

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION

ANNUAL COMPREHENSIVE FINANCIAL REPORT

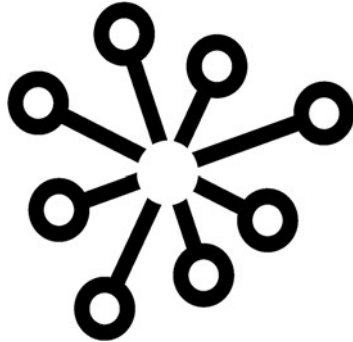
For the year ended June 30, 2021



Durham Public Schools embraces, educates and empowers every student
to innovate, serve and lead.

Durham, North Carolina

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**
of the
**DURHAM PUBLIC SCHOOLS
BOARD OF EDUCATION**
North Carolina
For the Year Ended June 30, 2021



**DURHAM
PUBLIC SCHOOLS**

Prepared by

Paul LeSieur

Chief Financial Officer

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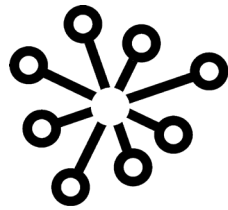
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INTRODUCTORY SECTION



DURHAM
PUBLIC SCHOOLS

Durham Public Schools Board of Education

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

Letter of Transmittal

December 30, 2021

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

We are pleased to present the Annual Comprehensive Financial Report of the Durham Public Schools (DPS) Board of Education for the year ended June 30, 2021. 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 Board. 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 Board. All disclosures necessary to enable the reader to gain an understanding of the Board'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, and the Certificate of Excellence in Financial Reporting awarded by the Association of School Business Officials International for the fiscal year ended June 30, 2020 Annual Comprehensive 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, if applicable, 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.

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

The Durham Public Schools Board of Education's financial statements have been audited by Anderson Smith & Wike PLLC, 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, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion and that the Durham Public Schools Board of Education's financial statements for the fiscal year ended June 30, 2021 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 Title 2 US Code of Federal Regulations Part 200 Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and the North Carolina Single Audit Implementation Act. 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, 2021, there were no compliance findings or questioned costs.

REPORTING ENTITY

Durham City Schools and Durham County Schools merged on July 1, 1992, to become Durham Public Schools. The Durham Public Schools Board of Education has total authority over non-charter public education in Durham County. The seven-member board is elected by the citizens of the County and is accountable to the citizens for the educational and fiscal operations of the system's 54 schools. In 2020-21, the school system served 30,811 students from kindergarten through 12th grade in 30 elementary schools, 10 middle schools, 2 secondary schools, 10 high schools, and 2 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, and 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 estimated population of 321,488. Our current enrollment of 31,360 students mirrors the diversity of the community, speaking more than 105 languages. Though the pandemic still continues to haunt us, having the staff and children in the schools is making all the difference in addressing the learning loss that occurred over the last quarter of the 2019-20 school year and the first 3 quarters of the 2020-21 school year from being virtual only. Being able to open and have full classrooms of students, athletic and art programs open to having audiences has brought back the excitement of being a community again. Though much has changed we are seeing outdoor learning and eating spaces being put in place on all school sites.

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

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 approximately 300 industry-leading firms such as IBM, Cisco, Cree, Fidelity Investments, Pfizer, and Research Triangle Institute, employing approximately 60,000 employees. When 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. Adding to the high-tech industry in the area, Apple has announced their plan to open a campus in the RTP in 2023.

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 1,200 medical and health related companies located in Durham County including Duke University Medical Center. Duke continues to be nationally ranked 11th in adult specialties and 9th in pediatric specialties. 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 done exceptionally well during the pandemic because of our diverse industrial base including medicine, research, education, "high-tech," telecommunications, and manufacturing. In 2021, Forbes ranked Durham #17 as "best places for business and careers" and U.S. News ranked Durham #24 in "Fastest-Growing Places" as being known for research/technology roots.

In 2020-21, the DPS Board of Education allowed work to begin on the construction of newly named Lyons Farm Elementary School (expected to open in August of 2022), while the groundbreaking took place on the new Northern High School replacement (expected to open in August of 2023). The design and development of a second elementary school was approved to move forward for opening in August of 2023 as well. In addition, six elementary schools have been approved to begin the design and development phase to increase the schools' capacity to add PreK classrooms and create additional space to meet the K-3 class size requirements and exceptional children space needs. The County is committed to obtaining \$500 plus million in bond funding to address the maintenance and repairs outlined in the facility needs assessment.

This bond funding will be put to vote in November of 2022, along with Durham County projects looking to be part of the bond referendum. The County provided \$113M of local obligation bonds to begin addressing the maintenance and repairs of the above mentioned projects. The County also increased the ongoing Capital Projects appropriation from \$3.37M to \$6M annually.

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

MAJOR INITIATIVES AND ACCOMPLISHMENTS

- With a final vote at its January 25, 2021, meeting, the Durham County Board of Commissioners fulfilled a longtime DPS priority by fully funding a minimum wage of \$15 an hour for DPS employees.
- DPS greenlit Ignite! Online Academy, to launch in FY 21-22 as Durham’s first virtual public school providing personalized, connected, and innovative online learning for families preferring the flexibility of learning from home paired with the resources of Durham Public Schools.
- DPS broke ground on Lyons Farm Elementary School, which is expected to open in fall 2022.
- Based on its 2020-21 application, Pearisontown Elementary School was named a National Blue Ribbon School by the U.S. Department of Education. It was DPS’s second Blue Ribbon school in three years (after J.D. Clement Early College High School) and one of only eight North Carolina schools named in 2021.
- Burton Magnet Elementary School was named a National ESEA Distinguished School for excellence in serving special populations of students.
- Burton Elementary, C.C. Spaulding Elementary, and Lakewood Elementary were once again named Capturing Kids’ Hearts National Showcase Schools for the 2020-21 school year. Capturing Kids’ Hearts tools and processes help create socio-emotional safety conducive to learning, replacing defensiveness with openness and judgment with acceptance and connectedness to the school.
- DPS and the UNC-Chapel Hill School of Education earned a \$4.8 million grant to work together in recruiting and training teachers from underrepresented groups to work in high-needs schools. The UNC DREAM project will place 40 diverse teachers from the Black and Latinx communities and provide them with a unique set of mentoring and other supports.
- Steven Gupton, Shepard Middle School CTE teacher, was appointed to the Governor’s Teacher Advisory Committee by Gov. Roy Cooper.
- During remote learning the district implemented a number of online engagement opportunities designed to recruit and orient families to DPS as well as building connections between students, families, and educators. These events included the Countdown to Kindergarten Virtual Event, Virtual Family Cooking Nights, Health Minute videos, and DPS Equity Affairs KINGS Conversations—a web series featuring professional men of color sharing their personal experiences.

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.

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

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 functional level for the Local Current Expense Fund and Special Revenues funds, excluding School Activity Funds. The Capital Outlay Fund budget is adopted at the project level. The Enterprise Fund budget is adopted at the functional 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 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 school activity 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 Funds use the full accrual basis of accounting.

ADDITIONAL INFORMATION

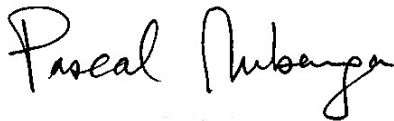
Certificates –The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to Durham Public Schools for its annual comprehensive financial report for the fiscal year ended June 30, 2020. The June 30, 2020 annual comprehensive financial report was also submitted to the Government Finance Officers Association of the United States and Canada (GFOA) for consideration of a Certificate of Achievement for Excellence in Financial Reporting, however, as of the date of this report, the June 30, 2020 report is still under review by GFOA. DPS has received the GFOA and ASBO awards for the last 26 years, therefore, there is no reason to believe that our June 30, 2020 report will not receive the GFOA award. In order to be awarded a Certificate of Achievement or Excellence, 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.

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

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

Acknowledgment - The preparation of the Annual Comprehensive 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 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,



Dr. Pascal Mubenga
Superintendent



Paul LeSieur
Chief Financial Officer

**Durham Public Schools Board of Education, North Carolina
Board of Education Members and Principal Officers**

LIST OF PRINCIPAL OFFICIALS
June 30, 2021

BOARD OF EDUCATION

Bettina Umstead, Chair

Mike Lee, Vice Chair

Natalie Beyer

Jovonia Lewis

Frederick Raven III

Matt Sears

Alexandra Valladares

SUPERINTENDENT

Dr. Pascal Mubenga

CHIEF FINANCIAL OFFICER

Paul LeSieur



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Durham Public Schools

**for its Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2020.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'W. Edward Chabal'.

