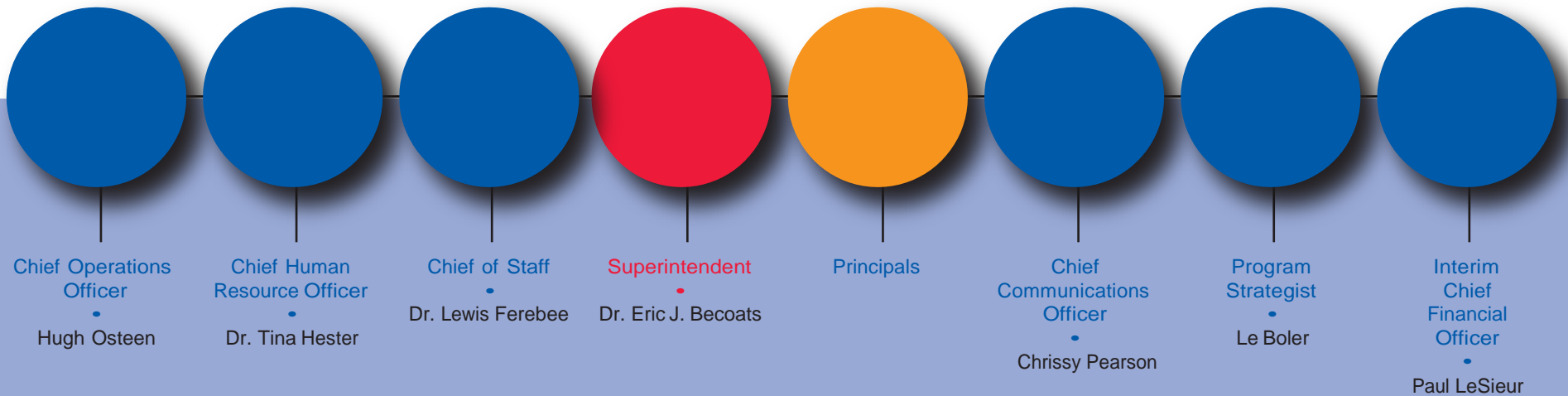
INTERIM, CHIEF FINANCIAL OFFICER

Paul D. LeSieur

2013-14

Durham Public Schools

Organizational Leadership



One Vision. One Durham.





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Durham Public Schools
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

Association of School Business Officials International



The Certificate of Excellence in Financial Reporting Award
is presented to

Durham Public Schools

For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2012

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, reading 'Ron McCulley', written over a horizontal line.

Ron McCulley, CPPB, RSBO
President

A handwritten signature in black ink, reading 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director



Member:
American Institute of
Certified Public Accountants

Rives & Associates, LLP
Certified Public Accountants

Member:
North Carolina Association of
Certified Public Accountants

www.rivescpa.com

Independent Auditors' Report

To the Durham Public Schools Board
of Education, North Carolina
Durham, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Durham Public Schools Board of Education, North Carolina, as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise of the Durham Public Schools Board of Education, North Carolina's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements 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 *Government 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity'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 financial statements.

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

Opinions

In our opinion, the financial statements referred to present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Durham Public Schools Board of Education, North Carolina as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the Local Current Expense Fund and State Public School Fund for the year ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note V to the financial statements, in June 2011, the GASB issued GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Statement No. 63 is effective for the Durham Public Schools Board of Education, North Carolina's fiscal year ending June 30, 2013. This statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. This statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This statement also amends certain provisions of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets. Our opinion is not modified with respect to this matter.

As discussed in Note V to the financial statements, in March 2012, the GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The provisions of this statement are effective for the Durham Public Schools Board of Education, North Carolina's fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculation and limiting the use of the term deferred in financial statement presentations. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 13 be presented to supplement the basic financial statements. Such information, 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 Durham Public Schools Board of Education, North Carolina's basic financial statements. The combining and individual fund statements and schedules - budget and actual, other schedules, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States and Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules – budget and actual, other schedules, and the accompanying schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 statements and schedules – budget and actual, other schedules, and the schedule of expenditures of federal and State awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 18, 2013, on our consideration of the Durham Public Schools Board of Education, North Carolina'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 those reports 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. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Durham Public Schools Board of Education, North Carolina's internal control over financial reporting and compliance.

Rives & Associates, LLP

Lexington, North Carolina
November 18, 2013

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013

This section of the Durham Public Schools Board of Education's (the "Board") financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2013. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- The Board had an decrease in enrollment of 164 students (or -0.5%) from the previous year. Despite the impact of economic recession, the inward migration from other states into Durham County continued to increase. Durham's population also increased 0.59% from the prior year. The Board continues to meet enrollment projections in the current school year 2013-14. It should be noted that funding from the State is based on Average Daily Membership (ADM) figures which are typically lower than enrollment.
- The assets of the Board exceeded its liabilities at the close of the fiscal year by \$414,002,531. Assets increased \$1,555,386 due to an increase in capital assets.
- The State of North Carolina continued its economic recession. The discretionary reduction was eliminated in 2012-13. The 2013-14 State planning allotments vs. conference budget proposal reduced funding to Durham Public Schools by \$12,456,764. The reductions were taken in the following programs; teachers, instructional support, teacher assistants, limited english, classroom materials and textbooks. Projections from the State indicated continued funding shortages for the 2013-14 school year.
- A local ¼ cent sales tax increase was approved by Durham County voters creating revenue to replace the expiring Education Jobs funding in 2012-13. This has provided an additional \$6.8 million in funding.
- The Board took numerous measures during the 2012-13 school year to ensure it had a balanced budget and compensate for the \$5.6 million loss of funding at the federal level. This included continuing to use \$1 million in capital funding transferred into local county appropriation dollars for operating expenses in fiscal year 2010. The Board committed \$5.9 million in fund balance to maintain the 2011-12 staffing levels in the district, while not asking the County Commissioners' for additional funding.
- As of the close of the current fiscal year, the Board's Local Current Expense Fund reported an ending fund balance of \$32,661,923. The total fund balance increased by \$2,880,239. This includes an increase in reserve for inventories and prepaid expenses of \$30,469 and \$24,885, respectively.
- Non-spendable fund balance consisting of inventories and prepaid expenses totaled \$1,387,010. Restricted fund balance consisting of items restricted by State statute totaled \$4,344,698. Committed fund balance totaled \$7,445,975 which represents the amount of fund balance designated by the Board of Education to ensure that teaching and staff positions were not eliminated in 2013-14. Assigned fund balance was \$3,385,031 for the Board's self-insurance reserve. Unassigned fund balance in the Local Current Expense Fund totaled \$19,747,754.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013

Overview of the Financial Statements

The audited financial statements of the Durham Public Schools Board of Education consist of four components. They are as follows:

- *Independent Auditors' Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Requires supplemental section that presents combining and budgetary statements for non-major governmental funds and budgetary statements for enterprise funds*

The *Basic Financial Statements* include two types of statements that present different views of the Board's finances. The first is the *government-wide statements*. The government-wide statements are presented on the full accrual basis of accounting and include the statement of net position and the statement of activities. The Statement of Net Position includes all of the Board's assets, liabilities, and deferred inflows of resources. Assets and liabilities are classified in the order of relative liquidity for assets and due date for liabilities. This statement provides a summary of the Board's investment in assets, deferred inflows or resources, and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement. The Statement of Activities summarizes the Board's revenues and expenses for the current year. A net (expense) revenue format is used to indicate to what extent each function is self-sufficient.

The second set of statement included in the basic financial statements is the *Fund Financial Statements*, which are presented for the Board's governmental funds, proprietary funds, and fiduciary funds. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near-term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The proprietary and fiduciary statements are presented on the full accrual basis of accounting. The fund financial statements focus on the Board's most significant funds. Because a different basis of accounting is used in the government-wide financial statements, reconciliation from the governmental fund financial statements to the government-wide financial statements is required. The government-wide financial statements provide information about the Board as an economic unit while the fund financial statements provide information on the financial resources of the Board's major funds.

Government-Wide Financial Statements

The government-wide financial statements report information about the Board as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the Board's assets, deferred inflows of resources, and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide financial statements report the Board's net position and how it has changed. Net position - the difference between the Board's assets and the total of liabilities and deferred inflows – is one way to measure the Board's financial health or position.

- Over time, increases or decreases in the Board's net position are an indicator of whether its financial position is improving or deteriorating.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013

- To assess the Board's overall health, one should consider additional non-financial factors such as changes in the County's property tax base and the condition of its school buildings and other physical assets.

The Board's activities are divided into two categories in the government-wide statements:

- **Governmental activities:** Most of the Board's basic services are included here, such as regular and special education, transportation, and administration. County funding and State and federal aid finance most of these activities.
- **Business-type activities:** The Board charges fees to help cover the costs of certain services it provides. School food service is included here.

The government-wide statements are shown as Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the Board's funds, focusing on its most significant or "major" funds. Funds are accounting devices the Board uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by State law, such as the State Public School Fund.
- The Board establishes other funds, such as the Federal Grants Fund, to control and manage money for a particular purpose or to show that it is properly using certain revenues.

Durham Public Schools Board of Education has three types of funds:

Governmental funds: Most of the Board's basic services are included in the governmental funds, which generally focus on two things - how cash and other assets can readily be converted to cash flow in and out and the balances left at year end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the coming year to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation following the governmental funds statements, explains the relationship (or differences) between the government-wide and the fund financial statements. The Board has several governmental funds: the Local Current Expense Fund, the State Public School Fund, the Capital Outlay Fund, the Grant and Community Schools Special Revenue Fund, the Federal Grants Fund, the Local Special Expense Fund, and the School Activity Funds.

The governmental fund statements are shown as Exhibits 3, 4, 5, and 6 of this report.

Proprietary funds: Services for which the Board charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same full accrual basis of accounting as the government-wide statements. Durham Public Schools Board of Education has one proprietary fund - the School Food Service Fund.

The proprietary fund statements are shown as Exhibits 7, 8, and 9 of this report.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Durham Public Schools Board of Education has one fiduciary fund - the Della Bradsher Hedgepeth Memorial Scholarship Fund, which is a scholarship fund under the control of the administrative unit. This is accounted for as a private purpose trust fund.

The fiduciary fund statements are shown as Exhibits 10 and 11 of this report.

Financial Analysis of the Board as a Whole

Net position is an indicator of the fiscal health of the Board. Assets exceeded liabilities and deferred inflows of resources by \$414,002,531 as of June 30, 2013. The largest component of net position is net investment in capital assets, of \$390,913,991. It comprises 94.42% of total net position.

Following is a summary of the Statement of Net Position:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>6/30/2013</u>	<u>6/30/2012</u>
Current assets	\$ 64,123,842	\$ 68,494,824	\$ 5,046,928	\$ 4,815,222	\$ 69,170,770	\$ 73,310,046
Capital assets	393,763,077	388,160,532	642,068	549,951	394,405,145	388,710,483
Total assets	<u>457,886,919</u>	<u>456,655,356</u>	<u>5,688,996</u>	<u>5,365,173</u>	<u>463,575,915</u>	<u>462,020,529</u>
Current liabilities	19,262,529	20,583,921	137,293	111,501	19,399,822	20,695,422
Long-term liabilities	27,653,241	22,627,435	361,531	313,351	28,014,772	22,940,786
Total liabilities	<u>46,915,770</u>	<u>43,211,356</u>	<u>498,824</u>	<u>424,852</u>	<u>47,414,594</u>	<u>43,636,208</u>
Deferred inflows of resources	<u>2,058,890</u>	<u>1,819,764</u>	<u>99,900</u>	<u>83,271</u>	<u>2,158,790</u>	<u>1,903,035</u>
Net investment in capital assets	390,271,923	386,381,988	642,068	549,951	390,913,991	386,931,939
Restricted net position	10,491,824	10,543,358	-	-	10,491,824	10,543,358
Unrestricted net position	8,148,512	14,698,890	4,448,204	4,307,099	12,596,716	19,005,989
Total net position	<u>\$ 408,912,259</u>	<u>\$ 411,624,236</u>	<u>\$ 5,090,272</u>	<u>\$ 4,857,050</u>	<u>\$ 414,002,531</u>	<u>\$ 416,481,286</u>

Note that net position decreased during the year, indicating a decline in the financial condition of the Board. The decrease in net position (.60%) was largely because of a decrease in unrestricted net position in the governmental activities due to expenditures for technology and operational support. Unrestricted net position increased in the business-type activities primarily because of an increase in current assets in the School Food Service Fund.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013

The following table shows the revenues and expenses for the Board for the current fiscal year.

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2013	6/30/2012	6/30/2013	6/30/2012	6/30/2013	6/30/2012
Revenues:						
Program revenues:						
Charges for services	\$ 3,592,237	\$ 3,810,061	\$ 2,308,001	\$ 2,712,070	\$ 5,900,238	\$ 6,522,131
Operating grants and contributions	213,360,014	216,312,932	12,373,727	11,504,918	225,733,741	227,817,850
Capital grants and contributions	3,787	15,528	-	-	3,787	15,528
General revenues:						
Other revenues	149,741,250	163,089,265	12,240	20,959	149,753,490	163,110,224
Total revenues	366,697,288	383,227,786	14,693,968	14,237,947	381,391,256	397,465,733
Expenses:						
Governmental activities:						
Instructional services	253,940,630	252,812,921	-	-	253,940,630	252,812,921
System-wide support services	82,147,274	70,126,929	-	-	82,147,274	70,126,929
Ancillary services	4,335,383	4,600,655	-	-	4,335,383	4,600,655
Non-programmed charges	13,734,133	11,686,197	-	-	13,734,133	11,686,197
Interest on long-term debt	85,733	-	-	-	85,733	-
Depreciation	14,991,658	14,003,381	-	-	14,991,658	14,003,381
Business-type activities:						
Food service	-	-	14,635,200	14,151,627	14,635,200	14,151,627
Total expenses	369,234,811	353,230,083	14,635,200	14,151,627	383,870,011	367,381,710
Transfers in (out)	(174,454)	-	174,454	-	-	-
Increase (decrease) in net position	(2,711,977)	29,997,703	233,222	86,320	(2,478,755)	30,084,023
Net position, beginning	411,624,236	387,085,341	4,857,050	4,770,730	416,481,286	391,856,071
Adjustment for overstatement of capital assets	-	(5,458,808)	-	-	-	(5,458,808)
Net position, ending	\$ 408,912,259	\$ 411,624,236	\$ 5,090,272	\$ 4,857,050	\$ 414,002,531	\$ 416,481,286

Total governmental activities generated revenues of \$366.7 million while expenses in this category totaled \$369.2 million for the year ended June 30, 2013. Comparatively, revenues were \$383.2 and expenses totaled 353.2 million for the year ended June 30, 2012. After transfers to the business-type activities, the decrease in net position stands at \$2.7 million at June 30, 2013, compared to a \$29.9 million increase in 2012. Instructional services expenses comprised 68.77% of total governmental activities expenses while system-wide support services made up 22.25% of those expenses for 2013. County funding comprised 39.95% of total governmental revenue while unrestricted City funding added another .42% for 2013. In 2012, County funding was 40.24% and unrestricted City funding added 1.53%. Much of the remaining 59.63% of total governmental revenue for 2013 consists of restricted State and federal money. This revenue represented 58.23% of total revenue in 2012. Business-type activities generated revenue of \$14.7 million and expenses of \$14.6 million. Net position increased in the business-type activities by \$233,333, after transfers from the governmental activities of \$174,454.

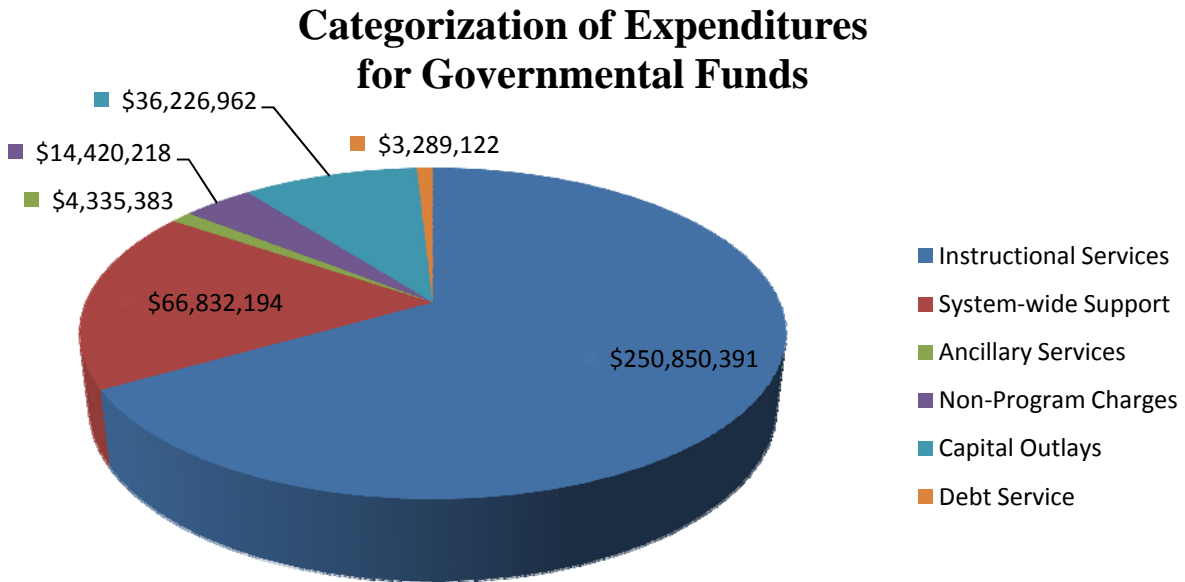
DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended June 30, 2013

Financial Analysis of the Board's Funds

Governmental Funds: The focus of Durham Public Schools Board of Education's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Board's financing requirements.

The Board's governmental funds reported a combined fund balance of \$42,416,197, a decrease of \$3,263,373 from the previous year. Of the Board's governmental funds, the Local Current Expense Fund and School Activities Funds had revenues and other financing sources that exceeded expenditures and other uses. Funding from the State increase approximately \$3.9 million while federal and County funding decreased approximately \$6.3 million and \$7.6 million, respectively. Expenditures decreased as well, and included over \$7.9 million decrease in capital outlay.

Proprietary Funds: The Board's business-type activities performed well in the past year. The School Food Service Fund reflected an increase in net position over last year. Operating revenues decreased \$404,069 while operating expenses increased \$483,573 from the previous year. Nonoperating revenues brought about most of the increase in net position with increases in federal reimbursements and donated commodities. The Board has aggressively sought federal reimbursements by improving the free and reduced lunch application approval process, fully utilized federal donated commodities, and carefully controlled costs while serving healthy and nutritious meals.



Expenditures presented on modified accrual basis of accounting

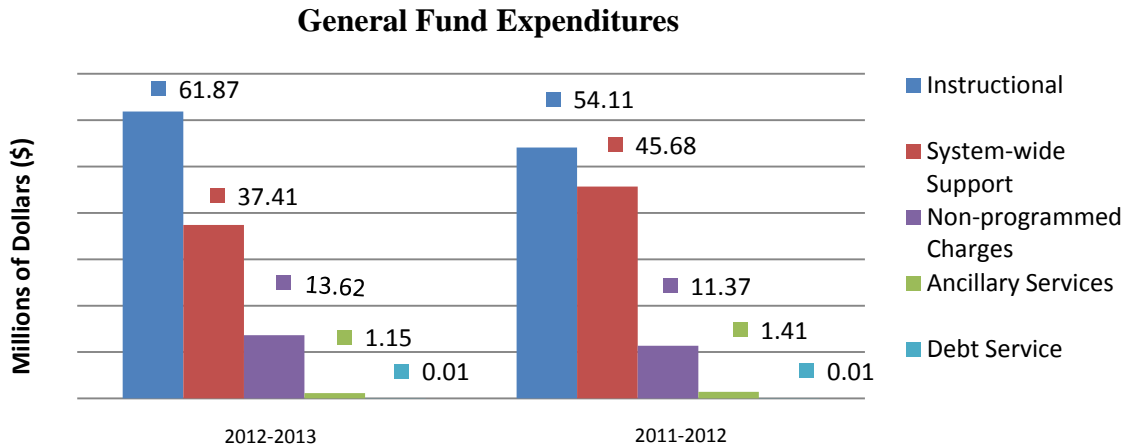
DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended June 30, 2013

General Fund Revenues

Since the merger of the city and county school systems in 1992-93, General Fund revenues have increased 149.2% from a total of \$46.3 million to \$115.4 million. These revenues have increased \$2.3 million from the prior year. County appropriations and late property filings increased \$3.0 while fines and forfeitures decreased \$.7 million.