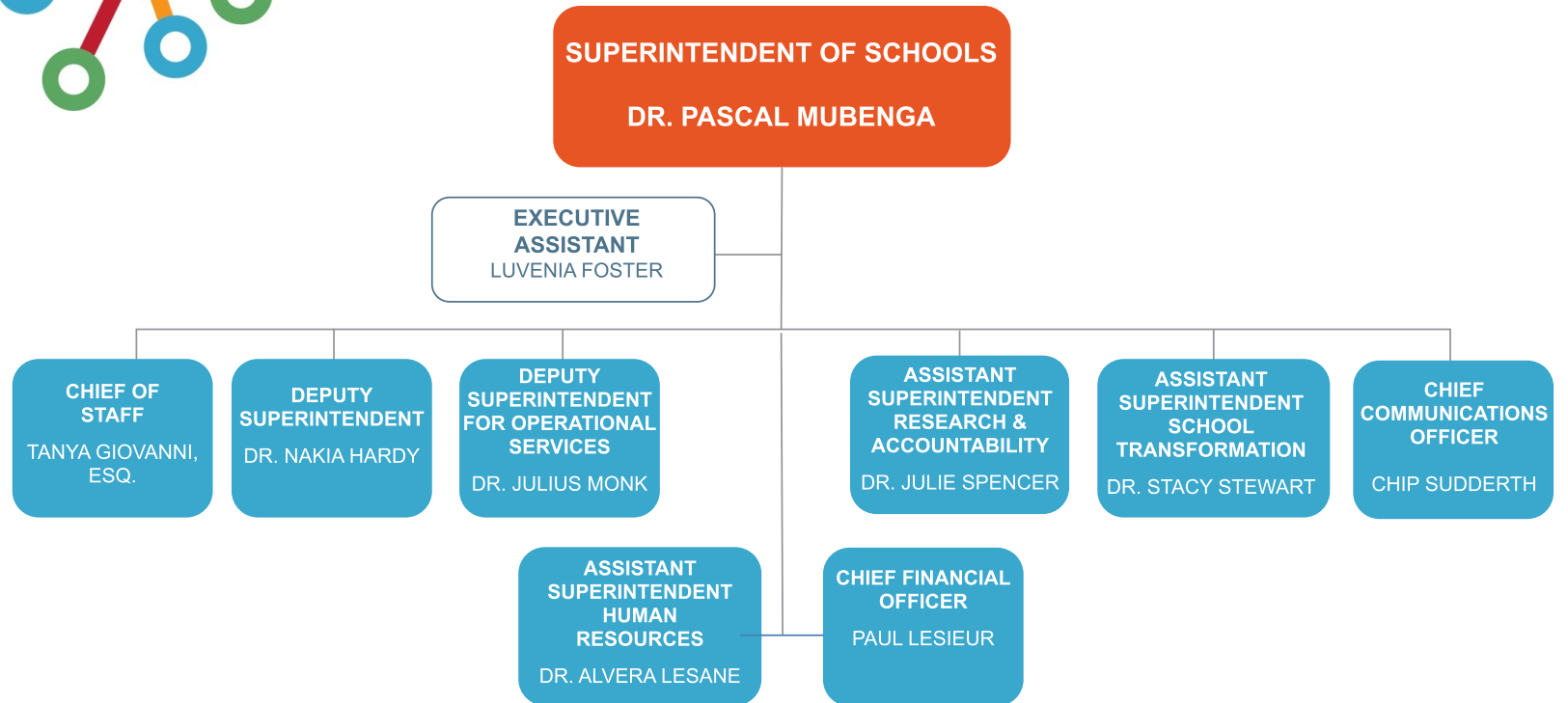
W. Edward Chabal
President

A handwritten signature in black ink, reading 'David J. Lewis'.

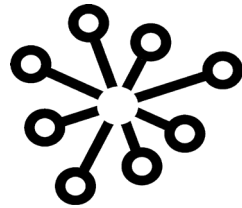
David J. Lewis
Executive Director



OFFICE OF THE SUPERINTENDENT



FINANCIAL SECTION



DURHAM
PUBLIC SCHOOLS



INDEPENDENT AUDITORS' REPORT

To the Durham Public Schools Board of Education
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, as of and for the year ended June 30, 2021 and the related notes to the basic financial statements, which collectively comprise the Board'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 above present fairly, in all material respects, the respective financial position 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 as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the Local Current Expense, State Public School and Grant and Community Schools Special Revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 11 and the Schedules of the Board's Proportionate Share of the Net Pension Liability, OPEB Liability and OPEB Asset and the Schedules of Board Contributions on pages 53 through 58, respectively, 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's basic financial statements. The introductory section, combining and individual fund statements and schedules, the accompanying schedule of expenditures of federal and State awards as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act, and the statistical tables 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 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 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 and the accompanying 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. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021 on our consideration of the Durham Public Schools Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Durham Public Schools Board of Education's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

November 30, 2021
Rockingham, North Carolina

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2021. This information should be read in conjunction with the audited financial statements included in this report.

Impact of Coronavirus on District

During the fiscal year, the State and nation continued to be affected by the spread of a coronavirus (COVID-19). Educational services were provided to students remotely, within the traditional classroom environment or a hybrid method incorporating on-site instruction and remote learning. The Board incurred additional expenses as a result of COVID-19 including: purchase of personal protective equipment and remote learning educational tools. In addition, the Board received grants from the federal government to assist with these additional expenses incurred due to COVID-19.

Financial Highlights

- Durham Public Schools enrollment declined in 2020-21 to 31,603, after an increase of 504 to 33,024 in 2019-20. The decline, like in all school districts in North Carolina and across the nation, was due to the COVID-19 pandemic. The 2021-2022 enrollment again dropped to 31,360 in part due to the pandemic conditions beginning in March of 2020. The Board saw a loss of expected students of over 1,600 in 2020-21 and an additional 243 student loss in 2021-22 of the pandemic era. It should be noted that funding from the State is based on Average Daily Membership (ADM) figures that are typically lower than enrollment.
- The net position of the Board's governmental activities experienced an increase for the fiscal year to negative \$262,164,997 from a negative \$278,616,557.
- A local ¼ cent sales tax increase was approved by Durham County voters creating revenue to replace the expiring Education Jobs funding of the last recession from 2008-2014. This tax provides \$11,318,974 in funding to support positions not reinstated by the State.
- The State of North Carolina finally passed the State budget for 2021-2022. This was the first time in 3 years. They provided a 2.5% average increase for teachers and instructional support personnel and a years of experience step. This increased most individuals pay by \$100 per month and provided a \$300 bonus as well. For classified employees, the budget has a 2.5% salary increase for the first time in 3 years. For all employees, the budget also includes a \$1,000 bonus, and an additional \$500 for those making less than \$75,000 (funds provided from the COVID State Fiscal Relief Funds). Continued appropriations are being provided for textbooks, digital materials and school connectivity, etc., though no inflationary funding was provided. All Principals will receive a 2.5% salary increase and an additional bonus of \$1,800 for all principals. The General Assembly again is allowing for school districts to maintain a hold harmless to their ADM projections/funding during the year and did not reduce the schools for loss of students as they typically do annually if you lose more than 100 students, or 2% of your projected ADM.
- The Board of County Commissioner's provided their largest increase in funding to the school district by adding an additional \$11.1 million in operational resources, \$2.3 million of that for Capital Outlay. This brings the annual Capital Outlay appropriation to \$6 million as requested by the Board of Education over the past 3 years.
- The Board will pay 51 charter schools in 2021-2022 with a membership of 7,383, a drop from the previous year by 84 students. The appropriations to charters will exceed \$30.4 million and will be an increase of over \$1.9 million dollars.
- As of the close of the current fiscal year, the Board's Local Current Expense Fund reported an ending fund balance of \$16,587,039. The total fund balance increased by \$846,616. This is primarily due to the closure of the school buildings and the virtual learning that went on for the majority of the year.
- Total governmental funds nonspendable fund balance, consisting of inventories and prepaid expenses, totaled \$325,499 at June 30, 2021. Restricted fund balance, consisting of items restricted

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

by State statute totaled \$3,176,935, school capital outlay totaled \$6,189,018, grants and scholarships totaled \$2,535,715 and individual schools totaled \$2,371,942. Assigned fund balance consists of \$3,056,908 for the Board's self-insurance reserve, \$3,900,000 for subsequent year's expenditures and \$3,286,502 for special revenues.

- Unassigned fund balance in the Local Current Expense Fund totaled \$7,680,139 at June 30, 2021.

Overview of the Financial Statements

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

- *Independent Auditors' Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental section that presents the Schedules of the Board's Proportionate Share of Net Pension and OPEB Liabilities (Assets) and the Schedules of Board Contributions.*
- *Supplementary section that presents combining and individual fund statements and schedules for governmental and 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, deferred outflows of resources, 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 outflows of resources, deferred inflows of 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 statements included in the basic financial statements is the *Fund Financial Statements*, which are presented for the Board's governmental funds, proprietary fund and fiduciary fund. 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 funds 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 statements, reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statements provide information about the Board as an economic unit while the fund financial statements provide information on each of the financial resources of each of the Board's major funds.

Government-wide Statements

The government-wide statements report information about the unit as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Board's assets, deferred outflows of resources, liabilities and deferred inflows of resources. 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 statements report the Board's net position and how it has changed. Net position is the difference between the Board's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. This is one way to measure the unit's financial health or position.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

- Over time, increases or decreases in the Board's net position are an indicator of whether its financial position is improving or deteriorating.
- To assess the Board's overall health, you need to 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 unit'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 it 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 - not the unit as a whole. 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 has established other funds to control and manage money for a particular purpose or to show that it is properly using certain revenues, such as in the Federal Grants Fund.

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 – 1) how cash and other assets that can readily be converted to cash flow in and out, and 2) 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 the reader 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, additional information at the bottom of the governmental fund statements, in the form of a reconciliation, 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 Grant and Community Schools Special Revenue Fund, the Capital Outlay Fund, the Federal Grants Funds, 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. The Durham Public Schools Board of Education has one proprietary fund - an enterprise fund – the School Food Service Fund. The proprietary fund statements are shown as Exhibits 7, 8, and 9 of this report.

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 Board is responsible for ensuring that the assets reported in this fund are used only for their intended purpose and by those to whom the assets belong. The Board excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations. The fiduciary fund statements are shown as Exhibits 10 and 11.

**DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Financial Analysis of the Board as a Whole

Total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by \$270.4 million as of June 30, 2021 as compared to \$288.5 million as of June 30, 2020. Following is a summary of the Statement of Net Position at June 30, 2021 and 2020:

**Table 1
Condensed Statement of Net Position
As of June 30, 2021 and 2020**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/21	6/30/20	6/30/21	6/30/20	6/30/21	6/30/20
Current assets	\$ 64,156,812	\$ 52,236,793	\$ 3,897,095	\$ 3,048,192	\$ 68,053,907	\$ 55,284,985
Capital assets	361,180,618	357,829,364	445,981	414,717	361,626,599	358,244,081
Total assets	<u>425,337,430</u>	<u>410,066,157</u>	<u>4,343,076</u>	<u>3,462,909</u>	<u>429,680,506</u>	<u>413,529,066</u>
Deferred outflows of resources	128,355,449	114,143,805	2,427,196	2,227,342	130,782,645	116,371,147
Current liabilities	39,692,028	31,158,310	387,488	534,500	40,079,516	31,692,810
Long-term liabilities	589,181,697	599,586,684	11,048,473	11,697,513	600,230,170	611,284,197
Total liabilities	<u>628,873,725</u>	<u>630,744,994</u>	<u>11,435,961</u>	<u>12,232,013</u>	<u>640,309,686</u>	<u>642,977,007</u>
Deferred inflows of resources	186,984,151	172,081,525	3,535,861	3,357,912	190,520,012	175,439,437
Net investment in capital assets	359,700,259	357,019,711	445,981	414,717	360,146,240	357,434,428
Restricted net position	15,465,456	17,104,346	22,537	28,992	15,487,993	17,133,338
Unrestricted net position (deficit)	<u>(637,330,712)</u>	<u>(652,740,614)</u>	<u>(8,670,068)</u>	<u>(10,343,383)</u>	<u>(646,000,780)</u>	<u>(663,083,997)</u>
Total net position (deficit)	<u>\$ (262,164,997)</u>	<u>\$ (278,616,557)</u>	<u>\$ (8,201,550)</u>	<u>\$ (9,899,674)</u>	<u>\$ (270,366,547)</u>	<u>\$ (288,516,231)</u>

Net position is an indicator of the fiscal health of the Board. The net position of the Board's governmental activities increased \$16.5 million during the year, from \$(278.6) million at June 30, 2020 to \$(262.2) million at June 30, 2021, indicating an improvement in the financial condition of the Board. Restricted net position decreased by \$1.6 million, unrestricted net position increased by \$15.4 million and net investment in capital assets increased \$2.7 million due to an excess of capital additions over depreciation expense for the year. Deferred outflows and inflows of resources relate entirely to the pension and OPEB plans which the Board participates in. The Board is required to record its proportionate share of these items along with its proportionate share of the plan liabilities. See Note 2.B. of the financial statements for more details regarding these plans.

The net position of the Board's business-type activities increased \$1.7 million during the year. This increase is the amount of net profit generated by our school food service operations during the 2021 fiscal year. The following table shows the revenues and expenses for the Board for the current and prior fiscal years:

**DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Table 2
Condensed Statement of Activities
For the Fiscal Years Ended June 30, 2021 and 2020**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/21	6/30/20	6/30/21	6/30/20	6/30/21	6/30/20
Revenues:						
Program revenues:						
Charges for services	\$ 1,659,256	\$ 6,522,122	\$ 181,949	\$ 1,728,889	\$ 1,841,205	\$ 8,251,011
Operating grants and contributions	275,630,583	251,301,032	12,769,108	12,570,826	288,399,691	263,871,858
Capital grants and contributions	1,123,845	470,162	-	-	1,123,845	470,162
General revenues:						
Local government	174,158,540	159,955,136	-	-	174,158,540	159,955,136
State appropriations	848,470	1,130,189	-	-	848,470	1,130,189
Other revenues	3,867,079	3,407,755	3,564	36,126	3,870,643	3,443,881
Total revenues	<u>457,287,773</u>	<u>422,786,396</u>	<u>12,954,621</u>	<u>14,335,841</u>	<u>470,242,394</u>	<u>437,122,237</u>
Expenses:						
Governmental activities:						
Instructional services	316,931,723	312,707,501	-	-	316,931,723	312,707,501
System-wide support services	72,921,346	69,238,268	-	-	72,921,346	69,238,268
Ancillary services	4,301,582	5,028,122	-	-	4,301,582	5,028,122
Payments to other governments	28,702,497	26,081,435	-	-	28,702,497	26,081,435
Interest on long-term debt	11,971	16,364	-	-	11,971	16,364
Unallocated depreciation	17,722,032	18,993,652	-	-	17,722,032	18,993,652
Business-type activities:						
School food service	-	-	11,501,559	14,499,547	11,501,559	14,499,547
Total expenses	<u>440,591,151</u>	<u>432,065,342</u>	<u>11,501,559</u>	<u>14,499,547</u>	<u>452,092,710</u>	<u>446,564,889</u>
Excess (deficiency) before transfers	16,696,622	(9,278,946)	1,453,062	(163,706)	18,149,684	(9,442,652)
Transfers in (out)	<u>(245,062)</u>	<u>(1,005,452)</u>	<u>245,062</u>	<u>1,005,452</u>	-	-
Increase (decrease) in net position	<u>16,451,560</u>	<u>(10,284,398)</u>	<u>1,698,124</u>	<u>841,746</u>	<u>18,149,684</u>	<u>(9,442,652)</u>
Beginning net position, as previously reported	(278,616,557)	(273,604,274)	(9,899,674)	(10,741,420)	(288,516,231)	(284,345,694)
Restatement	-	5,272,115	-	-	-	5,272,115
Beginning net position (deficit), restated	<u>(278,616,557)</u>	<u>(268,332,159)</u>	<u>(9,899,674)</u>	<u>(10,741,420)</u>	<u>(288,516,231)</u>	<u>(279,073,579)</u>
Ending net position (deficit)	<u>\$ (262,164,997)</u>	<u>\$ (278,616,557)</u>	<u>\$ (8,201,550)</u>	<u>\$ (9,899,674)</u>	<u>\$ (270,366,547)</u>	<u>\$ (288,516,231)</u>

Total governmental activities generated revenues of \$457.3 million while expenses in this category totaled \$440.6 million for the year ended June 30, 2021, resulting in an increase in net position of \$16.5 million (including transfers out to business-type activities of \$245,000). Comparatively, revenues were \$422.8 million, expenses totaled \$432.1 million and transfers out were \$1.0 million for the year ended June 30, 2020, resulting in a decrease in net position of \$10.3 million. In comparing the two years, revenues increased \$34.5 million, or 8.2%. Funding from the County for local appropriations and capital outlay increased \$7.1 million and \$9.9 million, respectively. In addition, the district received \$17.3 million more in federal grant funding during the 2021 year, the majority of which was to help pay for costs incurred by the district associated with COVID-19. Governmental activities expenses increased by \$8.5 million, or 2.0%, largely due to expenses paid from the federal COVID-19 funding received during the year. However, these expense increases were partially offset by a \$12.4 million year-over-year decrease in pension and OPEB expenses.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

The Board's primary sources of revenues were funding from the State of North Carolina, Durham County, and the United States Government, which respectively comprised 48.9%, 38.5% and 10.1% of our total revenues. As would be expected, the major component of our expenses was instructional services which accounted for 71.9% of our total expenses during the most recent fiscal year. Of the remaining 28.1% of our total expenses, 16.6% was attributable to system-wide support services.

Our business-type activities generated revenues of \$13.0 million while expenses in this category totaled \$11.5 million for the year ended June 30, 2021. For the year, net position increased by \$1.7 million (including transfers in from governmental activities of \$245,000). Comparatively, revenues were \$14.3 million, expenses were \$14.5 million and transfers in were \$1.0 million for the year ended June 30, 2020, resulting in an increase in net position of \$842,000. In comparing the two periods, revenues declined \$1.4 million, or 9.6%, while expenses decreased \$3.0 million, or 20.7%. Due to the ongoing COVID-19 pandemic and student instruction being provided remotely most of the year, food sales decreased significantly. As would be expected with the decline in revenues, expenses also decreased significantly from the prior year, primarily for food costs and supplies.