General Fund Expenditures

Counties are charged by statute with providing the funding for operations of local school systems. Most counties provide additional funds beyond the operations allocation to supplement the instructional programs. General Fund expenditures increased 1.3% in 2012-13 over the prior year to a total of \$114,070,855. The percentage of expenditures by function to total expenditures remained relatively consistent with prior years and slightly increased in the areas of Instructional Services and Non-programmed charges. Expenditures for Instructional Services increased by 6.2% due to a reallocation of resources into critical classroom areas.



Federal and State Special Revenue Funds

Substantially all State and federal revenues are accounted for in the State Public School Fund (\$173,503,774) and the Federal Grants Fund (\$27,707,997). This State and federal funding is primarily provided to the local education agencies on a per pupil basis. State funding increased from the prior year by approximately \$2.5 million. Federal funding decreased from the prior year by \$5.6 million due to the expiration of several federal ARRA grants. Expenditures of these funds provide the basic instructional programs for all school systems in North Carolina. Salaries and benefits account for 92.0% of all expenditures in these funds.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013

Capital Outlay Fund

As the school building construction program (supported by the 2001, 2003, and 2007 voter-approved County bond referendum) approaches completion, the Board realized \$29,554,012 in revenue from general obligation bonds issued by Durham County, and \$1,370,000 from the County's general appropriation. Additionally, the State provided capital funds of \$2,168,939 for installment financing related to the purchase of yellow buses and miscellaneous other local sources provided \$540,628. During the 2012-13 school year, Durham Public Schools opened Lucas Middle School and substantial improvements were made at Shepard Middle School, several elementary schools, and to the Fuller building. The School for Creative Studies was also substantially completed at year end and opened subsequent to year end.

Durham Public Schools Board of Education						
Schedule of Capital Assets (Net of Depreciation)						
as of June 30, 2013						
	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2013	6/30/2012	6/30/2013	6/30/2012	6/30/2013	6/30/2012
Land	\$ 22,222,934	\$ 22,209,871	\$ -	\$ -	\$ 22,222,934	\$ 22,209,871
Construction in Progress	48,675,723	46,457,726	-	-	48,675,723	46,457,726
Buildings	218,422,973	229,185,365	-	-	218,422,973	229,185,365
Building Improvements	97,468,090	84,656,644	-	-	97,468,090	84,656,644
Furniture and Equipment	2,740,237	3,162,661	638,382	546,265	3,378,619	3,708,926
Vehicles	4,233,120	2,488,265	3,686	3,686	4,236,806	2,491,951
Total	\$ 393,763,077	\$ 388,160,532	\$ 642,068	\$ 549,951	\$ 394,405,145	\$ 388,710,483

Additional information about capital asset activities can be found in the notes of the financial statements: Note II, A – 4&5.

School Activity Funds

Due to the implementation of GASB Statement No. 34, the School Activity Funds are now being treated as a governmental fund type. This fund consists of the revenues and expenditures of the activity funds of the 56 individual schools operated by the Board. The individual school principals exercise significant authority over revenues and expenditures. The activities of the schools that generate revenue consist of picture sales, field trips, athletic events, club fundraising, and other school functions.

Proprietary Fund

The proprietary fund operation consists of the School Food Service Fund. The School Food Service Fund operates as an enterprise fund and provides meals to students and staff. The School Food Service Fund reflected an increase in net assets of \$233,222 in the current year. Total net position is \$5,090,272, of which \$4,175,815 is cash and cash equivalents. This financial position allows Durham Public Schools to maintain a strong Child Nutrition Program.

Fiduciary Fund

The private-purpose trust fund, the Della Bradsher Hedgepeth Memorial Scholarship Fund, is used to award scholarships based on established criteria. An independent committee advises us when a scholarship is awarded to a student.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013

Budgetary Highlights

Over the course of the year, the Board, as is normal, revised the budget several times to account for changes in revenue expectations and align categorical expenditures appropriately. A brief summary of these amendments and budget to actual variances follows:

- Current Expense Fund – A positive budget to actual variance of \$2,849,770 was accomplished due to the increase in funding from the County of Durham.
- Capital Outlay Fund – Construction projects are budgeted but revenues are only recorded as the funds are spent and drawn down. Although budgeted revenues show a negative variance of \$48,474,317, budgeted expenditures show a positive variance of \$49,775,172 creating an overall positive budget to actual variance of \$1,300,855.
- Local Special Expense Fund – The fund realized a \$545,696 increase in actual revenue over budgeted revenue. This was due to additional e-rate, indirect cost, and miscellaneous other revenues being received. Expenditures were also less than budgeted by \$45,510. This variance occurred in the area of teacher salaries and school administration salaries. The total budget to actual variance was \$591,206 which was a combination of additional revenues being received and less expenditures occurring.
- Grants and Community Schools Special Revenue Fund - \$340 budget to actual expenditure negative variance occurred since expenditures deferred from prior year were recognized in the current year. Any funds unspent at year end are recorded as deferred revenue.

Debt Outstanding

During the year, the Board's outstanding debt increased \$1,712,610, with an ending balance of \$3,491,154. The debt for capital leases decreased due to continued payments. The debt for installment purchases increased due to the purchase of 38 school buses and a computer server during the year. Future debt service payments to retire the debt for the school buses will be funded by State revenues allotted for repayment of lease purchase contracts as authorized under G. S. 115C-528(a), Session Law 2003-284, Section 7.25. The Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used.

Additional information on the Board's long-term debt can be found in Note II.B.6c of this report.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013

Economic Factors

The Board experienced an decrease in enrollment of 164 students in the 2012-13 school year. As our local housing market rebounds we continue to see an influx of families as is evidenced by meeting enrollment projections in last school year and the current school year 2013-14. Over the next several years the Board will need continued increases in classroom space, teachers, and equipment. County funding is a major source of income for the Board; therefore, the County's economic outlook directly affects that of the school Board.

The following factors have affected the economic outlook of Durham County.

- The County's unemployment rate decreased from 8.2% in June, 2012 to 7.5% in June, 2013. The County's unemployment rate remains high due to the recession and economic downturn. The County's rate compares favorably to the State's rate at 8.8% and the national average of 7.6%.
- Retail sales increased 11.1% despite the current economic environment. 2013 and 2012 retail sales for the County were approximately \$4,925,320,533 and \$4,434,078,534, respectively.
- The population in Durham County continues to grow. The population increased .59% in 2013.

These factors, as well as the State's budget situation and increased utility costs, were considered in preparing the Board's budget for the 2012-13 fiscal year. The 2013 fiscal year budget was created to maintain the offsetting effect of such economic factors, by cutting expenditures and reducing or eliminating services, while attempting to protect core instructional programs and the personnel associated with them.

Requests for Information

This report is intended to provide a summary of the financial condition of Durham Public Schools Board of Education. Questions or requests for additional information should be addressed to:

Paul LeSieur, Interim Chief Financial Officer
Durham Public Schools
Post Office Box 30002
Durham, North Carolina 27702

BASIC FINANCIAL STATEMENTS

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Exhibit 1

Statement of Net Position

June 30, 2013

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and cash equivalents	\$ 52,051,462	\$ 4,175,815	\$ 56,227,277
Other receivable, net	522,870	14,187	537,057
Due from other governments	10,129,842	379,204	10,509,046
Internal balances	32,658	(32,658)	-
Inventories	172,092	510,380	682,472
Prepaid items	1,214,918	-	1,214,918
	<u>64,123,842</u>	<u>5,046,928</u>	<u>69,170,770</u>
Capital assets:			
Land and construction in progress	70,898,657	-	70,898,657
Other capital assets, net of depreciation	322,864,420	642,068	323,506,488
Total capital assets	<u>393,763,077</u>	<u>642,068</u>	<u>394,405,145</u>
Total assets	<u>457,886,919</u>	<u>5,688,996</u>	<u>463,575,915</u>
LIABILITIES			
Accounts payable and accrued expenses	5,037,252	137,293	5,174,545
Accrued salaries and wages payable	14,225,277	-	14,225,277
Long-term liabilities:			
Due within one year	13,137,695	332,800	13,470,495
Due in more than one year	14,515,546	28,731	14,544,277
Total liabilities	<u>46,915,770</u>	<u>498,824</u>	<u>47,414,594</u>
DEFERRED INFLOWS OF RESOURCES	<u>2,058,890</u>	<u>99,900</u>	<u>2,158,790</u>
NET POSITION			
Net investment in capital assets	390,271,923	642,068	390,913,991
Restricted for:			
Stabilization by State statute	4,344,698	-	4,344,698
School capital outlay	1,027,644	-	1,027,644
Grants and scholarships	3,244,686	-	3,244,686
Individual schools	1,874,796	-	1,874,796
Unrestricted	8,148,512	4,448,204	12,596,716
Total net position	<u>\$ 408,912,259</u>	<u>\$ 5,090,272</u>	<u>\$ 414,002,531</u>

The accompanying notes to the financial statements are an integral part of these statements

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2013

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
Instructional services:				
Regular instructional	\$ 131,522,037	\$ 3,264,826	\$ 98,248,626	\$ -
Special populations	48,741,545	-	42,914,892	-
Alternative programs	22,831,242	-	20,080,214	-
School leadership	20,634,695	-	11,542,043	-
Co-curricular	6,761,331	-	5,063,550	-
School-based support	23,449,780	-	14,093,603	-
System-wide support services:				
Support and development	2,596,395	-	791,302	-
Special population support and development	1,505,398	-	1,041,118	-
Alternative programs and services support and development	860,139	-	278,132	-
Technology support	5,610,239	-	281,835	-
Operational support	58,120,132	327,411	15,074,149	3,787
Financial and human resource	6,201,320	-	1,021,847	-
Accountability	1,519,428	-	257,516	-
System-wide pupil support	1,665,663	-	128,904	-
Policy, leadership and public relations	4,068,560	-	1,351,930	-
Ancillary services	4,335,383	-	195,298	-
Non-programmed charges	13,819,866	-	995,055	-
Unallocated depreciation expense, excluding direct depreciation expense	14,991,658	-	-	-
Total governmental activities	<u>369,234,811</u>	<u>3,592,237</u>	<u>213,360,014</u>	<u>3,787</u>
Business-type activities:				
Food services	14,635,200	2,308,001	12,373,727	-
Total business-type activities	<u>14,635,200</u>	<u>2,308,001</u>	<u>12,373,727</u>	<u>-</u>
Total primary government	<u>\$ 383,870,011</u>	<u>\$ 5,900,238</u>	<u>\$ 225,733,741</u>	<u>\$ 3,787</u>
General revenues:				
Unrestricted County appropriations - operating				
Unrestricted County appropriations - capital				
Unrestricted City appropriations - capital				
Unrestricted other County revenues - capital				
Investment earnings, unrestricted				
Miscellaneous, unrestricted				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

Net (Expenses) Revenue and Changes in Net Position Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (30,008,585)	\$ -	\$ (30,008,585)
(5,826,653)	-	(5,826,653)
(2,751,028)	-	(2,751,028)
(9,092,652)	-	(9,092,652)
(1,697,781)	-	(1,697,781)
(9,356,177)	-	(9,356,177)
(1,805,093)	-	(1,805,093)
(464,280)	-	(464,280)
(582,007)	-	(582,007)
(5,328,404)	-	(5,328,404)
(42,714,785)	-	(42,714,785)
(5,179,473)	-	(5,179,473)
(1,261,912)	-	(1,261,912)
(1,536,759)	-	(1,536,759)
(2,716,630)	-	(2,716,630)
(4,140,085)	-	(4,140,085)
(12,824,811)	-	(12,824,811)
(14,991,658)	-	(14,991,658)
(152,278,773)	-	(152,278,773)
-	46,528	46,528
-	46,528	46,528
(152,278,773)	46,528	(152,232,245)
115,572,760	-	115,572,760
1,370,000	-	1,370,000
1,538,793	-	1,538,793
29,554,012	-	29,554,012
275,925	12,240	288,165
1,429,760	-	1,429,760
(174,454)	174,454	-
149,566,796	186,694	149,753,490
(2,711,977)	233,222	(2,478,755)
411,624,236	4,857,050	416,481,286
<u>\$ 408,912,259</u>	<u>\$ 5,090,272</u>	<u>\$ 414,002,531</u>

The accompanying notes to the financial statements are an integral part of these statements

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Exhibit 3

Balance Sheet - Governmental Funds

June 30, 2013

	Major Funds			Non-major Funds	Total Governmental Funds
	Local Current Expense Fund	State Public School Fund	Capital Outlay Fund	Other Governmental Funds	
ASSETS					
Cash and cash equivalents	\$ 40,015,808	\$ -	\$ 4,796,322	\$ 7,239,332	\$ 52,051,462
Due from other governments	299,050	6,063,006	3,285,788	481,998	10,129,842
Other receivable, net	349,015	-	-	173,855	522,870
Due from other funds	38,088	-	-	171,501	209,589
Inventories	172,092	-	-	-	172,092
Prepaid items	1,214,918	-	-	-	1,214,918
Total assets	<u>\$ 42,088,971</u>	<u>\$ 6,063,006</u>	<u>\$ 8,082,110</u>	<u>\$ 8,066,686</u>	<u>\$ 64,300,773</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Accounts payable and accrued expenses	\$ 1,258,420	\$ -	\$ 3,768,678	10,154	\$ 5,037,252
Due to other funds	145,915	-	-	31,016	176,931
Accrued salaries and wages payable	7,757,138	6,063,006	-	405,133	14,225,277
Total liabilities	<u>9,161,473</u>	<u>6,063,006</u>	<u>3,768,678</u>	<u>446,303</u>	<u>19,439,460</u>
Deferred inflows of resources	<u>265,575</u>	<u>-</u>	<u>-</u>	<u>2,179,541</u>	<u>2,445,116</u>
Fund balances:					
Nonspendable:					
Inventories	172,092	-	-	-	172,092
Prepaid expenses	1,214,918	-	-	-	1,214,918
Restricted:					
Stabilization by State statute	686,153	-	3,285,788	372,757	4,344,698
School capital outlay	-	-	1,027,644	-	1,027,644
Grants and scholarships	-	-	-	3,244,686	3,244,686
Individual schools	-	-	-	1,874,796	1,874,796
Committed:					
Teacher and staff salaries	7,455,975	-	-	-	7,455,975
Assigned:					
Self-insurance	3,385,031	-	-	-	3,385,031
Unassigned	19,747,754	-	-	(51,397)	19,696,357
Total fund balances	<u>32,661,923</u>	<u>-</u>	<u>4,313,432</u>	<u>5,440,842</u>	<u>42,416,197</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 42,088,971</u>	<u>\$ 6,063,006</u>	<u>\$ 8,082,110</u>	<u>\$ 8,066,686</u>	<u>\$ 64,300,773</u>

Reconciliation of the balance sheet to the statement of net position:

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total fund balance - governmental funds		\$ 42,416,197
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of capital assets	\$ 624,583,920	
Accumulated depreciation	(230,820,843)	393,763,077
Long-term liabilities, including capital leases, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Installment purchases	(3,491,154)	
Claims liability for retained risk	(4,078,000)	
Compensated absences payable	(20,084,087)	(27,653,241)
Sales tax receivable deferred in the governmental funds		386,226
Net position of governmental activities		<u>\$ 408,912,259</u>

The accompanying notes to the financial statements are an integral part of these statements

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA **Exhibit 4**
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	Major Funds			Non-major Funds	Total Governmental Funds
	Local Current Expense Fund	State Public School Fund	Capital Outlay Fund	Other Governmental Funds	
REVENUES					
State of North Carolina	\$ -	\$ 173,503,774	\$ 2,168,939	\$ 1,398	\$ 175,674,111
Durham County	115,381,832	-	30,924,012	-	146,305,844
City of Durham	-	-	-	190,928	190,928
U.S. Government	-	-	-	29,467,024	29,467,024
Other	1,538,793	-	540,628	14,170,552	16,249,973
Total revenues	<u>116,920,625</u>	<u>173,503,774</u>	<u>33,633,579</u>	<u>43,829,902</u>	<u>367,887,880</u>
EXPENDITURES					
Current:					
Instructional services:					
Regular instructional	35,341,197	90,461,996	-	4,118,335	129,921,528
Special populations	5,010,815	35,966,714	-	7,170,874	48,148,403
Alternative programs	2,425,712	8,431,382	-	11,696,311	22,553,405
School leadership	8,349,991	10,801,735	-	1,231,862	20,383,588
Co-curricular	1,708,164	-	-	4,970,887	6,679,051
School-based support	9,034,444	10,056,105	-	4,073,867	23,164,416
System-wide support services:					
Support and development	1,772,930	535,667	-	256,202	2,564,799
Special population support and development	445,961	193,519	-	847,599	1,487,079
Alternative programs and services					
support and development	571,539	2,038	-	276,094	849,671
Technology support	2,739,304	281,835	-	2,520,828	5,541,967
Operational support	21,449,017	13,662,126	-	7,986,298	43,097,441
Financial and human resource	5,095,495	1,020,691	-	9,669	6,125,855
Accountability	1,243,423	257,516	-	-	1,500,939
System-wide pupil support	1,468,575	128,904	-	47,915	1,645,394
Policy, leadership and public relations	2,624,355	1,344,437	-	50,257	4,019,049
Ancillary services	1,148,952	184,655	-	3,001,776	4,335,383
Non-programmed charges	13,623,959	-	-	796,259	14,420,218
Capital outlay	-	-	36,226,962	-	36,226,962
Debt service:					
Principal repayments	17,022	-	3,186,367	-	3,203,389
Interest	-	-	85,733	-	85,733
Total expenditures	<u>114,070,855</u>	<u>173,329,320</u>	<u>39,499,062</u>	<u>49,055,033</u>	<u>375,954,270</u>
Revenues over (under) expenditures	<u>2,849,770</u>	<u>174,454</u>	<u>(5,865,483)</u>	<u>(5,225,131)</u>	<u>(8,066,390)</u>
OTHER FINANCING SOURCES (USES)					
Transfers to other funds	-	(174,454)	-	-	(174,454)
Installment purchase obligations issued	-	-	4,915,999	-	4,915,999
Total other financing sources (uses)	<u>-</u>	<u>(174,454)</u>	<u>4,915,999</u>	<u>-</u>	<u>4,741,545</u>
Appropriated fund balance	-	-	31,003	-	31,003
Net change in fund balance	2,849,770	-	(918,481)	(5,225,131)	(3,293,842)
FUND BALANCES					
Beginning of year	29,781,684	-	5,231,913	10,665,973	45,679,570
Increase in reserve for inventories	30,469	-	-	-	30,469
End of year	<u>\$ 32,661,923</u>	<u>\$ -</u>	<u>\$ 4,313,432</u>	<u>\$ 5,440,842</u>	<u>\$ 42,416,197</u>

The accompanying notes to the financial statements are an integral part of these statements

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA **Exhibit 4**
Statement of Revenues, Expenditures and Changes in Fund Balances **(Continued)**
Governmental Funds
For the Year Ended June 30, 2013

Reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities:

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net changes in fund balances - total governmental funds \$ (3,293,842)

Change in fund balances due to change in reserve for inventory 30,469

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceed depreciation in the period.

Depreciation expense	\$ (16,769,883)	
Capital outlays	<u>22,701,917</u>	5,932,034

Loss on disposal of capital assets (329,489)

In the statement of activities, certain operating expenses - compensated absences (vacations) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid.