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 \$32.5 million at June 30, 2021, an increase of \$4.0 million over the amount reported at June 30, 2020. Of the Board's major governmental funds, the Local Current Expense and Capital Outlay funds reported revenues and other financing sources that exceeded expenditures and other uses. Funding from the County, State and federal governments increased approximately \$16.9 million, \$3.5 million and \$17.3 million, respectively, over the prior year.

Local Current Expense Fund Revenues

Since the merger of the city and county school systems in 1992-93, Local Current Expense Fund revenues have increased 229% from a total of \$46.3 million to \$152.3 million. These revenues increased \$6.7 million over the prior year. County appropriations increased \$7.1 million while late property filings and fines and forfeitures decreased approximately \$373,000.

Local Current Expense 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. Local Current Expense Fund expenditures increased 5.2% in 2020-2021 over the prior year to a total of \$151.5 million. The percentage of expenditures by function to total expenditures remained fairly consistent with the previous year with no significant changes.

Local Current Expense Fund 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. Since various district revenue sources are either unknown or uncertain at the beginning of the fiscal year when the original budget is adopted, budget revisions are often necessary throughout the year to recognize these adjustments. Additional information related to budget activity is included in Note 1.D. of this report. A positive budget to actual variance of \$4.7 million was accomplished for the year. Variances between actual expenditures and final budget amounts relate to conservative budgeting practices and maximization of federal and State funding.

**DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
MANAGEMENT’S DISCUSSION AND ANALYSIS**

Federal and State Special Revenue Funds

Substantially all State and federal revenues are accounted for in the State Public School Fund (\$227.7 million) and the Federal Grants Fund (\$40.2 million). This State and federal funding is primarily provided to the local education agencies on a per pupil basis. State Public School Fund funding increased over the prior year by approximately \$8.1 million. Federal Grants Fund funding increased over the prior year by \$12.4 million. As previously mentioned, the increase in funding is primarily attributable to the receipt of \$17.1 million in federal grant revenues through these two funds to help pay for costs incurred by the district associated with COVID-19. Expenditures from these two funds provide the basic instructional programs for all school systems in North Carolina. Salaries and benefits accounted for 89.8% of all expenditures in these two funds for the year ended June 30, 2021.

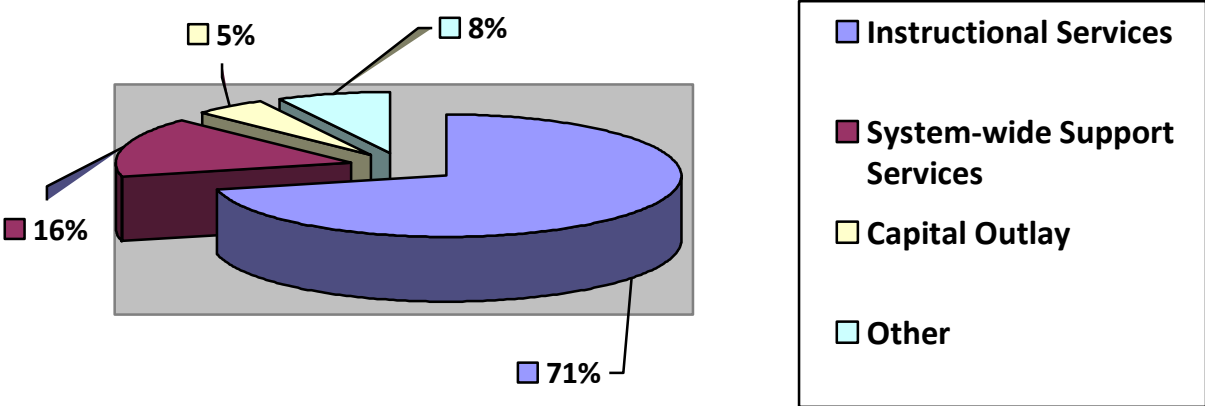
Capital Outlay Fund

In November of 2016, voters approved new construction funding as part of a county bond referendum that will continue what the 2001, 2003, and 2007 bond accomplished. During FY 2020-2021, the Board realized \$19.4 million in revenue from general and limited obligation bonds issued by Durham County, and \$3.4 million from the County’s general appropriation. Additionally, the State provided \$2.0 million for installment financing related to the purchase of yellow buses and for public school building capital needs. Miscellaneous other local sources provided \$473,000. During the 2020-2021 school year, Durham Public Schools continued facility upgrades at schools throughout the district. The work includes renovation projects affecting multiple schools’ core infrastructure, security vestibules, roof replacements, security cameras, kitchen freezers and cooler replacements, boiler and chiller replacements and construction on a the newly named Lyon Farms Elementary school to be completed in August of 2022 in time for school opening. Also, work began on district-wide classroom furniture replacement (curriculum and instruction) as well as district-wide asphalt/impervious surface repairs/replacement.

School Activity Funds

In accordance with GASB Statement No. 34, the School Activity Funds are treated as a governmental fund type. This fund consists of the revenues and expenditures of the activity funds of the 53 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.

Categorization of Expenditures for Governmental Funds



Expenditures presented on modified accrual basis of accounting.

**DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Proprietary Fund

The Board's business-type fund, the School Food Service Fund, reported an increase in net position of \$1.7 million for the fiscal year ended June 30, 2021 compared to an increase of \$842,000 for the same 2020 period. See the discussion above under "Financial Analysis of the Board as a Whole" for further details regarding the year-over-year change in operating results for the School Food Service Fund.

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.

Capital Assets

Total primary government capital assets were \$361.6 million at June 30, 2021 compared to \$358.2 million at June 30, 2020, an increase of \$3.4 million, or 0.9%. The increase is attributable to an excess of capital additions over depreciation expense for the year. The following is a summary of the Board's capital assets, net of depreciation, at June 30, 2021 and 2020. More detailed information about the Board's capital assets is contained in Notes 2.A.4. and 2.A.5. of this report.

**Table 3
Summary of Capital Assets
As of June 30, 2021 and 2020**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/21	6/30/20	6/30/21	6/30/20	6/30/21	6/30/20
Land	\$ 25,686,886	\$ 25,686,886	\$ -	\$ -	\$ 25,686,886	\$ 25,686,886
Construction in progress	27,374,471	29,395,250	-	-	27,374,471	29,395,250
Buildings and improvements	301,712,241	298,234,479	-	-	301,712,241	298,234,479
Furniture and equipment	2,212,052	2,111,054	445,981	414,717	2,658,033	2,525,771
Vehicles	4,194,968	2,401,695	-	-	4,194,968	2,401,695
Total	<u>\$ 361,180,618</u>	<u>\$ 357,829,364</u>	<u>\$ 445,981</u>	<u>\$ 414,717</u>	<u>\$ 361,626,599</u>	<u>\$ 358,244,081</u>

Debt Outstanding

During the year, the Board's outstanding debt increased \$671,000, with an ending balance of \$1.5 million. The debt for installment purchases increased during the year due to the purchase of 19 yellow school buses during the year. Future debt service payments to retire the debt for the yellow 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 2.B.7. of this report.

Economic Factors

The district was concerned regarding the loss of enrollment due to the pandemic and remained with virtual learning until March of 2021 when we opened the building to 1/3 capacity daily while developing a rotation for students that wanted to return to in-person learning. The enrollment did decrease from the projected 33,132 to 31,603, a loss of 1,529 students. There has been no slow-down in the local housing market and population growth continued while seeing construction of new homes and apartments across the county exploding. The students of charter schools dropped slightly, but private and home schools continued to grow. The Board budgeted the use of fund balance in 2020-2021 but did not have to spend it during the fiscal year. This was in part due to the Federal funding provided by Congress, and the State not reducing allotments below the State projections for the districts.

**DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

County funding is a major source of income for the Board; therefore, the County's economic outlook directly affects that of the School Board. With the decrease in student enrollment in 2020-2021, the County maintained the support in annual funding commitments. The Board continues to move forward with redistricting because of overcrowding in some schools in addition to the state-mandated class size reduction in grades K-3 that began in fiscal year 2021-2022. The Board, with the County Commissioner's commitment of local obligation bonds, has allowed the new Lyons Farm Elementary school to begin construction and it is on schedule to open in August of 2022. The district also began clearing the land of the relocation site for Northern High school, and began design on an additional elementary school to be completed by August of 2023.

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

- The County's unemployment rate decreased from 7.5% at June 30, 2020 to 4.3% at June 30, 2021. The County's unemployment rate has fluctuated due to the Coronavirus pandemic, but still compares favorably to both the N.C. statewide and national rates which were 4.9% and 6.1%, respectively, at June 30, 2021.

Based on the continued pandemic situation and the State's budget position at the time, the Board budgeted for salary and benefit increases, a teacher supplement increase of \$250 per year, and annual increases in insurance and anticipated utility costs. The Board asked for additional funding for nurses, multilingual resource center support, and four positions to oversee the planning and accounting functions for the additional local obligation bonds in the amount of \$113 million received from the County. \$3.9 million in fund balance was appropriated for operational expenses and the unknown factors to come from the State budget passage.