This year, vacation used was less than the amounts earned (2,504,196)

Estimated liabilities for retained risks increased during the year (809,000)

The issuance of long-term debt 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 has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Proceeds from the issuance of debt	(4,915,999)	
Repayment of debt	<u>3,203,389</u>	(1,712,610)

Increase in deferred revenues for sales tax receivable reported in the governmental funds (25,343)

Total changes in net position of governmental activities \$ (2,711,977)

The accompanying notes to the financial statements are an integral part of these statements

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Exhibit 5
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Local Current Expense Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Durham County	\$ 115,381,832	\$ 115,381,832	\$ 115,381,832	\$ -
Other:				
Fines and forfeitures	1,500,000	1,500,000	1,538,793	38,793
Total revenues	<u>116,881,832</u>	<u>116,881,832</u>	<u>116,920,625</u>	<u>38,793</u>
EXPENDITURES				
Current:				
Instructional services:				
Regular instructional	32,932,340	35,763,702	35,341,197	422,505
Special populations	5,687,372	5,038,640	5,010,815	27,825
Alternative programs	1,773,394	2,581,669	2,425,712	155,957
School leadership	3,124,478	8,353,462	8,349,991	3,471
Co-curricular	1,729,181	1,709,156	1,708,164	992
School-based support	6,936,551	9,037,302	9,034,444	2,858
System-wide support services:				
Support and development	6,156,870	1,805,764	1,772,930	32,834
Special population support and development	515,889	445,979	445,961	18
Alternative programs and services support and development	309,726	607,805	571,539	36,266
Technology support	5,106,958	2,749,722	2,739,304	10,418
Operational support	30,164,745	22,847,060	21,449,017	1,398,043
Financial and human resource	3,819,300	5,141,470	5,095,495	45,975
Accountability	1,437,130	1,247,260	1,243,423	3,837
System-wide pupil support	1,222,123	1,483,034	1,468,575	14,459
Policy, leadership, and public relations	2,290,420	2,629,491	2,624,355	5,136
Ancillary services	579,049	1,176,844	1,148,952	27,892
Non-programmed charges	13,079,284	14,246,450	13,623,959	622,491
Debt service on capital leases:				
Principal	17,022	17,022	17,022	-
Total expenditures	<u>116,881,832</u>	<u>116,881,832</u>	<u>114,070,855</u>	<u>2,810,977</u>
Revenues over expenditures	<u>-</u>	<u>-</u>	<u>2,849,770</u>	<u>2,849,770</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,849,770</u>	<u>\$ 2,849,770</u>
FUND BALANCE				
Beginning of year			29,781,684	
Increase in reserve for inventories			<u>30,469</u>	
End of year			<u>\$ 32,661,923</u>	

The accompanying notes to the financial statements are an integral part of these statements

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Exhibit 6

Statement of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

State Public School Fund

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
State of North Carolina	\$ 170,024,357	\$ 174,802,270	\$ 173,503,774	\$ (1,298,496)
Total revenues	170,024,357	174,802,270	173,503,774	(1,298,496)
EXPENDITURES				
Current:				
Instructional services:				
Regular instructional	97,199,027	91,242,125	90,461,996	780,129
Special populations	30,845,987	35,996,091	35,966,714	29,377
Alternative programs	7,105,040	8,431,593	8,431,382	211
School leadership	9,029,584	10,871,182	10,801,735	69,447
School-based support	9,927,568	10,186,298	10,056,105	130,193
System-wide support services:				
Support and development	550,487	535,671	535,667	4
Special population support and development	571,552	193,522	193,519	3
Alternative programs and services support and development	76,968	2,038	2,038	-
Technology support	32,500	314,338	281,835	32,503
Operational support	10,406,632	13,662,133	13,662,126	7
Financial and human resource	2,215,398	1,020,696	1,020,691	5
Accountability	413,568	501,532	257,516	244,016
System-wide pupil support	42,087	141,491	128,904	12,587
Policy, leadership, and public relations	1,358,648	1,344,441	1,344,437	4
Ancillary services	128,928	184,661	184,655	6
Total expenditures	169,903,974	174,627,812	173,329,320	1,298,492
Revenues over (under) expenditures	120,383	174,458	174,454	(4)
Other financing sources (uses):				
Transfers to other funds	(120,383)	(174,458)	(174,454)	4
Total other financing sources (uses)	(120,383)	(174,458)	(174,454)	4
Net change in fund balance	\$ -	\$ -	-	\$ -
FUND BALANCE				
Beginning of year			-	
End of year			\$ -	

The accompanying notes to the financial statements are an integral part of these statements

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Exhibit 7

Statement of Net Position

Proprietary Fund

June 30, 2013

	Major Fund School Food Service Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,175,815
Accounts receivable, net	14,187
Due from other governments	379,204
Inventories	510,380
Total current assets	5,079,586
Noncurrent assets:	
Furniture and equipment, net	642,068
Total assets	5,721,654
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	137,293
Due to other funds	32,658
Compensated absences	332,800
Total current liabilities	502,751
Noncurrent liabilities:	
Compensated absences	28,731
Total liabilities	531,482
DEFERRED INFLOWS OF RESOURCES	99,900
NET POSITION	
Net investment in capital assets	642,068
Unrestricted:	
Undesignated	4,448,204
Total net position	\$ 5,090,272

The accompanying notes to the financial statements are an integral part of these statements

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Exhibit 8
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2013

	Major Fund
	School Food
	Service Fund
OPERATING REVENUES	
Food sales	\$ 2,308,001
Total operating revenues	2,308,001
OPERATING EXPENSES	
Food costs:	
Purchase of food	4,989,004
Donated commodities	730,231
Salaries and benefits	7,299,234
Indirect costs	763,708
Materials and supplies	521,678
Repairs and maintenance	171,850
Depreciation	87,134
Contracted services	367
Other	71,994
Total operating expenses	14,635,200
Operating loss	(12,327,199)
NONOPERATING REVENUES	
Federal reimbursements	11,537,008
Federal donated commodities	811,715
State reimbursements	25,004
Interest earned	12,240
Total nonoperating revenues	12,385,967
Income before contributions and transfers	58,768
Transfers from other funds	174,454
Change in net position	233,222
NET POSITION	
Beginning of year	4,857,050
End of year	\$ 5,090,272

The accompanying notes to the financial statements are an integral part of these statements

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Exhibit 9

**Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2013**

	Major Fund School Food Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 2,293,816
Cash paid for goods and services	(6,477,923)
Cash paid to employees for services	(7,076,600)
Net cash used by operating activities	(11,260,707)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal reimbursements	11,646,712
State reimbursements	25,004
Net cash provided by noncapital financing activities	11,671,716
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(179,250)
Net cash used by capital and related financing activities	(179,250)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	12,240
Net cash provided from investing activities	12,240
Net increase in cash and cash equivalents	243,999
Cash and cash equivalents - beginning of year	3,931,816
Cash and cash equivalents - end of year	\$ 4,175,815

The accompanying notes to the financial statements are an integral part of these statements

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Exhibit 9
Statement of Cash Flows (Continued)
Proprietary Fund
For the Year Ended June 30, 2013

	Major Fund
	School Food
	Service Fund
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (12,327,199)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	87,134
Donated commodities consumed	811,715
Salaries paid by other fund	174,454
Changes in assets, liabilities, and deferred inflows of resources:	
(Increase) decrease in:	
Accounts receivable	(14,185)
Inventories	(83,227)
Increase (decrease) in:	
Accounts payable and accrued expenses	25,792
Compensated absences	48,180
Deferred inflows of resources	16,629
Total adjustments	1,066,492
Net cash used by operating activities	\$ (11,260,707)

Noncash investing, capital, and financing activities:

The School Food Service Fund received donated commodities with a value of \$811,715 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The fund recorded the consumption of \$730,231 worth of donated commodities during the fiscal year as an operating expense. These transactions are reported on Exhibit 8.

The accompanying notes to the financial statements are an integral part of these statements

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Exhibit 10
Statement of Fiduciary Net Position
Private-Purpose Trust
June 30, 2013

	<u>Della Bradsher Hedgepeth Memorial Scholarship Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 37,136</u>
Total assets	<u><u>\$ 37,136</u></u>
NET POSITION	
Held in trust for scholarships	\$ 15,000
Unassigned	<u>22,136</u>
Total net position	<u><u>\$ 37,136</u></u>

The accompanying notes to the financial statements are an integral part of these statements

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Exhibit 11
Statement of Changes in Fiduciary Net Position
Private-Purpose Trust
For the Year Ended June 30, 2013

	Della Bradsher Hedgepeth Memorial Scholarship Fund
ADDITIONS	
Interest on investments	\$ 17
DEDUCTIONS	
Scholarships awarded	1,000
Change in net assets	(983)
NET POSITION	
Beginning of year	38,119
End of year	\$ 37,136

The accompanying notes to the financial statements are an integral part of these statements

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2013

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Durham Public Schools Board of Education, North Carolina conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A) Reporting Entity

The Durham Public Schools Board of Education, North Carolina (Board) is a Local Education Agency empowered by State law [Chapter 115C of the North Carolina General Statutes] with the responsibility to oversee and control all activities related to public school education in Durham County, North Carolina. The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity.

The Board is governed by a seven-member governing body elected by the citizens of Durham County. The County provides approximately 38% of the total funding for the Board and has the authority to control how this funding is spent. However, beyond this, the County does not have legal authority over the Board's budget. Accordingly, the Board is not considered to be a component unit of Durham County.

B) Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities present information about the Board. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. These statements distinguish between the *governmental* and *business-type activities* of the Board. Governmental activities generally are financed through 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 Board and for each function of the Board'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 are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Board's funds, including its fiduciary fund. 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 of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. The fiduciary fund is presented separately.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2013

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) Basis of Presentation (Continued)

The Board reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the Board. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. This fund is the "Local Current Expense Fund," which is mandated by State law [G.S. 115C-426].

State Public School Fund: The State Public School Fund includes appropriations from the Department of Public Instruction for the current operating expenditures of the public school system.

Capital Outlay Fund: The Capital Outlay Fund accounts for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds) and is reported as a capital projects fund. It is mandated by State law [G.S.115C-426]. Capital projects are funded by Durham County appropriations, restricted sales tax monies, proceeds of Durham County bonds issued for public school construction, lottery proceeds, as well as certain State assistance.

The Board reports the following major enterprise fund:

School Food Service Fund: The School Food Service Fund is used to account for the food service program within the school system and is reported as an enterprise fund.

The Board reports the following fiduciary fund:

Private-Purpose Trust: The Board has one Private-Purpose Trust, the Della Bradsher Hedgepeth Memorial Scholarship Fund. Interest earned on the principal is to be used to award scholarships according to the criteria set forth in the scholarship fund agreement.

C) Measurement Focus and 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 and 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 Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Board considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. These could include federal, State, and County grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2013

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) Measurement Focus and Basis of Accounting (Continued)

Under the terms of grant agreements, the Board funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Board's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

D) Budgetary Data

The Board's budgets are adopted as required by North Carolina General Statutes. Annual budgets are adopted for all funds, except for the school activity funds and private-purpose trust fund, as required by North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at fiscal year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level within funds for all annually budgeted funds. The Finance Officer, with the approval of the Superintendent, is authorized by the governing Board to transfer appropriations within a fund. Such transfers must be reported to the governing board at its next regular meeting. Transfers between funds require governing board approval. Amendments which alter the County appropriation or transfer monies between the Local Current Expense Fund and the Capital Outlay Fund require the approval of the Durham County Board of Commissioners. During the year, significant amendments to the budget were necessary and were appropriately approved by the Board.

A budget calendar is included in G.S. 115C, Article 31, and prescribes the last day on which certain steps of the budget procedure are to be performed. The following schedule lists the tasks to be performed and the date each is required to be completed.

- | | |
|---------------|--|
| May 1 | The Superintendent must submit the budget request along with a copy of the budget message to the Board of Education not later than May 1. |
| May 15 | The Board of Education should make changes, if necessary, to the budget request as submitted by the Superintendent and forward an approved budget request to the Board of County Commissioners not later than May 15, unless the County Commissioners have established a later date. |
| July 1 | The Board of County Commissioners must complete its actions on the school budget not later than July 1, unless a later date is agreed upon between the Board of Education and the County Commissioners. |
| Month of July | The Board of Education must adopt its balanced budget resolution after the Board of County Commissioners has decided upon the amount of appropriations to be provided by the County or after the appeal procedures as set forth in State law [G.S. 115C-431]. |

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2013

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) Budgetary Data (Continued)

As required by State law, the Board maintains encumbrance accounts which are considered to be “budgetary accounts.” Encumbrances outstanding at year end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts-in-process at year end are completed. Encumbrances outstanding at year end do not constitute expenditures or liabilities. If any, these encumbrances outstanding are reported as restricted within “Stabilization by State Statute” in the fund balance section of the balance sheet – governmental funds. Encumbrances are reappropriated in the subsequent fiscal year since appropriations lapse at year end. At June 30, 2013, the Board has no outstanding encumbrances.

E) Assets, Liabilities, Deferred Inflows, and Fund Equity

1) Deposits and Investments

All deposits of the Board are made in board-designated official depositories and are secured as required by State law [G.S. 115C-444]. The Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit. The Board also has money credited in its name with the State Treasurer and may issue State warrants against these funds.

State law [G.S. 115C-443] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; 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; the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a-7) money market mutual fund; and the North Carolina State Treasurer’s Short Term Investment Fund (STIF).

The STIF is managed by the staff of the Department of State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC. It consists of an internal portion and an external portion in which the Board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

The Board’s investments are reported at fair value as determined by quoted market prices. The NCCMT Cash Portfolio’s securities are valued at fair value, which is the NCCMT’s share price. The STIF securities are reported at cost and maintain a constant \$1 per share value. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

2) Cash and Cash Equivalents

The Board pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2013

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Liabilities, Deferred Inflows, and Fund Equity (Continued)

3) Inventories

The inventories of the Board are valued at cost and the Board uses the first-in, first-out (FIFO) flow assumption in determining cost. The inventories of the Board's General Fund consist of expendable materials and supplies, which are recorded as expenditures when purchased. The General Fund inventories do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is reserved.

Proprietary Fund inventories consist of food and supplies and are recorded as expenses when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

4) Prepaid items

Regular expenses to the Board are recognized in the period in which they incur. Prepaid expenses include insurance, services not yet received, and operating supplies when payment is made before the end of the fiscal year. Revenues are recognized when the corresponding liabilities and expenses are incurred.

5) Capital Assets

The Board's capital assets are recorded at original cost. Donated assets are listed at their estimated fair value at the date of donation or forfeiture. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

It is the policy of the Board to capitalize all capital assets costing more than \$5,000 with an estimated useful life of two or more years. In addition, other items, which are purchased and used in large quantities such as student desks, including library books and materials are capitalized. The library collections consist of large numbers of books with modest values; the composite depreciation method has been used as discussed GASB 35, para 163-166. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Durham County holds title to certain properties which are reflected as capital assets in the financial statements of the Board. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board gives the schools full use of the facilities, full responsibility for maintenance of the facilities, and provides that the County will convey title of the property back to the Board once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2013

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Liabilities, Deferred Inflows, and Fund Equity (Continued)

5) Capital Assets (Continued)

Capital assets, excluding land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

Buildings	20 to 50 years
Building improvements	20 years
Equipment and furniture	5 to 20 years
Vehicles	8 years

Land and construction in progress are not depreciated.

Depreciation for buildings and equipment that serve multiple purposes cannot be allocated ratably and is therefore reported as “unallocated depreciation” on the statement of activities.

6) Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes 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 Board has items that meet this criterion consisting of sales tax refunds receivable in the Local Current Expense Fund, Grant and Community Schools Special Revenue Fund, Federal Grants Fund, Local Special Expense Fund, School Activity Funds, and School Food Service Fund and grants and scholarships receivable in the Grant and Community Schools Special Revenue Fund.

7) Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

8) Compensated Absences

The Board follows the State’s policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board’s liability for accumulated earned vacation and salary-related payments as of June 30, 2013 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate of the current portion of compensated absences based on prior years’ records has been made.

The sick leave policy of the Board provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Board has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2013

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Liabilities, Deferred Inflows, and Fund Equity (Continued)

9) Net Position/Fund Balances

Net Position

Net position in the government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments, or imposed by law through State statute.

Fund Balance

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories - portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Prepaid expenses - portion of fund balance that is not an available resource because it represents the year-end balance of assets held for prepaid items, which are not spendable resources.

Restricted Fund Balance - This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute - portion of fund balance that is restricted by State Statute [G.S. 115C-425(a)].

Restricted for School Capital Outlay – portion of fund balance that can only be used for School Capital Outlay [G.S. 159-18 through 22].

Restricted for Grants and Scholarships - revenue sources restricted for distribution as described per their original intent from the source for which they were received.

Restricted for Individual Schools - revenue sources restricted for expenditures for the various clubs and organizations, athletic events, and various fund raising activities for which they were collected.

Committed Fund Balance - portion of fund balance that can only be used for a specific purpose imposed by a majority vote by quorum of the Board of Education's governing body (highest level of decision-making authority) and in certain instances approval by the County's governing body is required. Any changes or removal of specific purpose requires majority action by the governing bodies that approved the original action.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2013

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Liabilities, Deferred Inflows, and Fund Equity (Continued)

9) Net Position/Fund Balances (Continued)

Assigned Fund Balance - portion of fund balance that Durham Public Schools Board of Education intends to use for specific purposes.

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. The governing body approves the appropriation; however the budget ordinance authorizes the Chief Finance Officer to recommend modifications of the appropriations within funds for approval by the governing body.

Unassigned Fund Balance - the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

Durham Public Schools Board of Education, North Carolina has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Chief Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-board of education funds, board of education funds. 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 Finance Officer has the authority to deviate from this policy if it is in the best interest of the Board of Education.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2013

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Liabilities, Deferred Inflows, and Fund Equity (Continued)

10) Reconciliation of Government-wide and Fund Financial Statements

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

The governmental funds balance sheet includes a reconciliation between total fund balance of the governmental funds and net position of the governmental activities as reported in the government-wide statement of net position. The net adjustment of \$366,496,062 consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 624,583,920
Less: Accumulated depreciation	(230,820,843)
Net capital assets	393,763,077
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Installment purchases	(3,491,154)
Claims liability for retained risk	(4,078,000)
Compensated absences	(20,084,087)
Sales tax receivable, deferred	386,226
	386,226
Total adjustment	\$ 366,496,062

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2013

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Liabilities, Deferred Inflows, and Fund Equity (Continued)

10) Reconciliation of Government-wide and Fund Financial Statements (Continued)

- b) 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 – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$581,865 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 22,701,917
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities, but not in the fund statements	(16,769,883)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position	(4,915,999)
Principal payments on debt owed are recorded as a use of funds on the fund statements but affect only the statement of net position in the government-wide statements	3,203,389
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Difference in compensated absences that are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(2,504,196)
Loss on disposal of assets	(329,489)
Estimated liabilities for retained risks increased during the year	(809,000)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Decrease in deferred revenue for sales tax receivable reported in the governmental funds	(25,343)
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	30,469
Total adjustment	\$ 581,865

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2013

II) DETAIL NOTES ON ALL FUNDS

A) Assets

1) Deposits

All of the Board's deposits are either insured or collateralized by using one of two methods. Under the dedicated method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Board's agent in the Board's name. Under the pooling method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Board, these deposits are considered to be held by the Board's agent in the Board's name. 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 Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the 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 depository that collateralizes public deposits under the Pooling Method. The Board has no policy regarding custodial credit risk for deposits.

At June 30, 2013, the Board had deposits with banks with a carrying amount of \$10,538,869 and with the State Treasurer of \$0. The bank balances with financial institutions and the State Treasurer were \$13,623,496 and \$295,102, respectively. Of these balances, \$501,420 was covered by federal depository insurance and \$13,417,178 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2) Investments

At June 30, 2013, the Board of Education had \$3,707,844 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. There was \$42,017,700 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.6 years at June 30, 2013. The Board has no policy for managing interest rate risk or credit risk.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2013

II) DETAIL NOTES ON ALL FUNDS (Continued)

A) Assets (Continued)

3) Accounts Receivable

Receivables at the government-wide level at June 30, 2013, were as follows:

	Net Due from (to) Other Funds (Internal Balances)	Due from Other Governments	Other	Total
Governmental activities:				
Local Current Expense Fund	\$ (107,827)	\$ 299,050	\$ 349,015	\$ 540,238
Other governmental activities	<u>140,485</u>	<u>9,830,792</u>	<u>173,855</u>	<u>10,145,132</u>
Total	<u>\$ 32,658</u>	<u>\$ 10,129,842</u>	<u>\$ 522,870</u>	<u>\$ 10,685,370</u>
Business-type activities:				
School Food Service Fund	<u>\$ (32,658)</u>	<u>\$ 379,204</u>	<u>\$ 14,187</u>	<u>\$ 360,733</u>

Due from other governments consists of the following:

Governmental activities:

Local Current Expense Fund	\$ 299,050	Net sales tax revenue from State
State Public School Fund	6,063,006	11 th and 12 th installments due from NCDPI
Capital Outlay Fund	3,285,788	Appropriations from County
Grant and Community Schools		
Special Revenue Fund	8,256	Sales tax revenue from State
Federal Grants Fund	405,133	11 th and 12 th installments due from NCDPI
	49,464	Sales tax revenue from State
Local Special Expense Fund	<u>19,145</u>	Sales tax revenue from State
Total	<u>\$10,129,842</u>	

Business-type activities:

School Food Service Fund	<u>\$ 379,204</u>	USDA and Summer Feeding programs
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All receivables are expected to be collected within one year.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2013

II) DETAIL NOTES ON ALL FUNDS (Continued)

A) Assets (Continued)

4) Capital Assets

Capital asset activity for the governmental activities for the year ended June 30, 2013 was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 22,209,871	\$ -	\$ 13,063	\$ 22,222,934
Construction in progress	<u>46,457,726</u>	<u>18,208,311</u>	<u>(15,990,314)</u>	<u>48,675,723</u>
Total capital assets not being depreciated	<u>68,667,597</u>	<u>18,208,311</u>	<u>(15,977,251)</u>	<u>70,898,657</u>
Capital assets being depreciated:				
Buildings	395,823,089	-	(366,202)	395,456,887
Building improvements	101,998,518	40,153	15,977,251	118,015,922
Furniture and equipment	11,689,057	951,596	(1,273,066)	11,367,587
Vehicles	<u>26,248,287</u>	<u>3,523,080</u>	<u>(926,500)</u>	<u>28,844,867</u>
Total capital assets being depreciated	<u>535,758,951</u>	<u>4,514,829</u>	<u>13,411,483</u>	<u>553,685,263</u>
Less accumulated depreciation for:				
Buildings	166,637,724	10,622,464	(226,274)	177,033,914
Building improvements	17,341,874	3,205,958	-	20,547,832
Furniture and equipment	8,526,396	1,163,236	(1,062,282)	8,627,350
Vehicles	<u>23,760,022</u>	<u>1,778,225</u>	<u>(926,500)</u>	<u>24,611,747</u>
Total accumulated depreciation	<u>216,266,016</u>	<u>16,769,883</u>	<u>(2,215,056)</u>	<u>230,820,843</u>
Total capital assets being depreciated, net	<u>319,492,935</u>			<u>322,864,420</u>
Governmental activity capital assets, net	<u>\$388,160,532</u>			<u>\$ 393,763,077</u>

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$14,991,658
Operational support services	<u>1,778,225</u>
Total	<u>\$16,769,883</u>

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2013

II) DETAIL NOTES ON ALL FUNDS (Continued)

A) Assets (Continued)

4) Capital Assets (Continued)

	Beginning Balances	Additions	Disposals	Ending Balances
Business-type activities:				
School Food Service Fund				
Capital assets being depreciated:				
Furniture and equipment	\$ 3,122,312	\$ 179,250	\$ -	\$ 3,301,562
Vehicles	193,626	-	-	193,626
Total capital assets being depreciated	3,315,938	\$ 179,250	\$ -	3,495,188
Less accumulated depreciation for:				
Furniture and equipment	2,576,047	\$ 87,133	\$ -	2,663,180
Vehicles	189,940	-	-	189,940
Total accumulated depreciation	2,765,987	\$ 87,133	\$ -	2,853,120
School Food Service Fund capital assets, net	\$ 549,951			\$ 642,068

5) Construction Commitments

The Board has entered into several planned construction projects for school construction and improvements as of June 30, 2013. These projects with a cumulative value of approximately \$310,876,955 are evidenced by contractual commitments with various contractors on approved budgeted amounts. As of June 30, 2013, the total remaining commitments under these contracts are approximately \$34,722,066. The projects are commitments of the Capital Outlay Fund which will be funded primarily from the proceeds of County-issued general obligation bonds, as well as other general County and State revenues.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2013

II) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities

1) Pension Plan and Other Postemployment Obligations

a) Teachers' and State Employees' Retirement System

Plan Description. The Durham Public Schools Board of Education contributes to the statewide Teachers' and State Employees' Retirement System (TSERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. TSERS provides retirement benefits to plan members and beneficiaries. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Teachers' and State Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for TSERS. 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. Plan members are required to contribute 6% of their annual covered salary and the Board is required to contribute at an actuarially determined rate. The current rate is 8.33% of annual covered payroll. The contribution requirements of plan members and the Durham Public Schools Board of Education are established and may be amended by the North Carolina General Assembly. The Board's contributions to TSERS for the years ended June 30, 2013, 2012, and 2011, were \$14,918,550, \$12,656,502, and \$8,098,495, respectively, equal to the required contributions for each year.

b) Other Postemployment Benefits

Healthcare Benefits

Plan Description. The postemployment healthcare benefits are provided through a cost-sharing multiple-employer defined benefit plan administered by the Executive Administrator and the Board of Trustees of the Comprehensive Major Medical Plan (the Plan). The Executive Administrator and the Board of Trustees of the Plan establishes premium rates except as may be established by the General Assembly in an appropriation act. The Plan's benefit and contribution provisions are established by Chapter 135-7, Article 1, and Chapter 135, Article 3 of the General Statutes and may be amended only by the North Carolina General Assembly. By General Statute, the Plan accumulates contributions from employers and any earnings on those contributions in the Retiree Health Benefit Fund. These assets shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. These contributions are irrevocable. Also, by law, these assets are not subject to the claims of creditors of the employers making contributions to the Plan.

The State of North Carolina issues a publicly available financial report that includes financial statements and required supplementary information for the State's Comprehensive Major Medical Plan (also, referred to as the State Health Plan). An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page <http://www.ncosc.net/> and clicking on "Financial Reports", or by calling the State Controller's Financial Reporting Section at (919) 981-5454.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2013

II) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

1) Pension Plan and Other Postemployment Obligations (Continued)

b) Other Postemployment Benefits (Continued)

Healthcare Benefits (Continued)

Funding Policy. The Comprehensive Major Medical Plan is administered by the Executive Administrator and Board of Trustees of the Plan, which establish premium rates except as may be established by the General Assembly in an appropriation act. The healthcare benefits for retired and disabled employees are the same as for active employees, except that the coverage becomes secondary when former employees become eligible for Medicare. For employees first hired on and after October 1, 2006, future coverage as retired employees is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on and after October 1, 2006 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's total noncontributory premium. For employees hired before October 1, 2006, healthcare benefits are provided to retirees (at no charge to the retirees) who have at least five years of contributing retirement membership prior to disability or retirement. In addition, persons who became surviving spouses of retirees prior to October 1, 1986, receive the same coverage as retirees at the State's expense.

Contributions are determined as a percentage of covered monthly payroll. Annually, the monthly contribution rates to the Plan, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the General Assembly in the Appropriations Bill. For the fiscal years ended June 30, 2013, 2012, and 2011, the Board paid all annual required contributions to the Plan for postemployment healthcare benefits of \$9,491,995, \$8,505,714, and \$8,049,214 respectively. These contributions represented 5.30%, 5.00%, and 4.90% of covered payroll, respectively.

Long-term Disability Benefits

Plan Description. Short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan. The DIPNC is administered by the Board of Trustees of the Teachers' and State Employees' Retirement System. Long-term disability benefits are payable as an other postemployment benefit from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The Plan accumulates contributions from employers and any earnings on those contributions in the Disability Income Plan Trust Fund. The plan does not provide for automatic post-retirement benefit increases.

The State of North Carolina issues a publicly available financial report that includes financial statements and required supplementary information for the DIPNC. An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page <http://www.ncosc.net/> and clicking on "Financial Reports", or by calling the State Controller's Financial Reporting Section at (919) 981-5454.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2013

II) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

1) Pension Plan and Other Postemployment Obligations (Continued)

b) Other Postemployment Benefits (Continued)

Long-term Disability Benefits (Continued)

Funding Policy. An employee is eligible to receive long-term disability benefits provided the following requirements are met: (1) the employee has five or more years of contributing membership service in the Teachers' and State Employees' Retirement System of North Carolina, earned within 96 months prior to the end of the short-term disability period or cessation of salary continuation payments, whichever is later; (2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for workers' compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from the Retirement System; and (6) the employee must terminate employment as a permanent, full-time employee. An employee is eligible to receive an unreduced retirement benefit from the Retirement System after (1) reaching the age of 65 and completing five years of creditable service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of creditable service, at any age.

The monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one-twelfth of the annual longevity payment to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of \$3,900 per month reduced by any primary Social Security disability benefits and by monthly payments for workers' compensation to which the participant or beneficiary may be entitled. The monthly benefit shall be further reduced by the amount of any monthly payments from the Department of Veterans Affairs, any other federal agency or any payments made under the provisions of G.S.127A-108, to which the participant or beneficiary may be entitled on account of the same disability. Provided in any event, the benefits payable shall be no less than \$10 a month. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS. For members who obtain five years of membership service on or after August 1, 2007, the monthly long-term disability benefit is reduced by the primary Social Security retirement benefit to which they might be entitled should they become age 62 during the first 36 months. After 36 months of long-term disability, there will be no further payments from the DIPNC unless the member is approved for and are in receipt of primary Social Security disability benefits. It is payable so long as the member remains disabled and is in receipt of a primary Social Security disability benefit until eligible for an unreduced service retirement benefit. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2013

II) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

1) Pension Plan and Other Postemployment Obligations (Continued)

b) Other Postemployment Benefits (Continued)

Long-term Disability Benefits (Continued)

The Board's contributions are established in the Appropriations Bill by the General Assembly. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The contributions cannot be separated between the amounts that relate to other postemployment benefits and employment benefits for active employees. Those individuals who are receiving extended short-term disability benefit payments cannot be separated from the number of members currently eligible to receive disability benefits as an other postemployment benefit. For the fiscal years ended June 30, 2013, 2012, and 2011, the Board paid all annual required contributions to the DIPNC for disability benefits of \$788,015, \$884,594, and \$854,202, respectively. These contributions represented 0.44%, 0.52%, and 0.52% of covered payroll, respectively.

2) Accounts Payable

Accounts payable as of June 30, 2013, are as follows:

	Vendors	Salaries and benefits	Total
Governmental activities:			
Local Current Expense Fund	\$ 1,258,420	\$ 7,757,138	\$ 9,015,558
Other governmental	3,778,832	6,468,139	10,246,971
Total governmental activities	\$ 5,037,252	\$ 14,225,277	\$ 19,262,529
Business-type activities:			
School Food Service Fund	\$ 137,293	\$ -	\$ 137,293

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2013

II) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

3) Deferred Inflows of Resources

The balance in deferred inflows of resources at year-end is composed of the following elements:

	<u>Unearned Revenue</u>
Governmental activities:	
Grants and scholarships (Grant and Community Schools Special Revenue Fund)	<u>\$ 2,058,890</u>
Business-type activities:	
Prepaid meals (School Food Service Fund)	\$ 89,590
Sales tax refund (School Food Service Fund)	<u>10,310</u>
Total business-type activities	<u><u>\$ 99,900</u></u>

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2013

II) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

4) Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board protects itself from potential loss through a combination of the purchase of commercial insurance from primary and/or excess liability coverage and self-funded risk retention.

The Board is self insured for general liability claims up to \$75,000 per claim and maintains excess commercial insurance coverage of \$1,000,000 per occurrence with a \$2,000,000 annual aggregate. The Board also carries commercial errors and omissions coverage with a \$75,000 deductible amount per claim and a \$3,000,000 annual aggregate.

The Board is self-insured for workers' compensation claims for employees paid from local and federal funds and carries excess workers' compensation coverage for claims over \$400,000. The State of North Carolina provides workers' compensation coverage for employees to the extent they are paid from State funds.

Tangible property assets of the Board are insured through commercially purchased insurance coverage up to \$800,000,000. Deductibles range from \$1,000 to \$50,000 per occurrence. Umbrella coverage in the amount of \$4,000,000 applies as excess over the general liability, automobile liability and employer's liability.

Changes in the claims liability for retained risks were as follows:

	<u>Beginning Balances</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balances</u>
Governmental activities				
2011-2012	\$ 2,491,000	\$ 1,705,822	\$ 927,822	\$ 3,269,000
2012-2013	\$ 3,269,000	\$ 1,499,467	\$ 690,467	\$ 4,078,000

The Board also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Through the Plan, permanent full-time employees of the Board are eligible to receive health care benefits up to a \$5 million lifetime limit. The Board pays the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

In accordance with G.S. 115C-442, the Board's employees who have custody of the Board's monies at any given time are performance bonded through a commercial surety bond. The Chief Finance Officer is bonded for \$250,000. The remaining employees that have access to funds are bonded under a blanket bond for \$175,000.

The Board carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2013

II) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

5) Contingent Liabilities

At June 30, 2013, the Board was a defendant to various lawsuits. In the opinion of the Board's management and the Board's attorney, the ultimate outcome of these legal matters will not have a material adverse effect on the Board's financial position.

6) Long-Term Obligations

a) Capital Leases

As authorized by State law [G.S. 115C-528(a)], the Board has entered into various lease agreements to lease computers and related equipment. The leasing arrangements were made for three years, and, at the conclusion of each of the leases, ownership was transferred to the Board. The lease agreements qualify as capital leases for accounting purposes; therefore, any obligations have been recorded at the present value of the future minimum lease payments as of the date of their inception.

At June 30, 2013, no new capital leases were entered into. The Board has no future minimum lease payments scheduled as of June 30, 2013.

b) Installment Purchase

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot monies for the payments on financing contracts entered into pursuant to G.S. 115-528. The State has accepted the bid to purchase Thomas Built Buses through a special third party financing arrangement by Mercedes Benz Financial Services USA LLC at total payments less than the purchase price. In August 2012, the Board entered into an installment purchase contract to finance the purchase of 38 school buses. The financing contract requires only principal payments of \$791,514 due at the beginning of each contract year.

The Board is authorized by State law [G.S. 115C-528(a)] to enter into installment purchase contracts to finance the purchase of computer equipment. In July 2012, the Board entered into such a contract to purchase a computer network for the schools. The financing contracts require principal payments for five years beginning in the fiscal year 2013 with an interest rate of 2.65 percent.

The future minimum payments of the installment purchases as of June 30, 2013, including \$90,758 of interest, are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 1,502,624	\$ 46,330
2015	1,279,136	25,474
2016	365,626	14,382
2017	<u>343,768</u>	<u>4,572</u>
Total	<u>\$ 3,491,154</u>	<u>\$ 90,758</u>

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2013

II) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

6) Long-Term Obligations (Continued)

c) Long-Term Obligation Activity

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2013:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Governmental activities:					
Capital leases	\$ 17,022	\$ -	\$ 17,022	\$ -	\$ -
Installment purchases	1,761,522	4,915,999	3,186,367	3,491,154	1,502,624
Compensated absences	17,579,891	13,364,211	10,860,015	20,084,087	10,860,000
Claims liability for retained risk	<u>3,269,000</u>	<u>1,499,467</u>	<u>690,467</u>	<u>4,078,000</u>	<u>775,071</u>
	<u>\$22,627,435</u>	<u>\$19,779,677</u>	<u>\$14,753,871</u>	<u>\$24,653,241</u>	<u>\$13,137,695</u>
Business-type activities:					
Compensated absences	<u>\$ 313,351</u>	<u>\$ 380,977</u>	<u>\$ 332,797</u>	<u>\$ 361,531</u>	<u>\$ 332,800</u>

Compensated absences are paid by the General Fund and the School Food Service Fund when leave is taken.

C) Interfund Balances and Activity

Transfers to/from other funds and interfund balances at June 30, 2013, consist of the following:

	<u>Amount</u>
From the Local Current Expense Fund to the School Activity Funds for portion of sales tax refund and temporary investments	<u>\$ 145,915</u>
From the Local Special Expense Fund to the Local Current Expense for operational costs	<u>\$ 31,016</u>
From the School Food Service Fund to Local Current Expense Fund for operational cost	<u>\$ 7,655</u>
From the School Food Service Fund to the Local Special Expense Fund for indirect costs	<u>\$ 25,003</u>
From the State Public School Fund to the School Food Service Fund for administrative costs	<u>\$ 174,454</u>

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2013

II) DETAIL NOTES ON ALL FUNDS (Continued)

D) Fund Balance

The Board of Education has a revenue spending policy that provides policy for programs with multiple revenue sources. The Chief Finance Officer will use resources in the following hierarchy: federal funds, State funds, local non-Board of Education funds, Board of Education funds. 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 Finance Officer has the authority to deviate from this policy if it is in the best interest of the Board of Education.

The following schedule provides management and citizens with information on the portion of the General Fund balance that is available for appropriation, as of June 30, 2013.

	Local Current Expense Fund
Total fund balance	\$ 32,661,923
Less: Inventories	(172,092)
Prepaid expense	(1,214,918)
Stabilization by State Statute	(686,153)
Committed funds	(7,455,975)
Assigned for self-insurance	(3,385,031)
	\$ 19,747,754
Remaining unassigned fund balance	\$ 19,747,754

Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The Board has no encumbrances as of June 30, 2013.

III) SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Program

The Board has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2013

IV) SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

Date of Management's Review

Subsequent events were evaluated through November 18, 2013, which is the date the financial statements were available to be issued. There were no recognized subsequent events meriting disclosure.

V) CHANGE IN ACCOUNTING PRINCIPLES

In June 2011, the Governmental Accounting Standards Board (GASB) released Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement is effective for accounting periods beginning after December 15, 2011. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This statement also amends the net asset reporting requirement in Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and other pronouncements by incorporating deferred outflows and deferred inflows of resources into the definition of net position and renaming that measure as net position rather than net assets. GASB No. 63 has been implemented for fiscal year ended June 30, 2013.

In March 2012, GASB released Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement is effective for periods beginning after December 15, 2012. This statement establishes accounting and financial reporting standards that reclassify and recognize, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

**Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Local Current Expense Fund
For the Year Ended June 30, 2013**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Durham County:			
Appropriation from general revenues	\$ 115,381,832	\$ 115,381,832	\$ -
Total Durham County	<u>115,381,832</u>	<u>115,381,832</u>	<u>-</u>
Other :			
Fines and forfeitures	1,500,000	1,538,793	38,793
Total other	<u>1,500,000</u>	<u>1,538,793</u>	<u>38,793</u>
Total revenues	<u>116,881,832</u>	<u>116,920,625</u>	<u>38,793</u>
EXPENDITURES			
Current:			
Instructional services:			
Regular instructional:			
Regular curricular		34,421,789	
CTE curricular		919,408	
Total regular instructional	<u>35,763,702</u>	<u>35,341,197</u>	<u>422,505</u>
Special populations:			
Children with disabilities curricular		2,812,105	
Special populations CTE curricular		53,743	
Pre-K children with disabilities curricular		230,281	
Speech and language pathology		459,024	
Audiology		10,205	
Acedemically gifted curricular		771,876	
Limited English proficiency		673,581	
Total special populations	<u>5,038,640</u>	<u>5,010,815</u>	<u>27,825</u>
Alternative programs:			
Alternative instructional services K-12		252,875	
Attendance and social work		480,621	
Remedial and supplemental K-12		1,241,274	
Pre-K readiness/remedial and supplemental		8,918	
Extended day/year instructional		442,024	
Total alternative programs	<u>2,581,669</u>	<u>2,425,712</u>	<u>155,957</u>
School leadership	<u>8,353,462</u>	<u>8,349,991</u>	<u>3,471</u>
Co-curricular	<u>1,709,156</u>	<u>1,708,164</u>	<u>992</u>
School-based support:			
Educational media		2,193,989	
Student accounting		832,862	
Guidance		3,614,175	
Health support		165,805	
Safety and security support		518,464	
Instructional technology		1,366,554	
Staff development unallocated		144,359	
Parent involvement		99,063	
Volunteer		99,173	
Total school-based support	<u>9,037,302</u>	<u>9,034,444</u>	<u>2,858</u>
System-wide support services:			
Support and development:			
Regular curricular support and development		1,767,330	
CTE curricular support and development		5,600	
Total support and development	<u>1,805,764</u>	<u>1,772,930</u>	<u>32,834</u>
Special population support and development	<u>445,979</u>	<u>445,961</u>	<u>18</u>
Alternative programs and services support and development	<u>607,805</u>	<u>571,539</u>	<u>36,266</u>
Technology support	<u>2,749,722</u>	<u>2,739,304</u>	<u>10,418</u>

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA

Schedule 1

Schedule of Revenues, Expenditures and Changes

(Continued)

in Fund Balance - Budget and Actual

Local Current Expense Fund

For the Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES (Continued)			
Current:			
System-wide support services (Continued):			
Operational support:			
Communication		\$ 28,559	
Printing and copying		268,255	
Public utility and energy		9,375,444	
Custodial/housekeeping		4,748,284	
Transportation		2,977,333	
Warehouse and delivery		1,028,621	
Facilities planning, acquisitions and construction		207,942	
Maintenance		2,814,579	
Total operational support	\$ 22,847,060	21,449,017	\$ 1,398,043
Financial and human resource:			
Financial		2,978,270	
Human resources		2,117,225	
Total financial and human resources	5,141,470	5,095,495	45,975
Accountability:			
Student testing		862,640	
Program evaluation		380,783	
Total accountability	1,247,260	1,243,423	3,837
System-wide pupil support:			
Educational media support		141,862	
Student accounting support		684,615	
Guidance support		6,769	
Safety and security support		512,480	
Instructional technology support		122,849	
Total system-wide pupil support	1,483,034	1,468,575	14,459
Policy, leadership and public relations:			
Board of education		214,774	
Legal		406,432	
Audit		69,348	
Leadership		1,389,348	
Public relations and marketing		544,453	
Total policy, leadership and public relations	2,629,491	2,624,355	5,136
Ancillary services:			
Community		1,056,913	
Nutritional		92,039	
Total ancillary services	1,176,844	1,148,952	27,892
Non-programmed charges:			
Payments to other governmental units	14,246,450	13,623,959	622,491
Debt service:			
Principal	17,022	17,022	-
Total expenditures	116,881,832	114,070,855	2,810,977
Net change in fund balance	\$ -	2,849,770	\$ 2,849,770
FUND BALANCE			
Beginning of year		29,781,684	
Increase in reserves for inventories		30,469	
End of year		\$ 32,661,923	