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, Chief Financial Officer
Durham Public Schools Board of Education
Post Office Box 30002
Durham, North Carolina 27702

GOVERNMENT-WIDE FINANCIAL STATEMENTS

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
STATEMENT OF NET POSITION
June 30, 2021

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and cash equivalents	\$ 47,349,931	\$ 4,332,223	\$ 51,682,154
Due from other governments	13,969,078	567,956	14,537,034
Receivables	354,054	-	354,054
Internal balances	1,467,141	(1,467,141)	-
Net OPEB asset	691,109	13,069	704,178
Inventories	105,474	450,988	556,462
Prepaid items	220,025	-	220,025
Capital assets:			
Land and construction in progress	53,061,357	-	53,061,357
Other capital assets, net of depreciation	<u>308,119,261</u>	<u>445,981</u>	<u>308,565,242</u>
Total capital assets	<u>361,180,618</u>	<u>445,981</u>	<u>361,626,599</u>
Total assets	<u>425,337,430</u>	<u>4,343,076</u>	<u>429,680,506</u>
Deferred Outflows of Resources	<u>128,355,449</u>	<u>2,427,196</u>	<u>130,782,645</u>
Liabilities			
Bank overdraft	39,724	-	39,724
Accounts payable and accrued expenses	14,765,442	17,085	14,782,527
Accrued salaries and wages payable	10,644,394	43,906	10,688,300
Unearned revenue	5,493,485	144,305	5,637,790
Long-term liabilities:			
Due within one year	8,748,983	182,192	8,931,175
Due in more than one year	<u>589,181,697</u>	<u>11,048,473</u>	<u>600,230,170</u>
Total liabilities	<u>628,873,725</u>	<u>11,435,961</u>	<u>640,309,686</u>
Deferred Inflows of Resources	<u>186,984,151</u>	<u>3,535,861</u>	<u>190,520,012</u>
Net position			
Net investment in capital assets	359,700,259	445,981	360,146,240
Restricted for:			
Stabilization by State statute	3,176,935	-	3,176,935
School capital outlay	6,189,018	-	6,189,018
Grants and programs	2,535,715	-	2,535,715
Individual schools activities	2,371,942	-	2,371,942
DIPNC OPEB plan	1,191,846	22,537	1,214,383
Unrestricted (deficit)	<u>(637,330,712)</u>	<u>(8,670,068)</u>	<u>(646,000,780)</u>
Total net position (deficit)	<u>\$(262,164,997)</u>	<u>\$(8,201,550)</u>	<u>\$(270,366,547)</u>

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

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Instructional services:							
Regular instructional	\$ 148,709,352	\$ -	\$ 118,798,201	\$ -	\$ (29,911,151)	\$ -	\$ (29,911,151)
Special populations	64,956,282	-	61,931,010	-	(3,025,272)	-	(3,025,272)
Alternative programs	52,018,665	-	41,739,466	-	(10,279,199)	-	(10,279,199)
School leadership	25,303,859	-	14,012,801	-	(11,291,058)	-	(11,291,058)
Co-curricular	2,459,142	1,247,248	-	-	(1,211,894)	-	(1,211,894)
School-based support	23,484,423	-	15,995,686	-	(7,488,737)	-	(7,488,737)
System-wide support services:							
Support and development	2,333,860	-	667,092	-	(1,666,768)	-	(1,666,768)
Special population support and development	1,586,216	-	997,253	-	(588,963)	-	(588,963)
Alternative programs and services support and development	1,330,636	-	632,144	-	(698,492)	-	(698,492)
Technology support	4,689,372	-	599,972	-	(4,089,400)	-	(4,089,400)
Operational support	48,532,020	26,876	15,212,976	1,123,845	(32,168,323)	-	(32,168,323)
Financial and human resource services	7,276,412	4,577	1,963,112	-	(5,308,723)	-	(5,308,723)
Accountability	839,188	-	-	-	(839,188)	-	(839,188)
System-wide pupil support	1,331,234	-	277,325	-	(1,053,909)	-	(1,053,909)
Policy, leadership and public relations	5,002,408	-	1,281,747	-	(3,720,661)	-	(3,720,661)
Ancillary services	4,301,582	380,555	896,328	-	(3,024,699)	-	(3,024,699)
Payments to other governments	28,702,497	-	625,470	-	(28,077,027)	-	(28,077,027)
Interest on long-term debt	11,971	-	-	-	(11,971)	-	(11,971)
Unallocated depreciation expense**	17,722,032	-	-	-	(17,722,032)	-	(17,722,032)
Total governmental activities	440,591,151	1,659,256	275,630,583	1,123,845	(162,177,467)	-	(162,177,467)
Business-type activities:							
School food service	11,501,559	181,949	12,769,108	-	-	1,449,498	1,449,498
Total primary government	\$ 452,092,710	\$ 1,841,205	\$ 288,399,691	\$ 1,123,845	(162,177,467)	1,449,498	(160,727,969)
General revenues:							
Unrestricted local appropriations - operating					151,278,656	-	151,278,656
Unrestricted local appropriations and bond proceeds - capital					22,879,884	-	22,879,884
Unrestricted State appropriations - capital					848,470	-	848,470
Investment earnings, unrestricted					16,675	888	17,563
Miscellaneous, unrestricted					3,850,404	2,676	3,853,080
Total general revenues					178,874,089	3,564	178,877,653
Transfers					(245,062)	245,062	-
Total general revenues and transfers					178,629,027	248,626	178,877,653
Change in net position					16,451,560	1,698,124	18,149,684
Net position (deficit) - beginning					(278,616,557)	(9,899,674)	(288,516,231)
Net position (deficit) - ending					\$ (262,164,997)	\$ (8,201,550)	\$ (270,366,547)

**This amount excludes the depreciation that is included in the direct expenses of the various programs.

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

FUND FINANCIAL STATEMENTS

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

Exhibit 3

	Major Funds				Non-major Funds	Total Governmental Funds
	Local Current Expense	State Public School	Grant and Community Schools Special Revenue	Capital Outlay	Special Revenue	
Assets						
Cash and cash equivalents	\$ 28,032,965	\$ -	\$ 8,117,787	\$ 5,489,381	\$ 5,709,798	\$ 47,349,931
Due from other governments	-	7,932,586	-	5,435,531	600,961	13,969,078
Accounts receivable	158,957	-	39,947	8,491	146,659	354,054
Due from other funds	1,467,141	-	1,343,638	-	-	2,810,779
Inventories	105,474	-	-	-	-	105,474
Prepaid items	218,420	-	1,605	-	-	220,025
Total assets	<u>\$ 29,982,957</u>	<u>\$ 7,932,586</u>	<u>\$ 9,502,977</u>	<u>\$ 10,933,403</u>	<u>\$ 6,457,418</u>	<u>\$ 64,809,341</u>
Liabilities and fund balances						
Liabilities:						
Bank overdraft	\$ -	\$ 39,083	\$ -	\$ -	\$ 641	\$ 39,724
Accounts payable and accrued liabilities	9,988,831	-	16,013	4,744,385	16,213	14,765,442
Accrued salaries and wages payable	2,063,449	7,893,503	72,574	-	614,868	10,644,394
Due to other funds	1,343,638	-	-	-	-	1,343,638
Unearned revenue	-	-	5,493,485	-	-	5,493,485
Total liabilities	<u>13,395,918</u>	<u>7,932,586</u>	<u>5,582,072</u>	<u>4,744,385</u>	<u>631,722</u>	<u>32,286,683</u>
Fund balances:						
Nonspendable:						
Inventories	105,474	-	-	-	-	105,474
Prepaid items	218,420	-	1,605	-	-	220,025
Restricted:						
Stabilization by State statute	1,626,098	-	1,383,585	-	167,252	3,176,935
School capital outlay	-	-	-	6,189,018	-	6,189,018
Grants and programs	-	-	2,535,715	-	-	2,535,715
Individual schools	-	-	-	-	2,371,942	2,371,942
Assigned:						
Subsequent year's expenditures	3,900,000	-	-	-	-	3,900,000
Special revenues	-	-	-	-	3,286,502	3,286,502
Self-insurance	3,056,908	-	-	-	-	3,056,908
Unassigned	7,680,139	-	-	-	-	7,680,139
Total fund balances	<u>16,587,039</u>	<u>-</u>	<u>3,920,905</u>	<u>6,189,018</u>	<u>5,825,696</u>	<u>32,522,658</u>
Total liabilities and fund balances	<u>\$ 29,982,957</u>	<u>\$ 7,932,586</u>	<u>\$ 9,502,977</u>	<u>\$ 10,933,403</u>	<u>\$ 6,457,418</u>	<u>\$ 64,809,341</u>

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

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 balances of governmental funds	\$ 32,522,658
Net OPEB asset	691,109
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	361,180,618
Deferred outflows of resources related to pensions	73,472,821
Deferred outflows of resources related to OPEB	54,882,628
Some liabilities, including those for compensated absences, installment purchases and claims liability for retained risk, are not due and payable in the current period and therefore are not reported in the funds.	(22,107,981)
Net pension liability	(191,225,469)
Net OPEB liability	(384,597,230)
Deferred inflows of resources related to pensions	(683,536)
Deferred inflows of resources related to OPEB	<u>(186,300,615)</u>
Net position (deficit) of governmental activities	<u><u>\$(262,164,997)</u></u>