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Schedule 2
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Capital Outlay Fund
For the Year Ended June 30, 2013

	Budget	Actual	Variance Positive (Negative)
REVENUES			
State of North Carolina:			
Public School Building Capital Fund	\$ 2,472,241	\$ 102,473	\$ (2,369,768)
State appropriations - school buses	2,066,466	2,066,466	-
Total State of North Carolina	<u>4,538,707</u>	<u>2,168,939</u>	<u>(2,369,768)</u>
Durham County:			
Annual appropriation	1,370,000	1,370,000	-
General obligation bonds	74,316,215	29,554,012	(44,762,203)
Total Durham County	<u>75,686,215</u>	<u>30,924,012</u>	<u>(44,762,203)</u>
Other:			
Tower site lease	1,405,623	237,939	(1,167,684)
Other revenues	477,351	302,689	(174,662)
Total other	<u>1,882,974</u>	<u>540,628</u>	<u>(1,342,346)</u>
Total revenues	<u>82,107,896</u>	<u>33,633,579</u>	<u>(48,474,317)</u>
EXPENDITURES			
Capital outlay:			
School construction and renovation:			
Instructional services	17,716,266	13,267,264	4,449,002
Transportation services	2,907,853	163,361	2,744,492
Construction of new building and additions	64,539,231	22,796,337	41,742,894
Contingency	838,784	-	838,784
Total capital outlay	<u>86,002,134</u>	<u>36,226,962</u>	<u>49,775,172</u>
Debt service:			
Principal	3,186,367	3,186,367	-
Interest	85,733	85,733	-
Total debt service	<u>3,272,100</u>	<u>3,272,100</u>	<u>-</u>
Total expenditures	<u>89,274,234</u>	<u>39,499,062</u>	<u>49,775,172</u>
Revenues over (under) expenditures	(7,166,338)	(5,865,483)	1,300,855
Other financing sources:			
Installment purchase obligations issued	4,915,999	4,915,999	-
Total other financing sources	<u>4,915,999</u>	<u>4,915,999</u>	<u>-</u>
Appropriated fund balance	<u>2,250,339</u>	<u>31,003</u>	<u>(2,219,336)</u>
Net change in fund balance	<u>\$ -</u>	<u>(918,481)</u>	<u>\$ (918,481)</u>
FUND BALANCE			
Beginning of year		<u>5,231,913</u>	
End of year		<u>\$ 4,313,432</u>	

Combining Statements for Non-major Funds

Grant and Community Schools Special Revenue Fund

The Grant and Community Schools Special Revenue Fund includes grants received by the Board as well as fiscal agency monies.

Federal Grants Fund

The Federal Grants Fund is used to account for funds provided by the federal government under various federal programs.

Local Special Expense Fund

The Local Special Expense Fund accounts for revenues from reimbursements, including indirect costs, fees for actual costs, tuition, sales tax refunds, gifts and grants restricted as to use, federal grants restricted as to use, federal appropriations made directly to local school administrative units, and special programs and appropriated fund balances (revenues accruing to a school administrative unit in prior years but not yet expended).

School Activity Funds

The School Activity Funds includes revenues and expenditures of the activity funds of the individual schools. The primary revenue sources include funds held on the behalf of various clubs and organizations, receipts from athletic events, and proceeds from various fund raising activities. The primary expenditures are for athletic teams, club programs, activity buses, and instructional needs.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Schedule 3
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2013

	Grant and Community Schools Special Revenue Fund	Federal Grants Fund	Local Special Expense Fund	School Activity Funds	Total Non-major Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 5,331,061	\$ -	\$ -	\$ 1,908,271	\$ 7,239,332
Due from other governments	8,256	454,597	19,145	-	481,998
Other receivable, net	129,532	-	44,323	-	173,855
Due from other funds	-	-	25,003	146,498	171,501
	<u>-</u>	<u>-</u>	<u>25,003</u>	<u>146,498</u>	<u>171,501</u>
Total assets	<u>\$ 5,468,849</u>	<u>\$ 454,597</u>	<u>\$ 88,471</u>	<u>\$ 2,054,769</u>	<u>\$ 8,066,686</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued expenses	\$ 8,918	\$ -	\$ 1,236	\$ -	\$ 10,154
Due to other funds	-	-	31,016	-	31,016
Accrued salaries and wages payable	-	405,133	-	-	405,133
	<u>-</u>	<u>405,133</u>	<u>-</u>	<u>-</u>	<u>405,133</u>
Total liabilities	<u>8,918</u>	<u>405,133</u>	<u>32,252</u>	<u>-</u>	<u>446,303</u>
Deferred inflows of resources	<u>2,077,457</u>	<u>49,464</u>	<u>19,145</u>	<u>33,475</u>	<u>2,179,541</u>
Fund balances:					
Restricted:					
Stabilization by State statute	137,788	-	88,471	146,498	372,757
Grants and scholarships	3,244,686	-	-	-	3,244,686
Individual schools	-	-	-	1,874,796	1,874,796
Unassigned	-	-	(51,397)	-	(51,397)
	<u>-</u>	<u>-</u>	<u>(51,397)</u>	<u>-</u>	<u>(51,397)</u>
Total fund balances	<u>3,382,474</u>	<u>-</u>	<u>37,074</u>	<u>2,021,294</u>	<u>5,440,842</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,468,849</u>	<u>\$ 454,597</u>	<u>\$ 88,471</u>	<u>\$ 2,054,769</u>	<u>\$ 8,066,686</u>

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Schedule 4
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2013

	<u>Grant and Community Schools Special Revenue Fund</u>	<u>Federal Grants Fund</u>	<u>Local Special Expense Fund</u>	<u>School Activity Funds</u>	<u>Total Non-major Governmental Funds</u>
REVENUES					
State of North Carolina	\$ 1,398	\$ -	\$ -	\$ -	\$ 1,398
City of Durham	-	-	190,928	-	190,928
U.S. Government	173,326	27,707,997	1,585,701	-	29,467,024
Other	4,477,628	-	4,683,485	5,009,439	14,170,552
	<u>4,652,352</u>	<u>27,707,997</u>	<u>6,460,114</u>	<u>5,009,439</u>	<u>43,829,902</u>
Total revenues	4,652,352	27,707,997	6,460,114	5,009,439	43,829,902
EXPENDITURES					
Current:					
Instructional services:					
Regular instructional	421,311	1,810,353	1,886,671	-	4,118,335
Special populations	272,862	6,675,316	222,696	-	7,170,874
Alternative programs	458,199	11,211,252	26,860	-	11,696,311
School leadership	338	739,970	491,554	-	1,231,862
Co-curricular	54,111	-	-	4,916,776	4,970,887
School-based support	138,375	3,932,652	2,840	-	4,073,867
System-wide support services:					
Support and development	37,735	217,900	567	-	256,202
Special population support and development	-	847,599	-	-	847,599
Alternative programs and services					
support and development	-	276,094	-	-	276,094
Technology support	-	-	2,520,828	-	2,520,828
Operational support	15,556	1,396,467	6,574,275	-	7,986,298
Financial and human resource	1,156	-	8,513	-	9,669
System-wide pupil support	47,915	-	-	-	47,915
Policy, leadership and public relations	7,493	-	42,764	-	50,257
Ancillary services	3,001,734	42	-	-	3,001,776
Non-programmed charges	195,907	600,352	-	-	796,259
	<u>4,652,692</u>	<u>27,707,997</u>	<u>11,777,568</u>	<u>4,916,776</u>	<u>49,055,033</u>
Total expenditures	4,652,692	27,707,997	11,777,568	4,916,776	49,055,033
Revenues over (under) expenditures	<u>(340)</u>	<u>-</u>	<u>(5,317,454)</u>	<u>92,663</u>	<u>(5,225,131)</u>
FUND BALANCES					
Beginning of year	<u>3,382,814</u>	<u>-</u>	<u>5,354,528</u>	<u>1,928,631</u>	<u>10,665,973</u>
End of year	<u>\$ 3,382,474</u>	<u>\$ -</u>	<u>\$ 37,074</u>	<u>\$ 2,021,294</u>	<u>\$ 5,440,842</u>

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Schedule 5
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Grant and Community Schools Special Revenue Fund
For the Year Ended June 30, 2013

	Budget	Actual	Variance Positive (Negative)
REVENUES			
State of North Carolina:			
Fresh Fruit and Vegetable Grant	\$ 11,155	\$ -	\$ (11,155)
Dropout Prevention Grant	-	1,398	1,398
Total State of North Carolina	<u>11,155</u>	<u>1,398</u>	<u>(9,757)</u>
U.S. Government:			
Carol White Physical Grant	358,958	60	(358,898)
Teaching American History Grant	-	20	20
History Link	216,483	146,546	(69,937)
Job Creation Grant	29,700	26,700	(3,000)
National Science Foundation Grant	3,435	-	(3,435)
Total U.S. Government	<u>608,576</u>	<u>173,326</u>	<u>(435,250)</u>
Other :			
Community education	3,663,688	3,275,911	(387,777)
Target Literacy	15,000	11,635	(3,365)
AT&T	44,796	10,907	(33,889)
High Five	15,685	15,685	-
Student Science	91,901	46,949	(44,952)
Stars Grant	132,325	97,611	(34,714)
Harvard Project	203,167	177,568	(25,599)
Target School Award	95,922	66,421	(29,501)
NC New Schools Project	12,589	9,361	(3,228)
New Voices Project	64,500	25,671	(38,829)
SOS-Middle School/After School	34,270	8,668	(25,602)
More for Four reimbursement	890,210	593,338	(296,872)
Other	1,130,106	137,903	(992,203)
Total other	<u>6,394,159</u>	<u>4,477,628</u>	<u>(1,916,531)</u>
Total revenues	<u>7,013,890</u>	<u>4,652,352</u>	<u>(2,361,538)</u>
EXPENDITURES			
Current:			
Instructional services:			
Regular instructional	765,741	421,311	344,430
Special populations	425,013	272,862	152,151
Alternative programs	711,166	458,199	252,967
School leadership	839	338	501
Co-curricular	112,044	54,111	57,933
School-based support	192,355	138,375	53,980
Total instructional services	<u>2,207,158</u>	<u>1,345,196</u>	<u>861,962</u>

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Schedule 5
Schedule of Revenues, Expenditures and Changes **(Continued)**
in Fund Balance - Budget and Actual
Grant and Community Schools Special Revenue Fund
For the Year Ended June 30, 2013

	Budget	Actual	Variance Positive (Negative)
EXPENDITURES (Continued)			
System-wide support services:			
Support and development	\$ 79,002	\$ 37,735	\$ 41,267
Operational support	29,854	15,556	14,298
Financial and human resource	1,167	1,156	11
System-wide pupil support	81,326	47,915	33,411
Policy, leadership and public relations	7,494	7,493	1
Total system-wide support services	<u>198,843</u>	<u>109,855</u>	<u>88,988</u>
Ancillary services:			
Community	3,134,802	3,000,847	133,955
Nutrition	9,740	887	8,853
Total ancillary services	<u>3,144,542</u>	<u>3,001,734</u>	<u>142,808</u>
Non-programmed charges:			
Indirect costs	378,807	193,008	185,799
Unbudgeted funds	1,080,821	180	1,080,641
Scholarships	3,719	2,719	1,000
Total non-programmed charges	<u>1,463,347</u>	<u>195,907</u>	<u>1,267,440</u>
Total expenditures	<u>7,013,890</u>	<u>4,652,692</u>	<u>2,361,198</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>(340)</u>	<u>\$ (340)</u>
FUND BALANCE			
Beginning of year		<u>3,382,814</u>	
End of year		<u>\$ 3,382,474</u>	

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Schedule 6
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Federal Grants Fund
For the Year Ended June 30, 2013

	Budget	Actual	Variance Positive (Negative)
REVENUES			
U.S. Government	\$ 39,976,296	\$ 27,707,997	\$ (12,268,299)
Total revenues	<u>39,976,296</u>	<u>27,707,997</u>	<u>(12,268,299)</u>
EXPENDITURES			
Instructional services	29,733,696	24,369,543	5,364,153
System-wide support services	3,047,330	2,738,060	309,270
Ancillary services	353	42	311
Non-programmed charges	7,194,917	600,352	6,594,565
Total expenditures	<u>39,976,296</u>	<u>27,707,997</u>	<u>12,268,299</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE			
Beginning of year		<u>-</u>	
End of year		<u>\$ -</u>	

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Schedule 7
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Local Special Expense Fund
For the Year Ended June 30, 2013

	Budget	Actual	Variance Positive (Negative)
REVENUES			
City of Durham:			
Holton Center Project	\$ 190,927	\$ 190,928	\$ 1
U.S. Government:			
ROTC	200,000	171,403	(28,597)
Medicaid	1,650,000	1,414,298	(235,702)
Total U.S. Government	<u>1,850,000</u>	<u>1,585,701</u>	<u>(264,299)</u>
Other :			
Community education	13,799	13,799	-
Rental of school property	322,880	327,411	4,531
E-Rate revenue	1,101,005	1,510,551	409,546
Indirect cost allocated	1,195,373	1,576,837	381,464
Interest earned on investments	350,000	250,925	(99,075)
Other	890,434	1,003,962	113,528
Total other	<u>3,873,491</u>	<u>4,683,485</u>	<u>809,994</u>
Total revenues	<u>5,914,418</u>	<u>6,460,114</u>	<u>545,696</u>
EXPENDITURES			
Current:			
Instructional services:			
Regular instructional	1,912,587	1,886,671	25,916
Special populations	223,406	222,696	710
Alternative programs	38,548	26,860	11,688
School leadership	491,558	491,554	4
School-based support	3,840	2,840	1,000
Total instructional services	<u>2,669,939</u>	<u>2,630,621</u>	<u>39,318</u>

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Schedule 7
Schedule of Revenues, Expenditures and Changes (Continued)
in Fund Balance - Budget and Actual
Local Special Expense Fund
For the Year Ended June 30, 2013

	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES (Continued)			
System-wide support services:			
Support and development	\$ 1,000	\$ 567	\$ 433
Technology	2,520,834	2,520,828	6
Operational	6,579,118	6,574,275	4,843
Financial and human resource	8,600	8,513	87
Policy, leadership and public relations	43,587	42,764	823
Total system-wide support services	<u>9,153,139</u>	<u>9,146,947</u>	<u>6,192</u>
Total expenditures	<u>11,823,078</u>	<u>11,777,568</u>	<u>45,510</u>
Revenues over (under) expenditures	(5,908,660)	(5,317,454)	591,206
APPROPRIATED FUND BALANCE	<u>5,908,660</u>	<u>-</u>	<u>(5,908,660)</u>
Net change in fund balance	<u>\$ -</u>	<u>(5,317,454)</u>	<u>\$ (5,317,454)</u>
FUND BALANCE			
Beginning of year		<u>5,354,528</u>	
End of year		<u>\$ 37,074</u>	

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Schedule 8
Detailed Schedule of Revenues, Expenditures
and Changes in Fund Balances
School Activity Funds
For the Year Ended June 30, 2013

	Elementary Schools	Middle Schools	Senior High Schools	Total School Activity Funds
REVENUES				
General	\$ 137,100	\$ 70,642	\$ 375,879	\$ 583,621
Athletic funds	404	182,054	768,979	951,437
Instructional services	614,356	472,342	894,165	1,980,863
Student activities	11,219	15,422	112,767	139,408
Contributions	409,183	242,749	702,178	1,354,110
Total revenues	1,172,262	983,209	2,853,968	5,009,439
EXPENDITURES				
Co-curricular instructional	1,177,183	951,842	2,787,751	4,916,776
Revenues over (under) expenditures	(4,921)	31,367	66,217	92,663
FUND BALANCES				
Beginning of year	578,152	275,270	1,075,209	1,928,631
End of year	\$ 573,231	\$ 306,637	\$ 1,141,426	\$ 2,021,294

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Schedule 9

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

School Food Service Fund

For the Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
OPERATING REVENUES			
Food sales	\$ 3,289,551	\$ 2,308,001	\$ (981,550)
OPERATING EXPENDITURES			
Food cost:			
Purchase of food		5,072,231	
Donated commodities		730,231	
Salaries and benefits		7,347,414	
Indirect costs		763,708	
Material and supplies		521,678	
Repairs and maintenance		171,850	
Contracted services		367	
Other		71,994	
Capital outlay		179,250	
Total operating expenditures	<u>15,360,470</u>	<u>14,858,723</u>	<u>501,747</u>
Operating loss	<u>(12,070,919)</u>	<u>(12,550,722)</u>	<u>(479,803)</u>
NONOPERATING REVENUES			
Federal reimbursements	10,759,609	11,537,008	777,399
Federal donated commodities	677,309	811,715	134,406
State reimbursements	20,440	25,004	4,564
Interest earned	14,107	12,240	(1,867)
Total nonoperating revenues	<u>11,471,465</u>	<u>12,385,967</u>	<u>914,502</u>
Revenues over (under) expenditures before other financing sources	<u>(599,454)</u>	<u>(164,755)</u>	<u>434,699</u>
OTHER FINANCING SOURCES			
Transfers from other funds	<u>174,454</u>	<u>174,454</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures before fund balance appropriation	<u>(425,000)</u>	9,699	434,699
APPROPRIATED FUND BALANCE	<u>425,000</u>	<u>-</u>	<u>(425,000)</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	9,699	<u>\$ 9,699</u>
Reconciliation of modified accrual to full accrual basis:			
Depreciation		(87,134)	
Capital outlay		179,250	
Increase in inventory		83,227	
Increase in accrued vacation pay		48,180	
Net income - full accrual (page 22)		<u>\$ 233,222</u>	

STATISTICAL SECTION

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
NET POSITION BY COMPONENT
Last Ten Fiscal Years Ending June 30, 2013

Table 1

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 251,212,990	\$ 263,186,310	\$ 270,467,057	\$ 270,367,774	\$ 275,702,774	\$ 298,497,927	\$ 305,378,332	\$ 364,841,047	\$ 386,381,988	\$ 390,271,923
Restricted	4,393,104	3,804,724	3,225,651	2,748,856	4,287,800	4,691,584	5,181,893	10,388,736	10,543,358	10,491,824
Unrestricted	61,501	(3,261,120)	(5,490,861)	(3,403,804)	(6,238,397)	(10,131,399)	(2,986,565)	11,855,558	14,698,890	8,148,512
	<u>\$ 255,667,595</u>	<u>\$ 263,729,914</u>	<u>\$ 268,201,847</u>	<u>\$ 269,712,826</u>	<u>\$ 273,752,177</u>	<u>\$ 293,058,112</u>	<u>\$ 307,573,660</u>	<u>\$ 387,085,341</u>	<u>\$ 411,624,236</u>	<u>\$ 408,912,259</u>
Business-type activities										
Net investment in capital assets	\$ 808,487	\$ 683,835	\$ 573,202	\$ 591,205	\$ 513,953	\$ 486,927	\$ 454,205	\$ 418,232	\$ 549,951	\$ 642,068
Unrestricted	2,316,694	2,464,736	2,658,645	2,348,012	2,070,663	2,164,776	3,111,563	4,352,498	4,307,099	4,448,204
	<u>\$ 3,125,181</u>	<u>\$ 3,148,571</u>	<u>\$ 3,231,847</u>	<u>\$ 2,939,217</u>	<u>\$ 2,584,616</u>	<u>\$ 2,651,703</u>	<u>\$ 3,565,768</u>	<u>\$ 4,770,730</u>	<u>\$ 4,857,050</u>	<u>\$ 5,090,272</u>
District-wide										
Net investment in capital assets	\$ 252,021,477	\$ 263,870,145	\$ 271,040,259	\$ 270,958,979	\$ 276,216,727	\$ 298,984,854	\$ 305,832,537	\$ 365,259,279	\$ 386,931,939	\$ 390,913,991
Restricted	4,393,104	3,804,724	3,225,651	2,748,856	4,287,800	4,691,584	5,181,893	10,388,736	10,543,358	10,491,824
Unrestricted	2,378,195	(796,384)	(2,832,216)	(1,055,792)	(4,167,734)	(7,966,623)	124,998	16,208,056	19,005,989	12,596,716
	<u>\$ 258,792,776</u>	<u>\$ 266,878,485</u>	<u>\$ 271,433,694</u>	<u>\$ 272,652,043</u>	<u>\$ 276,336,793</u>	<u>\$ 295,709,815</u>	<u>\$ 311,139,428</u>	<u>\$ 391,856,071</u>	<u>\$ 416,481,286</u>	<u>\$ 414,002,531</u>

Note: This table is a ten-year schedule.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
CHANGES IN NET POSITION
Last Ten Fiscal Years Ending June 30, 2013

Table 2
Page 1 of 2

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:										
Governmental activities:										
Instructional programs	\$ 171,445,859	\$ 176,840,044	\$ 183,464,731	\$ 197,361,081	\$ 239,812,185	\$ 249,930,621	\$ 225,210,682	\$ 228,269,412	\$ 252,812,921	\$ 253,940,630
Support services	65,395,039	72,725,991	76,713,152	81,127,871	63,429,498	65,080,679	62,913,423	62,691,265	75,585,737	82,147,274
Community services	3,727,908	3,988,587	4,216,967	3,907,337	3,960,838	4,129,830	3,725,081	3,984,105	4,600,655	4,335,383
Non-program charges	3,778,682	4,216,142	4,639,124	6,005,539	8,291,224	9,314,233	11,366,345	11,170,948	11,686,197	13,819,866
Interest on long-term debt	135,255	7,944	15,538	13,291	4,020	28,813	-	-	-	-
Depreciation expense	9,958,854	11,064,219	10,337,807	12,102,901	9,988,185	9,845,429	9,960,861	11,253,657	14,003,381	14,991,658
Total governmental activities	254,441,597	268,842,927	279,387,319	300,518,020	325,485,950	338,329,605	313,176,392	317,369,387	358,688,891	369,234,811
Business-type activities:										
School food service	10,110,623	10,173,742	10,738,464	11,565,098	12,132,950	13,386,066	12,862,212	12,981,507	14,151,627	14,635,200
Total district-wide	\$ 264,552,220	\$ 279,016,669	\$ 290,125,783	\$ 312,083,118	\$ 337,618,900	\$ 351,715,671	\$ 326,038,604	\$ 330,350,894	\$ 372,840,518	\$ 383,870,011
Program Revenues:										
Governmental activities:										
Charges for services	\$ 8,931,587	\$ 9,426,233	\$ 8,784,061	\$ 9,146,530	\$ 4,158,758	\$ 3,933,321	\$ 3,593,740	\$ 3,590,883	\$ 3,810,061	\$ 3,592,237
Operating grants and contributions	156,643,309	162,498,629	172,794,460	184,951,079	210,264,462	215,065,379	205,360,536	209,280,266	216,312,932	213,360,014
Capital grants	-	-	-	-	43,488	129,698	-	8,755	15,528	3,787
Total governmental activities	165,574,896	171,924,862	181,578,521	194,097,609	214,466,708	219,128,398	208,954,276	212,879,904	220,138,521	216,956,038
Business-type activities:										
Charges for services - School Food Service Fund	3,990,401	3,726,781	3,736,771	3,552,393	3,336,431	3,628,656	3,307,918	2,955,052	2,712,070	2,308,001
Operating grants and contributions - USDA grant	6,111,667	6,430,229	7,002,227	7,614,453	8,354,339	9,783,996	10,365,136	11,216,035	11,504,918	12,373,727
Total business-type activities	10,102,068	10,157,010	10,738,998	11,166,846	11,690,770	13,412,652	13,673,054	14,171,087	14,216,988	14,681,728
Total district-wide	\$ 175,676,964	\$ 182,081,872	\$ 192,317,519	\$ 205,264,455	\$ 226,157,478	\$ 232,541,050	\$ 222,627,330	\$ 227,050,991	\$ 234,355,509	\$ 231,637,766
Net (Expense) Revenue										
Governmental activities	\$ (88,866,701)	\$ (96,918,065)	\$ (97,808,798)	\$ (106,420,411)	\$ (111,019,242)	\$ (119,201,207)	\$ (104,222,116)	\$ (104,489,483)	\$ (138,550,370)	\$ (152,278,773)
Business-type activities	(8,555)	(16,732)	534	(398,252)	(442,180)	26,586	810,842	1,189,580	65,361	46,528
Total district-wide	\$ (88,875,256)	\$ (96,934,797)	\$ (97,808,264)	\$ (106,818,663)	\$ (111,461,422)	\$ (119,174,621)	\$ (103,411,274)	\$ (103,299,903)	\$ (138,485,009)	\$ (152,232,245)

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
CHANGES IN NET POSITION
Last Ten Fiscal Years Ending June 30, 2013

Table 2
Page 2 of 2

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position										
Governmental activities:										
Unrestricted county appropriations - operating	\$ 75,149,932	\$ 79,399,928	\$ 84,127,705	\$ 89,127,705	\$ 95,727,705	\$ 102,654,263	\$ 100,996,102	\$ 107,214,112	\$ 108,971,662	\$ 115,572,760
Unrestricted county appropriations - capital	-	-	1,500,000	2,740,000	2,370,000	8,229,858	3,340,906	1,649,332	1,440,981	1,370,000
Unrestricted city appropriations - capital	2,302,134	1,893,486	1,465,735	1,386,219	470,080	7,003,740	945,679	1,014,991	5,860,947	1,538,793
Unrestricted other county revenues - capital	25,151,543	20,357,320	10,967,181	8,156,468	11,729,046	16,782,957	13,394,396	70,906,098	43,802,250	29,554,012
Unrestricted state appropriations - capital	1,025,051	2,118,326	4,029,828	2,272,012	16,346	-	707,678	1,128,798	-	-
Unrestricted other state revenues - operating	990,411	528,600	-	-	-	-	-	-	-	-
Investment earnings, unrestricted	583,168	342,437	555,952	981,790	1,270,536	672,429	406,126	412,175	391,167	275,925
Gain (loss) on disposal of fixed assets	960,941	400,709	(83,490)	(55,148)	-	-	-	-	-	-
Miscellaneous, unrestricted	495,286	1,269,578	1,461,820	3,322,344	3,527,087	3,163,895	1,362,500	1,675,658	2,622,258	1,429,760
Transfers and capital contributions	-	-	-	-	-	-	(82,491)	-	-	(174,454)
Total governmental activities	106,658,466	106,310,384	104,024,731	107,931,390	115,110,800	138,507,142	121,070,896	184,001,164	163,089,265	149,566,796
Business-type activities:										
Investment earnings, unrestricted	33,789	40,122	82,742	105,622	87,579	40,501	20,732	15,382	20,959	12,240
Gain (loss) on disposal of fixed assets	6,060	-	-	-	-	-	-	-	-	-
Transfers and capital contributions	-	-	-	-	-	-	82,491	-	-	174,454
Total business-type activities	39,849	40,122	82,742	105,622	87,579	40,501	103,223	15,382	20,959	186,694
Total district-wide	\$ 106,698,315	\$ 106,350,506	\$ 104,107,473	\$ 108,037,012	\$ 115,198,379	\$ 138,547,643	\$ 121,174,119	\$ 184,016,546	\$ 163,110,224	\$ 149,753,490
Change in Net Position										
Governmental activities	\$ 17,791,765	\$ 9,392,319	\$ 6,215,933	\$ 1,510,979	\$ 4,091,558	\$ 19,305,935	\$ 16,848,780	\$ 79,511,681	\$ 24,538,895	\$ (2,711,977)
Business-type activities	31,294	23,390	83,276	(292,630)	(354,601)	67,087	914,065	1,204,962	86,320	233,222
Total district-wide	\$ 17,823,059	\$ 9,415,709	\$ 6,299,209	\$ 1,218,349	\$ 3,736,957	\$ 19,373,022	\$ 17,762,845	\$ 80,716,643	\$ 24,625,215	\$ (2,478,755)

Note: This table is a ten-year schedule.

Source: Durham Public Schools Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2013

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
GOVERNMENTAL FUNDS
FUND BALANCE

Last Ten Fiscal Years Ending June 30, 2013

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General fund					
Nonspendable	\$ 614,805	\$ 1,556,765	\$ 1,061,955	\$ 1,382,381	\$ 1,307,594
Restricted	4,691,854	1,022,034	753,455	1,031,721	993,500
Committed	-	-	-	-	-
Assigned	2,557,570	2,557,570	4,830,055	3,807,570	2,807,570
Unassigned	1,083,157	638,823	948,816	2,854,518	4,125,689
Total General Fund	<u>\$ 8,947,386</u>	<u>\$ 5,775,192</u>	<u>\$ 7,594,281</u>	<u>\$ 9,076,190</u>	<u>\$ 9,234,353</u>
All other governmental funds					
Restricted	6,775,078	5,953,941	3,720,476	3,019,378	5,310,948
Assigned	-	-	255,295	1,323,033	1,365,711
Unassigned	<u>(2,381,974)</u>	<u>(2,149,217)</u>	<u>(750,120)</u>	<u>215,174</u>	<u>(2,388,859)</u>
Total all other governmental funds	<u>4,393,104</u>	<u>3,804,724</u>	<u>3,225,651</u>	<u>4,557,585</u>	<u>4,287,800</u>
Total all governmental funds	<u><u>\$ 13,340,490</u></u>	<u><u>\$ 9,579,916</u></u>	<u><u>\$ 10,819,932</u></u>	<u><u>\$ 13,633,775</u></u>	<u><u>\$ 13,522,153</u></u>

Note: GASB Statement No. 54, presenting restated Fund Balances, was implemented for the year ended June 30, 2011.

Table 3

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 265,573	\$ 1,234,557	\$ 1,195,663	\$ 1,331,656	\$ 1,387,010
605,882	1,201,028	2,459,570	8,648,572	686,153
-	-	6,442,119	5,408,660	7,455,975
7,709,453	5,556,908	6,696,190	4,497,568	3,385,031
805,634	6,049,121	12,827,309	9,895,228	19,747,754
<u>\$ 9,386,542</u>	<u>\$ 14,041,614</u>	<u>\$ 29,620,851</u>	<u>\$ 29,781,684</u>	<u>\$ 32,661,923</u>
4,430,504	8,982,810	13,023,081	13,939,259	9,805,671
1,365,711	1,365,711	975,651	4,179,132	-
<u>(1,104,631)</u>	<u>(5,166,628)</u>	<u>(3,609,996)</u>	<u>(2,220,505)</u>	<u>(51,397)</u>
<u>4,691,584</u>	<u>5,181,893</u>	<u>10,388,736</u>	<u>15,897,886</u>	<u>9,754,274</u>
<u>\$ 14,078,126</u>	<u>\$ 19,223,507</u>	<u>\$ 40,009,587</u>	<u>\$ 45,679,570</u>	<u>\$ 42,416,197</u>

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
GOVERNMENTAL FUNDS
CHANGES IN FUND BALANCES
Last Ten Fiscal Years Ending June 30, 2013

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues				
State of North Carolina	\$ 140,096,295	\$ 144,205,845	\$ 154,217,728	\$ 163,447,232
Durham County	100,301,475	99,757,252	96,594,886	100,024,173
City of Durham	-	-	-	-
U.S. Government	15,918,059	19,077,317	21,053,176	23,642,599
Other	16,995,033	16,367,337	16,992,604	17,072,668
Total revenues	<u>273,310,862</u>	<u>279,407,751</u>	<u>288,858,394</u>	<u>304,186,672</u>
Expenditures				
Instructional programs	170,544,041	178,380,588	183,206,062	196,326,146
Support services	64,568,567	69,542,725	76,555,851	81,687,024
Community services	3,684,090	3,974,213	4,165,813	3,906,701
Non-program charges	4,600,068	5,222,652	5,722,840	7,187,502
Capital outlay	30,318,485	26,519,342	17,286,879	12,536,314
Debt service - principal	905,405	1,678,679	1,576,304	1,930,283
Debt service - interest	5,629	7,944	15,538	13,884
Total expenditures	<u>274,626,285</u>	<u>285,326,143</u>	<u>288,529,287</u>	<u>303,587,854</u>
Revenues over (under) expenditures	(1,315,423)	(5,918,392)	329,107	598,818
Other financing sources (uses)				
Installment purchase obligations issued	2,392,698	1,892,735	808,606	2,193,345
Capital leases	-	370,777	49,065	-
Increase in reserve for inventories	(45,886)	(105,694)	53,238	21,680
Transfers in (out)	-	-	-	-
Other	-	-	-	-
Net change in fund balance	<u>\$ 1,031,389</u>	<u>\$ (3,760,574)</u>	<u>\$ 1,240,016</u>	<u>\$ 2,813,843</u>
Ratio of debt service to non-capital expenditures	<u>0.37%</u>	<u>0.66%</u>	<u>0.59%</u>	<u>0.67%</u>

Source: Durham Public Schools Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2013

Table 4

2008	2009	2010	2011	2012	2013
\$180,752,537	\$181,491,906	\$162,824,820	\$163,204,852	\$171,743,913	\$175,674,111
109,826,751	127,667,078	116,587,638	179,308,287	153,909,202	146,305,844
470,080	7,003,740	1,143,766	374,032	234,710	190,928
22,181,948	23,632,816	35,881,228	39,470,884	35,819,632	29,467,024
17,844,318	19,830,583	15,543,451	15,847,274	23,125,460	16,249,973
<u>331,075,634</u>	<u>359,626,123</u>	<u>331,980,903</u>	<u>398,205,329</u>	<u>384,832,917</u>	<u>367,887,880</u>
238,788,373	246,851,238	227,017,268	226,953,898	250,231,115	250,850,391
61,716,022	64,178,239	63,484,308	60,695,006	65,352,876	66,832,194
3,960,838	4,129,830	3,725,081	3,984,105	4,600,655	4,335,383
8,291,224	9,314,233	11,366,345	12,085,088	12,378,157	14,420,218
18,449,768	33,642,435	18,391,623	74,274,614	46,270,479	36,226,962
1,179,376	1,804,652	782,504	1,175,084	1,181,892	3,203,389
4,020	2,207	-	-	47,233	85,733
<u>332,389,621</u>	<u>359,922,834</u>	<u>324,767,129</u>	<u>379,167,795</u>	<u>380,062,407</u>	<u>375,954,270</u>
(1,313,987)	(296,711)	7,213,774	19,037,534	4,770,510	(8,066,390)
1,159,341	861,349	162,614	1,771,157	949,858	4,915,999
86,815	-	128,553	-	-	-
8,416	(8,665)	(26,328)	(22,611)	(50,385)	30,469
-	-	-	-	-	(174,454)
-	-	-	-	-	31,003
<u>\$ (59,415)</u>	<u>\$ 555,973</u>	<u>\$ 7,478,613</u>	<u>\$ 20,786,080</u>	<u>\$ 5,669,983</u>	<u>\$ (3,263,373)</u>
<u>0.38%</u>	<u>0.56%</u>	<u>0.26%</u>	<u>0.39%</u>	<u>0.37%</u>	<u>0.98%</u>

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
ASSESSED VALUE OF TAXABLE PROPERTY FOR DURHAM COUNTY
Last Ten Fiscal Years Ending June 30, 2013

Fiscal Year Ended June 30,	Tax Year Ended December 31,	Real Property	Personal Property	Public Service Companies	Registered Vehicles ⁽³⁾
2013	2012	\$ 24,909,554,030	\$ 3,304,053,564	\$ 494,110,311	\$ 1,739,032,299
2012	2011	24,580,465,174	3,166,306,877	471,720,126	1,623,871,164
2011	2010	24,353,954,146	3,074,419,178	501,907,483	1,530,317,547
2010	2009	23,976,021,000	2,905,267,206	524,524,630	1,627,078,510
2009	2008	23,508,752,957	2,824,338,529	517,202,960	1,690,561,506
2008	2007	18,068,249,108	2,837,548,386	514,897,106	1,715,889,532
2007	2006	17,319,467,597	2,518,003,626	517,286,245	1,680,614,666
2006	2005	16,769,216,308	2,465,434,636	515,456,602	1,530,608,393
2005	2004	16,281,035,800	2,323,311,138	523,810,967	1,473,351,385
2004	2003	15,689,112,679	2,361,973,098	536,047,783	1,484,745,571

- Notes:
- (1) All taxable property is assessed at one hundred percent (100%) of its estimated actual value. Revaluation of taxable property occurred on January 1, 1985, 1993, 2001, and 2008.
 - (2) This does not include valuations of property owned by the State of North Carolina, United States Government, eleemosynary institutions, etc., not subject to taxation. Assessed valuation equals estimated actual value.
 - (3) Effective July 1, 1993, registered vehicles were separated from personal property. The taxes on registered vehicles now coincide with the Department of Motor Vehicles renewals.
 - (4) Per \$100 of assessed value

Source: Durham County, North Carolina (as of October, 2013)

Table 5

Total Assessed Value ⁽¹⁾⁽²⁾	County-wide Tax Rate ⁽⁴⁾	Special Tax Districts Tax Rate ⁽⁴⁾	Average County Tax Rate ⁽⁴⁾
\$ 30,446,750,204	0.7444	0.0599-0.1524	0.7734
29,842,363,341	0.7459	0.0599-0.2500	0.7745
29,460,598,354	0.7459	0.0360-0.2500	0.8359
29,032,891,346	0.7081	0.0360-0.2500	0.8359
28,540,855,952	0.7081	0.0361-0.2500	0.7981
23,136,584,132	0.8340	0.0187-0.2500	0.9190
22,035,372,134	0.8090	0.0187-0.2500	0.8765
21,280,715,939	0.8090	0.0187-0.2500	0.7990
20,601,509,290	0.7900	0.0187-0.2000	0.7690
20,071,879,131	0.7630	0.0187-0.2000	0.7680

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING
GOVERNMENTS FOR DURHAM COUNTY
PER \$100 OF ASSESSED VALUE ⁽¹⁾
Last Ten Fiscal Years Ending June 30, 2013

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
County direct rate				
Operating rate	0.6910	0.7019	0.7144	0.7536
Capital rate	0.0720	0.0881	0.0946	0.0554
Total general fund direct rate	<u>0.7630</u>	<u>0.7900</u>	<u>0.8090</u>	<u>0.8090</u>
Fire district rates	0.0550-0.0900	0.0600-0.1100	0.0570-0.1100	0.0570-0.1100
Other special district rates	0.1087-0.2000	0.1287-0.2000	0.1287-0.2500	0.1287-0.2500
Municipality Rates				
City of Durham	0.5450	0.5830	0.5830	0.6030
City of Durham BID	-	-	-	-
Town of Chapel Hill	0.5530	0.5750	0.5220	0.5220
City of Raleigh	0.3850	0.3950	0.3950	0.4350
Town of Morrisville	-	-	-	-

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, 2008.