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

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2021

Exhibit 4

	Major Funds				Non-major Funds	Total Governmental Funds
	Local Current Expense	State Public School	Grant and Community Schools Special Revenue	Capital Outlay	Special Revenue	
Revenues:						
State of North Carolina	\$ -	\$ 221,955,722	\$ -	\$ 1,972,315	\$ -	\$ 223,928,037
Durham County:						
Local current expense	151,199,638	-	-	-	-	151,199,638
Other	596,823	-	1,947,738	22,769,884	-	25,314,445
City of Durham	-	-	-	110,000	79,018	189,018
U.S. Government	-	5,748,999	-	-	40,326,544	46,075,543
Other	534,817	-	1,638,963	362,549	8,726,503	11,262,832
Total revenues	<u>152,331,278</u>	<u>227,704,721</u>	<u>3,586,701</u>	<u>25,214,748</u>	<u>49,132,065</u>	<u>457,969,513</u>
Expenditures:						
Current:						
Instructional services:						
Regular instructional	32,833,630	108,177,605	624,315	-	11,082,007	152,717,557
Special populations	7,580,345	51,187,577	869,484	-	7,189,362	66,826,768
Alternative programs	11,817,895	18,441,069	1,242,173	-	21,696,697	53,197,834
School leadership	11,814,881	13,851,879	234,422	-	160,922	26,062,104
Co-curricular	1,192,831	-	2,501	-	1,296,587	2,491,919
School-based support	7,977,854	15,280,147	5,978	-	821,646	24,085,625
System-wide support services:						
Support and development	1,699,648	532,385	31,500	-	134,707	2,398,240
Special population support and development	620,380	447,866	-	-	567,719	1,635,965
Alternative programs and services support and development	726,562	72,459	-	-	560,764	1,359,785
Technology support	3,212,617	599,972	20,000	-	937,065	4,769,654
Operational support	29,319,197	14,661,408	62,451	1,939,486	1,175,179	47,157,721
Financial and human resource services	5,367,458	1,963,112	50	-	96,438	7,427,058
Accountability	863,171	-	-	-	-	863,171
System-wide pupil support	1,090,680	277,325	3,176	-	-	1,371,181
Policy, leadership and public relations	3,496,947	1,281,747	-	-	361,169	5,139,863
Ancillary services	3,108,705	801,646	490,819	-	94,854	4,496,024
Non-programmed charges	28,754,985	-	3,782	-	625,470	29,384,237
Debt service:						
Principal retirement	-	-	-	1,268,780	-	1,268,780
Interest and fees	-	-	-	11,971	-	11,971
Capital outlay	-	-	-	23,120,505	-	23,120,505
Total expenditures	<u>151,477,786</u>	<u>227,576,197</u>	<u>3,590,651</u>	<u>26,340,742</u>	<u>46,800,586</u>	<u>455,785,962</u>
Revenues over (under) expenditures	<u>853,492</u>	<u>128,524</u>	<u>(3,950)</u>	<u>(1,125,994)</u>	<u>2,331,479</u>	<u>2,183,551</u>
Other financing sources (uses):						
Transfers to other funds	-	(128,524)	-	-	-	(128,524)
Installment purchase obligations issued	-	-	-	1,939,486	-	1,939,486
Total other financing sources (uses)	-	(128,524)	-	1,939,486	-	1,810,962
Net change in fund balance	853,492	-	(3,950)	813,492	2,331,479	3,994,513
Fund balances:						
Beginning of year	15,740,423	-	3,924,855	5,375,526	3,494,217	28,535,021
Change in reserve for inventories	(6,876)	-	-	-	-	(6,876)
End of year	<u>\$ 16,587,039</u>	<u>\$ -</u>	<u>\$ 3,920,905</u>	<u>\$ 6,189,018</u>	<u>\$ 5,825,696</u>	<u>\$ 32,522,658</u>

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

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021

Exhibit 5

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

Net changes in fund balances - total governmental funds	\$ 3,994,513
Change in fund balance due to change in reserve for inventory	(6,876)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	3,351,254
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	34,124,950
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	15,630,982
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	6,588,140
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. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(670,706)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Pension (expense) benefit	(54,789,965)
OPEB (expense) benefit	8,972,399
Compensated absences	(705,559)
Claims liability for retained risk	<u>(37,572)</u>
Total change in net position of governmental activities	<u>\$ 16,451,560</u>

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

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION

Exhibit 6

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

LOCAL CURRENT EXPENSE FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 2021

	Local Current Expense Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Durham County	149,659,638	151,559,638	151,796,461	236,823
City of Durham	30,000	30,000	-	(30,000)
Other	350,000	350,000	534,817	184,817
Total revenues	<u>150,039,638</u>	<u>151,939,638</u>	<u>152,331,278</u>	<u>391,640</u>
Expenditures:				
Current:				
Instructional services:				
Regular instructional	34,331,912	33,764,744	32,833,630	931,114
Special populations	7,207,952	7,711,187	7,580,345	130,842
Alternative programs	12,679,394	12,114,817	11,817,895	296,922
School leadership	11,203,809	11,970,676	11,814,881	155,795
Co-curricular	1,385,441	1,237,595	1,192,831	44,764
School-based support	8,414,533	8,329,025	7,977,854	351,171
Total instructional services	<u>75,223,041</u>	<u>75,128,044</u>	<u>73,217,436</u>	<u>1,910,608</u>
System-wide support services:				
Support and development	2,154,809	1,836,089	1,699,648	136,441
Special population support and development	740,865	621,163	620,380	783
Alternative programs and services support and development	943,389	758,829	726,562	32,267
Technology support	3,369,205	3,478,458	3,212,617	265,841
Operational support	30,712,100	30,398,630	29,319,197	1,079,433
Financial and human resource services	5,744,479	5,703,147	5,367,458	335,689
Accountability	937,584	904,699	863,171	41,528
System-wide pupil support	1,039,458	1,093,323	1,090,680	2,643
Policy, leadership and public relations	3,723,495	3,794,855	3,496,947	297,908
Total system-wide support services	<u>49,365,384</u>	<u>48,589,193</u>	<u>46,396,660</u>	<u>2,192,533</u>
Ancillary services:				
Community	585,467	2,755,717	2,667,583	88,134
Nutrition	158,276	441,124	441,122	2
Total ancillary services	<u>743,743</u>	<u>3,196,841</u>	<u>3,108,705</u>	<u>88,136</u>
Nonprogrammed charges	28,550,000	28,868,090	28,754,985	113,105
Total expenditures	<u>153,882,168</u>	<u>155,782,168</u>	<u>151,477,786</u>	<u>4,304,382</u>
Revenues over (under) expenditures	(3,842,530)	(3,842,530)	853,492	4,696,022
Fund balance appropriated	<u>3,842,530</u>	<u>3,842,530</u>	-	<u>(3,842,530)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	853,492	<u>\$ 853,492</u>
Fund balances:				
Beginning of year			15,740,423	
Increase (decrease) in reserve for inventories			(6,876)	
End of year			<u>\$ 16,587,039</u>	

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

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION

Exhibit 6 (continued)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

LOCAL CURRENT EXPENSE FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 2021

	State Public School Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina	\$ 225,508,890	\$ 226,735,925	\$ 221,955,722	\$ (4,780,203)
U.S. Government	4,688,554	5,748,999	5,748,999	-
Total revenues	<u>230,197,444</u>	<u>232,484,924</u>	<u>227,704,721</u>	<u>(4,780,203)</u>
Expenditures:				
Current:				
Instructional services:				
Regular instructional	110,872,307	111,687,604	108,177,605	3,509,999
Special populations	52,597,262	51,212,648	51,187,577	25,071
Alternative programs	16,956,216	19,258,979	18,441,069	817,910
School leadership	13,607,117	14,027,286	13,851,879	175,407
School-based support	14,048,204	15,521,667	15,280,147	241,520
Total instructional services	<u>208,081,106</u>	<u>211,708,184</u>	<u>206,938,277</u>	<u>4,769,907</u>
System-wide support services:				
Support and development	514,031	532,387	532,385	2
Special population support and development	448,683	447,866	447,866	-
Alternative programs and services support and development	72,594	72,459	72,459	-
Technology support	235,038	599,972	599,972	-
Operational support	16,549,989	14,661,411	14,661,408	3
Financial and human resource services	1,905,043	1,963,114	1,963,112	2
System-wide pupil support	245,316	277,325	277,325	-
Policy, leadership and public relations	1,223,938	1,281,747	1,281,747	-
Total system-wide support services	<u>21,194,632</u>	<u>19,836,281</u>	<u>19,836,274</u>	<u>7</u>
Ancillary services:				
Nutrition	921,706	811,935	801,646	10,289
Total expenditures	<u>230,197,444</u>	<u>232,356,400</u>	<u>227,576,197</u>	<u>4,780,203</u>
Revenues over expenditures	-	128,524	128,524	-
Other financing uses:				
Transfers to other funds	-	(128,524)	(128,524)	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances:				
Beginning of year			-	
Increase (decrease) in reserve for inventories			-	
End of year			<u>\$ -</u>	