Source: Durham County, North Carolina (as of October, 2013)

Table 6

2008²	2009	2010	2011	2012	2013
0.7801	0.6594	0.6604	0.6911	0.6865	0.6850
0.0539	0.0487	0.0477	0.0548	0.0594	0.0594
<u>0.8340</u>	<u>0.7081</u>	<u>0.7081</u>	<u>0.7459</u>	<u>0.7459</u>	<u>0.7444</u>
0.0570-0.1150	0.0570-0.1100	0.0570-0.1100	0.0599-0.1100	0.0599-0.1125	0.0599-0.1150
0.1474-0.2500	0.1461-0.2500	0.1461-0.2500	0.1460-0.2500	0.1474-0.2500	0.1374-0.1524
0.6180	0.5400	0.5400	0.5519	0.5575	0.5675
-	-	-	-	-	0.6375
0.5220	0.5810	0.4940	0.4940	0.4940	0.4940
0.4350	0.3735	0.3735	0.3735	0.3735	0.3826
-	-	-	-	0.3665	0.3665

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
TEN LARGEST TAXPAYERS FOR DURHAM COUNTY
Year Ended June 30, 2013 and 2004

<u>Taxpayer</u>	<u>Type of Enterprise</u>	<u>Fiscal Year 2013</u>		
		<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Valuation</u>
International Business Machine	Manufacturer	\$ 537,620,386	1	1.87%
GlaxoSmithKline	Manufacturer	490,134,296	2	1.71%
Cree Inc	Manufacturer	385,996,271	3	1.34%
AW North Carolina Inc	Manufacturer	306,265,079	4	1.07%
Merck Sharp & Dohme Corp	Bio Tech	285,128,867	5	99.00%
Duke Energy Corp	Utility	198,892,209	6	69.00%
SouthPoint Mall LLC	Retail	171,926,928	7	60.00%
EMC Corporation	Manufacturer	161,316,645	8	56.00%
EISAI Inc	Pharmaceutical	123,330,961	9	43.00%
Frontier Communications	Communications	113,355,689	10	39.00%
Verizon South Inc	Communications	-	-	-
Highwoods/Forsyth Limited Part	Real Estate	-	-	-
CMD Properties Inc	Real Estate	-	-	-
State Street Bank & Trust	Finance	-	-	-
Vac Ltd Partnership	Real Estate	-	-	-
		<u>\$ 2,773,967,331</u>		<u>9.65%</u>

Source: Durham County, North Carolina (as of October, 2013)

Table 7

Fiscal Year 2004		
Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
\$ 554,112,462	2	2.76%
637,758,856	1	3.18%
99,050,796	6	0.49%
-	-	-
-	-	-
164,596,552	4	0.82%
82,926,225	8	0.41%
-	-	-
-	-	-
-	-	-
247,089,391	3	1.23%
106,250,975	5	0.53%
67,617,206	9	0.34%
83,584,221	7	0.42%
66,579,533	10	0.33%
<u>\$ 2,109,566,217</u>		<u>10.51%</u>

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS FOR DURHAM COUNTY
Last Ten Fiscal Years Ending June 30, 2013

Fiscal Year Ended June 30,	Tax Year Ended December 31,	Adjusted Tax Levy	Current Year Levy Collections	Percent of Levy Collected
2013	2012	\$ 368,162,207	\$ 364,152,559	98.91%
2012	2011	356,876,076	352,704,112	98.83%
2011	2010	363,164,888	358,623,043	98.75%
2010	2009	343,120,176	338,558,945	98.67%
2009	2008	337,224,715	331,357,242	98.26%
2008	2007	317,413,489	313,396,710	98.73%
2007	2006	289,156,326	285,179,105	98.62%
2006	2005	276,254,924	271,744,257	98.37%
2005	2004	260,809,549	255,882,258	98.11%
2004	2003	241,771,354	236,816,081	97.95%

Source: Durham County, North Carolina (as of October, 2013)

Table 8

Collections in Subsequent Years	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
\$ -	\$ 364,152,559	98.91%	\$ 6,530,429	1.77%
3,118,383	355,822,495	99.70%	6,555,562	1.84%
2,465,889	361,088,932	99.43%	7,165,866	1.97%
3,417,043	341,975,988	99.67%	7,997,259	2.33%
4,676,027	336,033,269	99.65%	8,686,871	2.58%
2,948,261	316,344,971	99.66%	8,642,528	2.72%
3,076,804	288,255,909	99.69%	7,439,573	2.57%
3,517,987	275,262,244	99.64%	8,498,119	3.08%
4,021,830	259,904,088	99.65%	8,644,800	3.31%
4,015,963	240,832,044	99.61%	8,795,501	3.64%

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA FOR DURHAM COUNTY
Last Ten Fiscal Years Ending June 30, 2013

Fiscal Year Ended June 30,	Population Estimate (1)	Total Assessed Value	Debt Limit	Gross Bonded Debt
2013	277,588	\$ 30,446,750,204	\$ 2,435,740,016	\$ 273,900,000
2012	275,960	29,842,363,341	2,387,389,067	298,585,000
2011	272,156	29,460,598,354	2,356,847,868	272,680,000
2010	267,849	29,032,891,346	2,322,631,308	233,930,000
2009	265,670	28,540,855,952	2,283,268,476	255,335,000
2008	261,206	23,136,584,132	1,850,926,731	275,570,001
2007	254,902	22,035,372,134	1,762,829,771	247,445,003
2006	249,654	21,280,715,939	1,702,457,275	265,660,004
2005	246,924	20,601,509,290	1,648,120,743	221,945,003
2004	242,000	20,071,879,131	1,605,750,322	239,020,001

Note 1: Estimate from Durham City/County Planning Department.

Source: Durham County, North Carolina (as of October, 2013)

Table 9

Net Bonded Debt	Debt to Taxable Property Assessed Value	Net Bonded Debt Per Capita
\$ 273,900,000	0.90%	\$ 987
298,585,000	1.00%	1,082
272,680,000	0.93%	1,002
233,930,000	0.81%	873
255,335,000	0.89%	961
275,570,001	1.2%	1,037
247,445,003	1.1%	950
265,660,004	1.2%	1,041
221,945,003	1.0%	873
239,020,001	1.2%	960

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL
BONDED DEBT TO TOTAL GENERAL EXPENDITURES FOR DURHAM COUNTY
Last Ten Fiscal Years Ending June 30, 2013

Fiscal Year Ended June 30,	Principal	Interest	Other Expenditures
2013	\$ 39,155,769	\$ 19,669,554	\$ 244,735
2012	109,738,120	16,642,611	540,070
2011	53,158,145	15,794,753	683,053
2010	25,431,125	16,349,362	231,637
2009	27,266,955	14,372,730	3,350
2008	25,249,056	13,254,045	3,350
2007	25,321,777	13,441,166	3,350
2006	23,344,788	12,613,290	3,500
2005	21,476,140	13,440,112	-
2004	19,061,212	11,428,032	3,600

Notes: (1) General expenditures are taken from all General Government Fund types Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

Source: Durham County, North Carolina (as of October, 2013)

Table 10

<u>Total Debt Service</u>	<u>Total General Expenditures ⁽¹⁾</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
\$ 59,070,058	\$ 331,823,530	17.80%
126,920,801	329,489,901	38.52%
69,635,951	323,275,838	21.54%
42,012,124	314,831,306	13.34%
41,643,035	374,809,528	11.11%
38,506,451	373,328,462	10.31%
38,766,293	356,860,759	10.86%
35,961,578	342,123,072	10.51%
34,916,252	406,585,461	8.59%
30,492,844	376,179,317	8.11%

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA **Table 11**
RATIOS OF OUTSTANDING DEBT BY TYPE - DURHAM PUBLIC SCHOOLS
Last Ten Fiscal Years Ending June 30, 2013

Fiscal Year Ended June 30,	Capital Lease Obligation	Installment Purchases	Total Governmental Activities	Business- Type Activities	Total Primary Government
2013	\$ -	\$ 3,491,154	\$ 3,491,154	\$ -	\$ 3,491,154
2012	17,022	1,761,522	1,778,544	-	1,778,544
2011	34,045	1,976,533	2,010,578	-	2,010,578
2010	80,831	409,075	489,906	-	489,906
2009	26,604	954,139	980,743	-	980,743
2008	53,210	1,890,456	1,943,666	-	1,943,666
2007	36,073	1,840,813	1,876,886	-	1,876,886
2006	174,307	1,439,517	1,613,824	-	1,613,824
2005	273,068	2,059,389	2,332,457	-	2,332,457
2004	130,705	1,616,918	1,747,623	-	1,747,623

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

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Table 12
DEMOGRAPHIC STATISTICS FOR DURHAM COUNTY
Last Ten Fiscal Years Ending June 30, 2013

Fiscal Year Ended June 30,	Population Estimate	Student Average Daily Membership	Unemployment Rate	Per Capita Personal Income	Retail Sales
2013	277,588	32,405	7.18%	*	\$ 4,925,320,533
2012	275,960	32,569	8.20%	*	4,434,078,534
2011	271,238	32,118	8.40%	38,795	4,163,246,000
2010	267,849	31,956	7.80%	40,116	4,022,518,000
2009	265,290	32,313	7.30%	37,308	3,630,249,000
2008	261,206	32,749	4.10%	38,923	3,703,207,039
2007	254,902	31,981	3.80%	36,388	3,796,970,577
2006	246,184	31,343	3.90%	34,212	3,707,313,563
2005	242,527	30,191	4.60%	34,212	5,085,955,806
2004	236,781	30,615	4.20%	33,161	4,646,891,369

*Data not available.

Source: Durham Chamber of Commerce; Retail sales provided to the Chamber by the North Carolina Department of Revenue with a note that monthly sales and use tax reports are not comparable to periods prior to July, 2005 due to the Streamlined Sales Tax Agreement so not all taxpayers report Gross Retail Sales.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
TEN LARGEST TAXPAYERS FOR DURHAM COUNTY
Year Ended June 30, 2013 and 2004

Employer	2013		
	Employees	Rank	Percentage of Total County Employment
Duke University & Health System	34,863	1	19.22%
International Business Machines (IBM)	10,000	2	5.51%
Durham Public Schools	4,600	3	2.54%
GlaxoSmithKline	3,700	4	2.04%
Blue Cross Blue Shield of North Carolina	2,725	5	1.50%
Durham City Government	2,437	6	1.34%
Fidelity Investments	2,400	7	1.32%
Quintiles Transnational Corporation	2,300	8	1.27%
Research Triangle Institute (RTI)	2,300	9	1.27%
Veterans Affairs (VA) Medical Center	2,162	10	1.19%
Nortel Networks	-	-	-
Durham County Government	-	-	-
	67,487		37.20%

Source: Durham Chamber of Commerce and Bureau of Labor Statistics

Table 13

2004		
<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
19,205	1	11.51%
14,000	2	8.39%
4,500	4	2.70%
5,000	3	3.00%
2,500	6	1.50%
1,979	7	1.19%
-	-	-
-	-	-
1,800	9	1.08%
1,600	10	0.96%
3,100	5	1.86%
1,815	8	1.09%
<u>55,499</u>		<u>33.28%</u>

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years Ending June 30, 2013

Table 14

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Instructional Programs	3,184	3,298	3,432	3,322	3,208	3,127	2,827	2,753	2,765	2,813
Support Services	1,181	1,211	1,266	1,237	1,235	1,345	1,364	1,330	1,438	1,459
Community Services	124	124	125	125	125	125	121	121	121	142
Food Services	228	233	237	237	173	177	167	178	181	190
Total	4,717	4,866	5,060	4,921	4,741	4,774	4,479	4,382	4,505	4,604

Note: This table is a ten-year schedule.

Source: Finance Department of Durham Public Schools

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
SCHOOL BUILDING DATA-HIGH SCHOOLS
Year Ended June 30, 2013

Table 15

School	Site Acreage	Building Square Feet	Capacity	2012-13 Day 20 Enrollment	Percentage Over/(Under) Capacity	Year Constructed	Years Renovations/ Additions
City of Medicine	7.20	40,519	320	329	2.81%	2011	
Durham PLC/ARC @ Holton	7.00	104,869	350	248	-29.14%	1933	2009
Durham School. of Arts**	11.70	304,550	916	916	0.00%	1921	1928,49,55,62,76, 1988, 2008, 2011
Hillside	63.04	299,943	1,535	1,315	-14.33%	1995	2005, 2009
Jordan	55.74	266,477	1,810	1,723	-4.81%	1963	1979,80,91,94,2008,2012
Northern	39.89	258,659	1,790	1,422	-20.56%	1953	1954,55,57,66,75, 1981,83,84,88, 1992, 94
Riverside	63.29	282,845	1,540	1,758	14.16%	1991	1992
Southern	84.09	284,000	1,540	923	-40.06%	1993	
J D Clement Early College (1)		Leased	350	342	-2.29%		
Hospital School (2)		Leased	28	32	14.29%		
Lakeview (3)*	7.16	28,169	64	64	0.00%	1964	2005, 2010
Middle College High School (4)		Leased	100	108	8.00%		
Southern School of Engineering(5)			160	222	38.75%		
Hillside New Tech High (5)			210	339	61.43%		

*Lakeview has both middle and high school students

**Durham School of Arts has both middle and high school students.

- (1) J D Clement Early College uses facilities at NC Central University
- (2) Hospital School is located on Duke University's campus
- (3) Lakeview is an alternative school housed in two separate facilities: Lakewood School & Chewning Middle School (both middle and high school students)
- (4) Middle College High School is located on the campus of Durham Technical Community College
- (5) Southern School of Engineering and Hillside New Tech High School are small schools within existing high schools.

Source: Durham Public Schools' Long Range Facilities Plan

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Table 16
SCHOOL BUILDING DATA-ELEMENTARY & MIDDLE SCHOOLS
Year Ended June 30, 2013

School	Site Acreage	Building Square Feet	Capacity	2012-2013 Day 20 Enrollment	Percentage Over/(Under) Capacity	Year Constructed	Years Renovations/ Additions
Elementary:							
Bethesda	43.92	85,432	712	666	-6.46%	1982	1989, 2003
Burton	7.14	71,360	376	369	-1.86%	1949	1954,76,92
Club Boulevard	5.50	45,099	492	511	3.86%	1949	1955,90,92,95,2010,11
Creekside	37.11	94,673	764	873	14.27%	2004	2010
Easley	18.97	71,170	522	548	4.98%	1989	
Eastway	14.58	78,000	544	562	3.31%	1995	
Eno Valley	62.27	88,550	596	609	2.18%	1977	1993
Fayetteville Street	7.91	62,797	408	286	-29.90%	1959	1960,61,2008
Forest View	21.95	85,890	659	659	0.00%	1993	
Glenn	34.28	80,330	591	671	13.54%	1981	1993
Harris	21.36	70,343	376	375	-0.27%	1968	2003, 2013
Hillandale	42.07	85,890	689	632	-8.27%	1993	
Holt	23.61	98,208	585	524	-10.43%	1958	1984,92
Hope Valley	16.48	79,228	628	656	4.46%	1967	1999
Lakewood	12.57	60,264	428	455	6.31%	1962	1963,64,2005
Little River	23.23	83,620	658	435	-33.89%	1993	
Mangum	22.03	54,838	408	386	-5.39%	1925	1939,62,83,2009
Merrick-Moore	16.39	103,075	648	692	6.79%	1951	1953,58,81,2012
Morehead	4.98	40,861	222	218	-1.80%	1958	\
Oak Grove	15.72	96,061	710	535	-24.65%	1981	1993
Parkwood	22.59	79,063	648	558	-13.89%	1967	1983,89,92,2005
Pearson	40.50	82,474	586	541	-7.68%	2006	
Pearsontown	25.50	108,471	836	834	-0.24%	1954	1958,64,92
Powe	5.50	99,384	404	404	0.00%	1926	1950,67,91,94,2001,13
Sandy Ridge	25.07	98,638	628	585	-6.85%	2011	
Smith	5.30	46,311	290	356	22.76%	1967	
Southwest	21.91	91,170	585	557	-4.79%	1989	1991
Spaulding	9.96	69,486	325	242	-25.54%	1954	1960,76,91,2008
Spring Valley	35.82	79,921	638	535	-16.14%	2008	
Watts	3.98	65,841	340	340	0.00%	1919	1926,94
Middle:							
Brogden	29.35	156,380	872	680	-22.02%	1959	1976,2000
Carrington	66.14	207,804	1,288	1,243	-3.49%	1964	1984,2005, 10
Chewning	54.96	124,250	852	173	-79.69%	1974	2005,06,2009
Durham School of Arts**	8.80	133,847	722	638	-11.63%	1921	1928,49,55,62,76,88 1990, 92, 2007,08,11
George Watts			65	65	0.00%		
Githens	38.28	133,859	852	1,010	18.54%	1988	2005,06
Lakewood Montessori	7.37	71,278	300	291	-3.00%	1965	2011
Lowe's Grove	28.07	122,504	774	657	-15.12%	1975	2009
Lucas	31.83	153,593	644	374	-41.93%	2012	
Neal	49.12	129,403	810	781	-3.58%	1966	1988, 2011
Rogers-Herr	23.50	167,902	644	624	-3.11%	1967	2005
Shepard	22.53	96,870	546	519	-4.95%	1964	1966,2001,2010
WG Pearson Middle	5.92	54,057	306	312	1.96%	1928	1950, 57, 76, 91, 92 2007
Lakeview (1)	4.75	12,600	30	30	0.00%	1964	2005, 2010

**Durham School of Arts has both middle and high school students.

(1) Lakeview is an alternative school housed in two separate facilities: Lakewood School and Chewning Middle School
It has both middle and high school students.

Source: Durham Public Schools' Long Range Facilities Plan

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Table 17
OPERATING STATISTICS
Last Ten Fiscal Years Ending June 30, 2013

Fiscal Year Ended June 30,	Expenses	Student Average Daily Membership	Cost Per Pupil	Percentage Change In Per Pupil Cost	Teaching Staff	Pupil/ Teacher Ratio	Student Attendance Percentage
2013	\$ 376,887,237	32,405	\$ 11,631	1.60%	2,252	14.4	96.60%
2012	372,840,518	32,569	11,448	11.30%	2,241	14.5	96.53%
2011	330,350,894	32,118	10,286	0.81%	2,311	13.9	95.92%
2010	326,038,604	31,956	10,203	-6.27%	2,293	13.9	94.21%
2009	351,715,671	32,313	10,885	5.59%	2,432	13.3	94.28%
2008	337,618,900	32,749	10,309	5.65%	2,368	13.8	94.65%
2007	312,083,118	31,981	9,758	5.42%	2,329	13.7	94.22%
2006	290,125,783	31,343	9,256	0.54%	2,368	13.2	94.44%
2005	279,016,669	30,307	9,206	4.82%	2,134	14.2	94.61%
2004	264,552,220	30,120	8,783	2.70%	2,064	14.6	94.42%

Source: NC Department of Public Instruction, Student Accounting Section and Finance Department of Durham Public Schools

TEACHER SALARIES
Last Ten Fiscal Years Ending June 30, 2013

Fiscal Year Ended June 30,	Minimum		Maximum		Average	
2013	\$	34,650	\$	77,917	\$	45,057
2012		34,234		80,854		46,343
2011		34,234		88,126		45,031
2010		34,234		88,967		45,466
2009		34,234		88,967		45,466
2008		33,469		73,463		41,062
2007		32,074		70,280		39,349
2006		29,542		65,723		38,119
2005		28,470		63,596		37,522
2004		28,280		63,178		37,907

The above tabulation represents total salaries including both State base salary including the State salary differential for National Board Certification and system-wide local supplement. It does not include longevity payments (ranging from 1.5% to 4.5% of the annual salary to teachers for 10 or more years of service), bonus payments, or payments for performing extra duties.

Source: Finance Department of Durham Public Schools

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
GOVERNMENTAL FUND REVENUES BY SOURCE
Last Ten Fiscal Years Ending June 30, 2013⁽¹⁾

Fiscal Year Ended June 30,	State Public School Fund	State Public School Building Bond Fund	State Facilities Fund	Other State	County Appropriation	Durham City Appropriation
2013	\$ 173,503,774	\$ 102,473	\$ -	\$ 2,066,466	\$ 116,751,832	\$ 190,928
2012	171,045,245	172,946	-	525,722	110,106,952	234,710
2011	160,586,816	1,036,766	-	1,128,798	108,402,189	192,109
2010	160,894,234	1,063,268	414,500	867,318	103,193,242	1,143,766
2009	178,493,867	-	721,100	2,276,939	110,884,121	7,003,740
2008	177,180,642	-	2,293,199	1,278,696	98,582,664	470,080
2007	160,423,279	(16,448)	496,411	1,792,049	89,127,705	-
2006	147,973,330	95,749	2,505,601	1,428,478	84,127,705	-
2005	140,266,668	391,759	276,302	3,271,116	77,899,932	-
2004	137,464,352	115,566	133,706	2,382,671	75,149,932	-

Notes: (1) Includes General, Special Revenue, Capital Projects and School Activity Funds. Prior to 2002, School Activity Funds were reported as Expendable Trust Funds and therefore not included in Governmental Fund expenditures.