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

LOCAL CURRENT EXPENSE FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 2021

	Grant and Community Schools Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina:				
Miscellaneous	\$ 54	\$ 54	\$ -	\$ (54)
Durham County:				
Pre-Kindergarten Program Support	2,129,655	2,587,387	1,947,738	(639,649)
U.S. Government:				
Miscellaneous	11,285	11,285	-	(11,285)
Other:				
Community education	3,803,658	3,803,658	380,555	(3,423,103)
Reading Academy	2,478	2,478	732	(1,746)
Education Workforce and Innovation	263,926	263,926	53,603	(210,323)
Community Liaisons for Students	6,786	6,786	-	(6,786)
Watts Afterschol Reading	6,593	6,593	-	(6,593)
Duke Neighborhood Foundation	25,435	25,435	4,172	(21,263)
Arts Spotlight	34,348	44,558	-	(44,558)
Grow Program	2,254	2,254	-	(2,254)
Durham Public Schools Farm	31,381	134,391	30,814	(103,577)
Singapore American School Math	19,790	19,790	472	(19,318)
United Way Social Innovation	2,870	2,870	727	(2,143)
Miscellaneous	3,005,005	3,925,545	1,167,888	(2,757,657)
Total other	7,204,524	8,238,284	1,638,963	(6,599,321)
Total revenues	9,345,518	10,837,010	3,586,701	(7,250,309)
Expenditures:				
Current:				
Instructional services:				
Regular instructional	912,649	1,826,456	624,315	1,202,141
Special populations	1,004,489	1,400,213	869,484	530,729
Alternative programs	1,485,893	1,514,806	1,242,173	272,633
School leadership	231,454	243,990	234,422	9,568
Co-curricular	10,949	11,151	2,501	8,650
School-based support	33,473	37,111	5,978	31,133
Total instructional services	3,678,907	5,033,727	2,978,873	2,054,854
System-wide support services:				
Support and development	41,273	42,000	31,500	10,500
Technology support	50,000	20,000	20,000	-
Operational support	98,117	83,863	62,451	21,412
Financial and human resource services	3,385	3,385	50	3,335
System-wide pupil support	92,698	93,379	3,176	90,203
Total system-wide support services	285,473	242,627	117,177	125,450
Ancillary services:				
Community	3,814,980	3,884,944	490,086	3,394,858
Nutrition	2,924	2,924	733	2,191
Total ancillary services	3,817,904	3,887,868	490,819	3,397,049
Non-programmed charges:				
Payments to other governments	1,069	-	-	-
Unbudgeted Federal grant funds	1,562,165	1,636,850	3,775	1,633,075
Scholarships	-	35,938	7	35,931
Total non-programmed charges	1,563,234	1,672,788	3,782	1,669,006
Total expenditures	9,345,518	10,837,010	3,590,651	7,246,359
Net change in fund balance	\$ -	\$ -	(3,950)	\$ (3,950)
Fund balance:				
Beginning of year			3,924,855	
End of year			\$ 3,920,905	

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

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE
June 30, 2021

Exhibit 7

	<u>Enterprise</u> <u>Major Fund</u> <u>School Food</u> <u>Service</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 4,332,223
Due from other governments	567,956
Net OPEB asset	13,069
Inventories	<u>450,988</u>
Total current assets	<u>5,364,236</u>
Noncurrent assets:	
Capital assets:	
Furniture and equipment, net	<u>445,981</u>
Total assets	<u>5,810,217</u>
Deferred Outflows of Resources	<u>2,427,196</u>
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	17,085
Accrued salaries and wages payable	43,906
Due to other funds	1,467,141
Compensated absences	182,192
Unearned revenue	<u>144,305</u>
Total current liabilities	<u>1,854,629</u>
Noncurrent liabilities:	
Net pension liability	3,616,064
Net OPEB liability	7,272,714
Compensated absences	<u>159,695</u>
Total noncurrent liabilities	<u>11,048,473</u>
Total liabilities	<u>12,903,102</u>
Deferred Inflows of Resources	<u>3,535,861</u>
Net position	
Investment in capital assets	445,981
Restricted for DIPNC OPEB plan	22,537
Unrestricted (deficit)	<u>(8,670,068)</u>
Total net position (deficit)	<u>\$ (8,201,550)</u>

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

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPE
For the Fiscal Year Ended June 30, 2021

Exhibit 8

	Enterprise Major Funds School Food Service
Operating revenues:	
Food sales	\$ 181,949
Other	2,676
Total operating revenues	<u>184,625</u>
Operating expenses:	
Food cost:	
Purchase of food	2,893,592
Donated commodities	860,746
Salaries and benefits	7,031,352
Materials and supplies	394,159
Repairs and maintenance	33,846
Depreciation	89,719
Non-capitalized furniture and equipment	140,452
Contracted services	3,470
Other	54,223
Total operating expenses	<u>11,501,559</u>
Operating loss	<u>(11,316,934)</u>
Nonoperating revenues:	
Federal reimbursements and grants	11,908,362
Federal commodities	860,746
Interest earned	888
Total nonoperating revenues	<u>12,769,996</u>
Income before transfers and contributions	1,453,062
Transfers from other funds	128,524
Capital contributions	<u>116,538</u>
Change in net position	1,698,124
Net position (deficit), beginning of year	<u>(9,899,674)</u>
Net position (deficit), end of year	<u>\$ (8,201,550)</u>

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

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
For the Fiscal Year Ended June 30, 2021

Exhibit 9

	Enterprise Major Fund School Food Service
Cash flows from operating activities:	
Cash received from customers	\$ 163,106
Cash paid for goods and services	(3,489,181)
Cash paid to employees for services	(7,567,082)
Other revenues	2,676
Net cash used by operating activities	<u>(10,890,481)</u>
Cash flows from noncapital financing activities:	
Federal and State reimbursements and grants	<u>12,076,079</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	<u>(4,445)</u>
Cash flows from investing activities:	
Interest earned on investments	<u>888</u>
Net increase in cash and cash equivalents	1,182,041
Cash and cash equivalents, beginning of year	<u>3,150,182</u>
Cash and cash equivalents, end of year	<u>\$ 4,332,223</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (11,316,934)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	89,719
Donated commodities	860,746
Expenses paid by other funds	128,524
Changes in assets and liabilities:	
Increase in net OPEB asset	(1,420)
Decrease in inventories	166,841
Decrease in accounts payable and accrued liabilities	(136,280)
Increase in accrued salaries and wages payable	179
Decrease in unearned revenue	(18,843)
Increase in net pension liability	483,690
Decrease in net OPEB liability	(1,048,277)
Increase in deferred outflows	(199,854)
Increase in deferred inflows	177,949
Decrease in compensated absences payable	<u>(76,521)</u>
Total adjustments	<u>426,453</u>
Net cash used by operating activities	<u>\$ (10,890,481)</u>

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

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
For the Fiscal Year Ended June 30, 2021

Exhibit 9 (continued)

NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:

The School Food Service Fund received donated commodities with a value of \$860,746 during the fiscal year. The receipt of these commodities is reflected as a nonoperating revenue on Exhibit 8. The consumption of these commodities is recorded as an operating expense.

The State Public School Fund paid School Food Service Fund salaries and benefits of \$128,524 during the fiscal year. These payments are reflected as a transfer from other funds and an operating expense on Exhibit 8.

School Food Service capital assets with values of \$94,682 and \$21,856 were purchased during the year by the Federal Grants Fund and Capital Outlay Fund, respectively. The value of these assets, totaling \$116,538, is reflected as a capital contribution on Exhibit 8.

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

**DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUND
June 30, 2021**

Exhibit 10

Della Bradsher
Hedgepeth
Memorial
Scholarship
Fund

Assets

Cash and cash equivalents

\$ -

Liabilities

Accounts payable and accrued liabilities

\$ -

Net Position

Assets held in trust for private purpose

\$ -

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

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUND
For the Fiscal Year Ended June 30, 2021

Exhibit 11

	Della Bradsher Hedgepeth Memorial Scholarship Fund
Additions:	
Donations	\$ <u>1,000</u>
Deductions:	
Durham Public Schools Foundation	30,936
Scholarships awarded	<u>4,995</u>
Total deductions	<u>35,931</u>
Change in net position	(34,931)
Beginning net position	<u>34,931</u>
Ending net position	<u>\$ -</u>

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

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Durham Public Schools Board of Education 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 (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 has no component units.

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 Statements: The statement of net position and the statement of activities display 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 displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor 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. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. All expenses are considered to be operating expenses.

The Board reports the following major governmental funds:

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

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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.

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.

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). It is mandated by State law [G.S.115C-426]. Capital projects are funded by Durham County appropriations, restricted sales tax moneys, proceeds of county debt issued for public school construction, lottery proceeds as well as certain other State assistance.

The Board reports the following nonmajor governmental funds:

Federal Grants Fund. The Federal Grants Fund includes appropriations from the U.S. Government for the current operating expenditures of the public school system.