Source: Durham Public Schools' Finance Department

Table 19

General Obligation Bond Funds	Fines and Forfeitures	Interest	Tuition and Fees	Other Local Funds	Federal	Total
\$ 29,554,012	\$ 1,538,793	\$ 250,925	\$ 3,220,048	\$ 13,000,632	\$ 27,707,997	\$ 367,887,880
43,802,250	5,860,947	391,088	3,294,404	16,050,453	33,348,200	384,832,917
70,906,098	1,014,991	430,131	3,297,708	13,253,373	37,956,350	398,205,329
13,394,396	945,679	356,937	3,232,580	10,593,755	35,881,228	331,980,903
16,782,957	847,154	672,429	3,601,908	14,709,092	23,632,816	359,626,123
11,244,087	1,160,849	1,270,536	3,697,076	11,715,857	22,181,948	331,075,634
8,156,468	1,386,219	904,655	3,411,378	15,428,932	21,216,755	302,327,403
10,967,181	1,465,735	509,574	3,545,444	16,147,223	20,092,374	288,858,394
20,357,320	1,893,486	342,437	3,224,083	12,407,331	19,077,317	279,407,751
25,151,543	2,302,134	583,168	2,768,924	11,340,807	15,918,059	273,310,862

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
GOVERNMENTAL FUND EXPENDITURES BY FUNCTION
PER AVERAGE DAILY MEMBERSHIP ⁽¹⁾ AND IN TOTAL ⁽²⁾
Last Ten Fiscal Years Ending June 30, 2013

Fiscal Year Ended June 30,	Average Daily Membership	Regular Instructional	Special Instructional	Other Instructional	Pupil Support	Instructional Support	General Administration
2013	32,405	4,009 \$ 129,921,528	1,486 \$ 48,148,403	1,531 \$ 49,616,044	130 \$ 4,210,193	289 \$ 9,379,656	124 \$ 4,019,049
2012	32,569	4,084 133,016,687	1,445 47,048,122	1,515 49,334,190	116 3,766,986	248 8,069,436	110 3,586,774
2011	32,118	3,561 114,362,660	1,370 44,010,448	1,558 50,045,606	100 3,223,542	223 7,176,724	106 3,413,113
2010	31,956	3,703 118,328,744	1,356 43,337,483	1,441 46,047,333	123 3,918,338	254 8,106,634	118 3,767,853
2009	32,313	4,117 133,019,137	1,387 44,832,337	1,502 48,524,545	133 4,302,185	225 7,254,755	120 3,875,481
2008	32,749	3,928 128,625,270	1,326 43,414,525	1,424 46,641,394	109 3,573,050	189 6,201,595	113 3,712,956
2007	31,981	2,876 91,991,634	930 29,744,594	2,332 74,590,085	7 217,260	196 6,276,976	120 3,842,906
2006	31,343	2,747 86,107,196	896 28,086,343	2,202 69,012,523	5 164,210	211 6,623,197	127 3,982,796
2005	30,191	2,879 86,924,230	906 27,366,425	2,123 64,089,933	10 288,987	131 3,945,962	121 3,666,352
2004	30,615	2,715 83,129,735	894 27,363,902	1,961 60,050,404	10 308,158	90 2,770,562	116 3,549,756

Notes: (1) Includes General and Special Revenue Funds. Capital Outlay Fund expenditures are reported in Table 3. Prior to 2002, School Activity Funds were reported as Expendable Trust Funds and therefore not included in Governmental Fund expenditures.

(2) Expenditures per average daily membership.

Source: Durham Public Schools' Finance Department

Table 20

School Administration	Business Support	Central Support	Other Support Services	Community Services	Other	Total
715	1,330	189	-	134	445	10,512
\$ 23,164,416	\$ 43,097,441	\$ 6,125,855	\$ -	\$ 4,335,383	\$ 14,420,218	\$ 340,648,379
640	1,346	187	-	141	380	10,211
20,832,116	43,849,838	6,079,842	-	4,600,655	12,378,157	332,562,803
577	1,293	167	-	124	376	9,456
18,535,184	41,518,413	5,363,214	-	3,984,105	12,085,088	303,718,097
604	1,314	178	-	117	356	9,563
19,303,708	42,002,968	5,688,515	-	3,725,081	11,366,345	305,593,002
634	1,320	188	-	128	288	10,042
20,475,219	42,659,661	6,086,157	-	4,129,830	9,314,233	324,473,540
614	1,275	197	-	121	253	9,550
20,107,184	41,767,952	6,460,469	-	3,960,838	8,291,224	312,756,457
451	1,147	179	454	122	225	9,040
14,421,428	36,692,716	5,718,173	14,517,565	3,906,701	7,187,502	289,107,540
437	1,093	167	433	133	183	8,635
13,704,933	34,267,017	5,243,790	13,569,908	4,165,813	5,722,840	270,650,566
444	1,048	157	394	132	173	8,516
13,393,876	31,628,615	4,736,101	11,882,832	3,974,213	5,222,652	257,120,178
419	985	123	366	120	150	7,950
12,841,539	30,148,405	3,750,672	11,199,475	3,684,090	4,600,068	243,396,766

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Table 21
CAPITAL OUTLAY FUND EXPENDITURES
Last Ten Fiscal Years Ending June 30, 2013

Fiscal Year Ended June 30,	Sites and Building Improvements	Furniture and Equipment	Vehicles	Total
2013	\$ 22,796,337	\$ 13,267,264	\$ 163,361	\$ 36,226,962
2012	40,678,771	5,312,686	279,022	46,270,479
2011	71,314,915	861,678	2,098,021	74,274,614
2010	17,161,520	1,032,913	197,190	18,391,623
2009	31,950,516	569,565	1,122,354	33,642,435
2008	16,679,140	298,982	225,490	17,203,612
2007	9,442,821	578,358	2,095,024	12,116,203
2006	15,841,436	210,183	377,589	16,429,208
2005	21,238,748	2,705,920	1,761,427	25,706,095
2004	26,383,434	993,611	1,324,521	28,701,566

Source: Durham Public Schools' Finance Department

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
SCHOOL FOOD SERVICE FUND EXPENSES
Last Ten Fiscal Years Ending June 30, 2013

Fiscal Year Ended June 30,	Purchased Food	Donated Commodities	Salaries and Benefits
2013	\$ 5,072,231	\$ 730,231	\$ 7,347,414
2012	4,609,755	856,145	6,648,054
2011	4,480,572	617,629	6,206,286
2010	4,617,991	651,865	5,970,717
2009	4,859,146	733,192	5,926,945
2008	4,228,105	607,096	5,778,290
2007	3,809,407	625,432	5,250,973
2006	3,485,107	541,898	4,885,860
2005	3,383,779	477,050	4,707,808
2004	3,537,172	528,378	4,670,692

Source: Durham Public Schools' Finance Department

Table 22

Materials and Supplies	Indirect Costs	Other	Total
\$ 521,678	\$ 763,708	\$ 423,461	\$ 14,858,723
933,492	815,624	288,557	14,151,627
540,571	866,646	269,803	12,981,507
469,627	832,878	319,134	12,862,212
548,266	1,005,171	313,346	13,386,066
484,904	685,756	348,799	12,132,950
485,404	833,452	560,430	11,565,098
481,500	760,488	459,564	10,614,417
344,986	694,591	323,659	9,931,873
403,115	635,251	336,015	10,110,623

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
SCHOOL FOOD SERVICE REVENUES AND OPERATING TRANSFERS IN BY SOURCES
Last Ten Fiscal Years Ending June 30, 2013

Fiscal Year Ended June 30,	Food Sales		USDA Reimbursement	
	Amount	Percent	Amount	Percent
	Amount	Percent	Amount	Percent
2013	\$ 2,308,001	15.7%	\$11,537,008	78.5%
2012	2,712,070	19.0%	10,746,241	75.5%
2011	2,955,052	20.8%	10,382,931	73.2%
2010	3,307,918	24.2%	9,546,103	69.7%
2009	3,628,656	27.0%	9,162,082	68.1%
2008	3,336,431	28.4%	7,673,178	65.1%
2007	3,552,393	31.5%	7,022,026	62.3%
2006	3,736,771	34.5%	6,474,298	59.8%
2005	3,726,781	36.5%	5,953,179	58.4%
2004	3,990,401	39.4%	5,539,649	54.6%

Source: Durham Public Schools' Finance Department

Table 23

Donated Commodities		Other		Total	
Amount	Percent	Amount	Percent	Amount	Percent
\$ 811,715	5.5%	\$ 37,244	0.3%	\$14,693,968	100.0%
739,882	5.2%	39,754	0.3%	14,237,947	100.0%
813,104	5.7%	35,382	0.3%	14,186,469	100.0%
795,410	5.8%	44,355	0.3%	13,693,786	100.0%
621,914	4.6%	40,501	0.3%	13,453,153	100.0%
681,161	5.8%	87,579	0.7%	11,778,349	100.0%
592,427	5.3%	105,622	0.9%	11,272,468	100.0%
527,929	4.9%	82,742	0.8%	10,821,740	100.0%
477,050	4.7%	40,122	0.4%	10,197,132	100.0%
572,018	5.6%	39,849	0.4%	10,141,917	100.0%

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Table 24
PROPERTY VALUE AND CONSTRUCTION
FOR DURHAM COUNTY
Last Ten Fiscal Years Ending June 30, 2013

<u>Fiscal Year Ended June 30,</u>	<u>Building Value of Permits Issued ⁽¹⁾</u>	<u>Assessed Valuation ⁽²⁾</u>
2013	\$ 912,531,665	\$ 30,446,750,204
2012	782,358,521	29,842,363,341
2011	918,447,009	29,460,598,354
2010	854,185,593	29,032,891,346
2009	832,707,556	28,540,855,952
2008	937,163,464	23,136,584,132
2007	908,064,082	22,035,372,939
2006	833,845,052	21,280,715,939
2005	897,110,133	20,601,509,290
2004	700,759,078	20,071,879,031

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

(2) Last revalutaion of taxable property occurred on January 1, 2008

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
MISCELLANEOUS STATISTICS
Year Ended June 30, 2013

Table 25

Area:	Durham County	299 square miles
Population:	Durham County	277,588
Average Daily Membership:		32,405
Schools:	Elementary	30
	Middle	11
	Secondary	2
	Senior/High	9
	Hospital School	1
	Alternative	3
School Personnel (approximate):		4,604

Sources: Durham County CAFR, Durham Public Schools' Finance Department

COMPLIANCE SECTION



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**Report On Internal Control Over Financial Reporting And On Compliance
And Other Matters Based On An Audit Of Financial Statements Performed
In Accordance With *Government Auditing Standards***

Independent Auditors' Report

To the Durham Public Schools Board
of Education, North Carolina
Durham, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Durham Public Schools Board of Education, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Durham Public Schools Board of Education, North Carolina's basic financial statements, and have issued our report thereon dated November 18, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Durham Public Schools Board of Education, North Carolina's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Durham Public Schools Board of Education, North Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of the Durham Public Schools Board of Education, North Carolina's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as finding 2013-1, which we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Durham Public Schools Board of Education, North Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as finding 2013-1.

Durham Public Schools Board of Education, North Carolina's Response to Findings

The Durham Public Schools Board of Education's response to the finding identified in our audit is described in the accompany schedule of findings and questioned costs. The Durham Public Schools Board of Education, North Carolina's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Rives & Associates, LLP

Lexington, North Carolina
November 18, 2013



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**Report On Compliance For Each Major Federal Program; Report On
Internal Control Over Compliance; In Accordance With OMB
Circular A-133; And The State Single Audit Implementation Act**

Independent Auditors' Report

To the Durham Public Schools Board
of Education, North Carolina
Durham, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Durham Public Schools Board of Education, North Carolina's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Durham Public Schools Board of Education, North Carolina's major federal programs for the year ended June 30, 2013. The Durham Public Schools Board of Education, North Carolina's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Durham Public Schools Board of Education, North Carolina's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Durham Public Schools Board of Education, North Carolina's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Durham Public Schools Board of Education, North Carolina's compliance.

Opinion on Each Major Federal Program

In our opinion, the Durham Public Schools Board of Education, North Carolina complied, in all material respects, with the types of compliance requirements referred to that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Durham Public Schools Board of Education, North Carolina is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to. In planning and performing our audit of compliance, we considered the Durham Public Schools Board of Education, North Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Durham Public Schools Board of Education, North Carolina's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Rives & Associates, LLP

Lexington, North Carolina
November 18, 2013



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**Report On Compliance For Each Major State Program; Report On
Internal Control Over Compliance; In Accordance With OMB
Circular A-133; And The State Single Audit Implementation Act**

Independent Auditors' Report

To the Durham Public Schools Board
of Education, North Carolina
Durham, North Carolina

Report on Compliance for Each Major State Program

We have audited the Durham Public Schools Board of Education, North Carolina's compliance, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Durham Public Schools Board of Education, North Carolina's major State programs for the year ended June 30, 2013. The Durham Public Schools Board of Education, North Carolina's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Durham Public Schools Board of Education, North Carolina's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in and applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the Durham Public Schools Board of Education, North Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. However, our audit does not provide a legal determination of the Durham Public Schools Board of Education, North Carolina's compliance.

Opinion on Each Major State Program

In our opinion, the Durham Public Schools Board of Education, North Carolina complied, in all material respects, with the types of compliance requirements referred to that could have a direct and material effect on each of its major State programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Durham Public Schools Board of Education, North Carolina is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to. In planning and performing our audit of compliance, we considered the Durham Public Schools Board of Education, North Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Durham Public Schools Board of Education, North Carolina's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Rives & Associates, LLP

Lexington, North Carolina
November 18, 2013

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Schedule 10
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified		
Internal control over financial reporting:			
Material weaknesses identified?	_____	yes	_____ <u>X</u> no
Significant deficiencies identified that are not considered to be material weaknesses?	_____ <u>X</u>	yes	_____ none reported
Noncompliance material to financial statements noted	_____	yes	_____ <u>X</u> no

Federal Awards

Internal control over major federal programs:			
Material weaknesses identified?	_____	yes	_____ <u>X</u> no
Significant deficiencies identified that are not considered to be material weaknesses?	_____	yes	_____ <u>X</u> none reported
Type of auditors' report issued on compliance for major federal programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	_____	yes	_____ <u>X</u> no

Identification of major federal programs:

CFDA Numbers Names of Federal Program or Cluster

	Title I, Part A Cluster:
84.010	Title I Grants to Local Educational Agencies (Title I, Part A of ESEA)
	Special Education Cluster:
84.027	Grants to the States (IDEA, Part B) - Education of the Handicapped
84.173	Preschool Grants (IDEA Preschool) - Preschool Handicapped
84.027	Special Education - Coordinated Early Intervening Services
84.027	Children with Disabilities - Risk Pool
84.027	Special Needs Targeted Assistance
	School Improvement Cluster:
84.010	Title I, Grants to Local Educational Agencies, (Title I, Part A of ESEA) - School Improvements
84.377	Title I, School Improvement Grants
84.389	ARRA - Title I Grants to Local Educational Agencies, Recovery Act
84.048	Career and Technical Education - Basic Grants to States
84.410	ARRA-Education Jobs Fund
84.395	ARRA-Race to the Top Grant

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Schedule 10
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2013

SECTION I - SUMMARY OF AUDITOR'S RESULTS (Continued)

Dollar threshold used to distinguish between Type A and Type B programs: \$ 1,212,043

Auditee qualified as low-risk auditee? _____ yes X no

State Awards

Internal control over major State programs:

 Material weaknesses identified? _____ yes X no

 Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditors' report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? _____ yes X no

Identification of major State programs:

Program Name
State Public School Fund
Vocational Education:
State Months of Employment
Program Support Funds
Textbooks

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Schedule 10
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2013

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2013-1 Internal control weakness over credit cards

Significant Deficiency

- Criteria: The Board's system of internal controls should include procedures necessary to ensure school funds are not used for personal expenses.
- Condition: Internal controls over credit cards were not properly followed to ensure items of a personal nature are billed to the individual and not paid for with school funding. Proper receipts and documentation was not maintained and local funding was used to pay for personal items charged to the Board's credit card. The dollar value of the personal items was immaterial.
- Effect: Local funding was used to pay for personal expenses.
- Recommendation: We recommend that the Board implement policies and procedures to ensure the internal controls over credit cards are followed and only allowable costs are charged to the school system.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

Summary Schedule of Prior Year Audit Findings

For the Year Ended June 30, 2013

Finding 2012-1

Description: Capital assets of the Board were not properly depreciated requiring the Board to restate previously issued financial statements.

Status: Corrected.

Finding 2012-2

Description: The Board filled vacant positions associated with Education Jobs funding without posting the open positions with the Employment Security Commission.

Status: Corrected.

Corrective Action Plan

For the Year Ended June 30, 2013

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2013-1

Name of contact person: Paul LeSieur - Interim Chief Financial Officer

Corrective action: The use of credit cards will be terminated until policies and procedures for their use can be redefined and implemented by the Board.

Proposed completion date: Immediately

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Schedule 13
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2013

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/Pass- Through Grantor's Number	Expenditures
Federal Grants:			
<u>U. S. Department of Agriculture</u>			
Child Nutrition Cluster:			
Passed through the U.S. Department of Agriculture:			
Non-Cash Assistance (Commodities):			
National School Lunch Program	10.555		\$ 811,715
Cash Assistance:			
School Breakfast Program	10.553		2,504,816
National School Lunch Program	10.555		8,539,274
Passed through the N. C. Department of Health and Human Services:			
Summer Food Service Program for Children	10.559		492,918
Total Cash Assistance			<u>11,537,008</u>
Total U.S. Department of Agriculture			<u>12,348,723</u>
<u>U.S. Department of Education:</u>			
Direct programs:			
Carol White Physical Grant	84.215F	332	60
Fund for the Improvement of Education - Teaching American History	84.215	340	20
History Link			146,546
Job Creation Grant			26,700
			<u>173,326</u>
Passed through the N. C. Department of Public Instruction:			
Special Education Cluster:			
Special Education - Grants to the States (IDEA, Part B) - Education of the Handicapped	84.027	PRC 060	8,299,890
Special Education - Preschool Grants (IDEA Preschool) - Preschool Handicapped	84.173	PRC 049	197,964
Special Education - Coordinated Early Intervening Services	84.027	PRC 070	699,668
Children With Disabilities - Risk Pool	84.027	PRC 114	237,730
Special Needs Targeted Assistance	84.027	PRC 118	33,142
Total Special Education Cluster			<u>9,468,394</u>
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA)	84.010	PRC 050	<u>8,542,629</u>

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Schedule 13
Schedule of Expenditures of Federal and State Awards (Continued)
For the Year Ended June 30, 2013

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/Pass- Through Grantor's Number	Expenditures
Federal Grants (Continued):			
<u>U.S. Department of Education (Continued):</u>			
Passed through the N. C. Department of Public Instruction (Continued):			
School Improvement Cluster:			
Title I, Grants to Local Educational Agencies, (Title I, Part A of ESEA) - School Improvements	84.010	PRC 105	\$ 1,587,067
Title I, School Improvement Grants	84.377	PRC 117	2,471,780
ARRA-Title I Grants to Local Educational Agencies, Recovery Act	84.389	PRC143	552,123
Total School Improvement Cluster			<u>4,610,970</u>
Education for Homeless Children and Youth Cluster:			
Education for Homeless Children and Youth	84.196	PRC 026	<u>39,945</u>
Education Technology State Grants Cluster:			
ARRA-Education Technology State Grants (Enhancing Education through Technology Program)	84.386	PRC 146	<u>90</u>
Career and Technical Education - Basic Grants to States	84.048	PRC 017	<u>451,355</u>
Safe and Drug-Free Schools and Communities, Title IV, Part A	84.186	PRC 048	<u>2,109</u>
Special Education-State Personnel Development Grant	84.323	PRC 082	<u>9,024</u>
Improving Teacher Quality	84.367	PRC 103	<u>1,441,258</u>
English Language Acquisitions Grant	84.365	PRC 104	<u>490,253</u>
21st Century - Community Learning Centers	84.287	PRC 110	<u>151,815</u>
Math and Science Partnerships	84.366	PRC 112	<u>202,314</u>
ARRA-Education Jobs Fund	84.410	PRC 155	<u>473,152</u>
ARRA-Race to the Top Grant	84.395	PRC 156	<u>1,300,098</u>
ARRA-RttT-Recruitment Incentives-Low Achieving Schools	84.395	PRC 158	<u>408,463</u>
ARRA-RttT-STEM	84.395	PRC 159	<u>116,128</u>
Total U.S. Department of Education			<u>27,881,323</u>
<u>U.S. Department of Defense:</u>			
Direct program:			
ROTC	NONE		<u>171,403</u>
Total federal awards			<u>40,401,449</u>

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Schedule 13
Schedule of Expenditures of Federal and State Awards (Continued)
For the Year Ended June 30, 2013

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/Pass- Through Grantor's Number	Expenditures
State Grants:			
Cash Assistance:			
<u>North Carolina Department of Public Instruction:</u>			
State Public School Fund			\$ 164,408,404
Driver Training - SPSF		12	644,921
Vocational Education			
State Months of Employment		13	7,522,686
Program Support Funds		14	609,353
School Technology Fund - SPSF		15	119,567
Dropout Prevention Grant			1,398
State breakfast reimbursement			<u>25,004</u>
Total North Carolina Department of Public Instruction			<u>173,331,333</u>
<u>Office of the Governor:</u>			
Passed through Durham County:			
Public School Building Capital Fund		74	<u>102,473</u>
Total cash assistance			<u>173,433,806</u>
Non-Cash Assistance:			
<u>North Carolina Department of Public Instruction:</u>			
Textbooks		130	198,843
State Buses Appropriations			<u>2,066,466</u>
Total non-cash assistance			<u>2,265,309</u>
Total State awards			<u>175,699,115</u>
Total federal and State awards			<u><u>\$ 216,100,564</u></u>

Notes to the Schedule of Expenditures of Federal and State Awards:

Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of the Durham Public Schools Board of Education, North Carolina and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.