Local Special Expense Fund. The Restricted Revenue Fund is used to account for revenues from reimbursements, including indirect costs, fees for actual costs, tuition, sales tax refunds, gifts and grants restricted as to use, federal and State grants restricted as to use, federal and State appropriations made directly to local school administrative units, funds received for prekindergarten programs and special programs.

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.

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.

The Board reports the following fiduciary fund:

Private-Purpose Trust Fund. The Board has one Private-Purpose Trust Fund, 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

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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.

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 is 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 the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the school activity funds and the private-purpose trust, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the 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 appropriations 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 original budget were necessary and were appropriately approved by the Board of Education.

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 no 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 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].

E. Assets, Deferred Outflows, 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.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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. The STIF 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 amortized cost or at fair value determined by either quoted market prices or a matrix pricing model. Bank deposits are measured at amortized cost. The NCCMT is reported at fair value. Ownership interest of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian. 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.

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 Local Current Expense Fund consist of expendable materials and supplies which are recorded as expenditures when purchased. The Local Current Expense Fund inventories do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is classified as nonspendable. Proprietary Fund inventories consist of food and supplies and are recorded as expenses when consumed.

4. Capital Assets

Donated assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 1, 1990 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

For capital assets utilized in governmental and business-type activities, it is the policy of the Board to capitalize those 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, 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 in GASB 35, para 163-166. The cost of normal repairs that do not add to the value of the asset or materially extend asset lives is 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

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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.

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

Buildings	20 - 50
Building improvements	20
Furniture and equipment	5 - 20
Vehicles	8

Depreciation for assets that serve multiple purposes cannot be allocated ratably and is therefore reported as “unallocated depreciation” on the Statement of Activities.

5. Deferred outflows and inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Board has two items that meet this criterion – pension and other post-employment benefit-related deferrals. The statement of financial position also reports 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 two items that meet this criterion – pension and other post-employment benefit-related deferrals.

6. 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.

7. 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 the salary-related payments as of June 30, 2021 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years’ records of the current portion of compensated absences.

The sick leave policy of the Board provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any 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
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

8. Net Position/Fund Balances

Net Position

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

Fund Balances

In the governmental fund financial statements, fund balance is composed of four 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 items - 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 - North Carolina G.S. 115C-425(a) prohibits boards of education from budgeting or spending a portion of their fund balance. Restricted by State statute (RSS) is calculated at the end of each fiscal year. The amount of fund balance not available for appropriation is what is known as “restricted by State statute”. Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget year. RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS.

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 programs – revenue sources restricted for distributions 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.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

Assigned fund balance – portion of fund balance that the Board of Education intends to use for specific purposes. The assignment of fund balance is governed by N.C. General Statutes. The Board of Education is authorized to approve appropriations of fund balance in accordance with restrictions established by N.C. General Statutes.

Subsequent year's expenditures – portion of fund balance that the Board intends to appropriate in the next year's budget that is not already classified in restricted.

Special revenues – portion of fund balance in the Local Special Expense Fund that represents the residual amount of revenues from certain grants, reimbursements, indirect costs and other financial resources in excess of related expenditures that will be used for instructional services, system-wide support services, ancillary services or non-programmed charges, as determined by the Board of Education.

Self-insurance – portion of fund balance that will be used by the Local Current Expense Fund for covered insurance claims.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The Local Current Expense Fund should be the only fund that reports a positive unassigned fund balance amount. A negative unassigned fund balance may be reported in other governmental funds if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes.

The Board of Education has a management policy for revenue spending that provides guidance for programs with multiple revenue sources. The Chief Financial 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 Financial 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
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

9. 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 fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. The net adjustment of \$(294,687,655) consists of the following:

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)	\$ 735,318,969
Less accumulated depreciation	<u>(374,138,351)</u>
Net capital assets	361,180,618
Net OPEB asset	691,109
Deferred outflows of resources related to pensions	73,472,821
Deferred outflows of resources related to OPEB	54,882,628
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	(1,480,359)
Compensated absences	(20,227,705)
Claims liability for retained risks	(399,917)
Net pension liability	(191,225,469)
Net OPEB liability	(384,597,230)
Deferred inflows of resources related to pensions	(683,536)
Deferred inflows of resources related to OPEB	<u>(186,300,615)</u>
Total adjustment	<u>\$ (294,687,655)</u>

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

b. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balance 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 \$12,457,047 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 22,164,934
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	(18,813,680)
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	(1,939,486)
Principal payments on debt owed are recorded as a use of funds on the fund statements but affect only the statement of net position on the government-wide statements	1,268,780
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	34,124,950
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	15,630,982
Revenues reported in the Statement of Activities that do not provide current financial resources are not recorded as revenues in the fund statements	
OPEB nonemployer contributions	6,588,140
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	
Pension (expense) benefit	(54,789,965)
OPEB (expense) benefit	8,972,399
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(705,559)
Claims liabilities for retained risks are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(37,572)
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	(6,876)
Total adjustment	<u>\$ 12,457,047</u>

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

10. Defined Benefit Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' and State Employees' Retirement System (TSERS), the Retiree Health Benefit Fund (RHBF), and the Disability Income Plan of NC (DIPNC) and additions to/deductions from TSERS, RHBF, and DIPNC's fiduciary net position have been determined on the same basis as they are reported by TSERS, RHBF, and DIPNC. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Board's employer contributions are recognized when due and the Board has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of TSERS, RHBF, and DIPNC. Investments are reported at fair value.

NOTE 2 - 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 agents in the unit'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 agent in the entity'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, 2021, the Board had deposits with banks and savings and loans with a carrying amount of \$31,956,183 and a bank overdraft with the State Treasurer of \$(39,724). The bank balances with the financial institutions and the State Treasurer were \$35,389,466 and \$4,686,012, respectively. Of these balances, \$2,670,359 was covered by federal depository insurance and \$37,405,119 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. The Board also had cash on hand of \$9,855 at June 30, 2021.

2. Investments

At June 30, 2021, the Board had \$3,626,441 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's and is classified in Level 1 of the fair value hierarchy. Additionally, at June 30 2021 the Board had \$16,089,675 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2021. The Board of Education does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Board has no policy for managing interest rate risk or credit risk. The Board places no limit on the amount the Board may invest in any one issuer. All

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investments are measured using the market approach. The STIF is classified in Level 2 of the fair value hierarchy and valued using prices that are either directly or indirectly observable for an asset or liability.

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

3. Accounts Receivable

Receivables at the government-wide level at June 30, 2021 are as follows:

	Due from (to) other funds (internal balances)	Due from other governments	Other	Total
Governmental activities:				
General Fund	\$ 123,503	\$ -	\$ 158,957	\$ 282,460
Other governmental activities	<u>1,343,638</u>	<u>13,969,078</u>	<u>195,097</u>	<u>15,507,813</u>
Total governmental activities	<u>\$ 1,467,141</u>	<u>\$ 13,969,078</u>	<u>\$ 354,054</u>	<u>\$ 15,790,273</u>
Business-type activities:				
School Food Service Fund	<u>\$ (1,467,141)</u>	<u>\$ 567,956</u>	<u>\$ -</u>	<u>\$ (899,185)</u>

Due from other governments consists of the following:

Governmental activities:		
Capital Outlay Fund	\$ 5,435,531	Amounts due from County
State Public School Fund	7,932,586	Operating funds from DPI
Local Special Expense Fund	20,593	Federal grant funds
Federal Grants Fund	<u>580,368</u>	Federal grant funds
Total	<u>\$ 13,969,078</u>	
Business-type activities:		
School Food Service Fund	<u>\$ 567,956</u>	Federal grant funds

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4. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 25,686,886	\$ -	\$ -	\$ 25,686,886
Construction in progress	29,395,250	19,866,724	21,887,503	27,374,471
Total capital assets not being depreciated	<u>55,082,136</u>	<u>19,866,724</u>	<u>21,887,503</u>	<u>53,061,357</u>
Capital assets being depreciated:				
Buildings	396,789,042	31,709	-	396,820,751
Building improvements	212,517,247	20,569,733	-	233,086,980
Furniture and equipment	16,517,596	699,350	10,601	17,206,345
Vehicles	32,603,973	2,884,921	345,358	35,143,536
Total capital assets being depreciated	<u>658,427,858</u>	<u>24,185,713</u>	<u>355,959</u>	<u>682,257,612</u>
Less accumulated depreciation for:				
Buildings	247,038,343	7,668,330	-	254,706,673
Building improvements	64,033,467	9,455,350	-	73,488,817
Furniture and equipment	14,406,542	598,352	10,601	14,994,293
Vehicles	30,202,278	1,091,648	345,358	30,948,568
Total accumulated depreciation	<u>355,680,630</u>	<u>18,813,680</u>	<u>355,959</u>	<u>374,138,351</u>
Total capital assets being depreciated, net	<u>302,747,228</u>			<u>308,119,261</u>
Governmental activity capital assets, net	<u>\$ 357,829,364</u>			<u>\$ 361,180,618</u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Furniture and equipment	\$ 3,661,536	\$ 120,983	\$ -	\$ 3,782,519
Vehicles	193,626	-	-	193,626
Total capital assets being depreciated	<u>3,855,162</u>	<u>120,983</u>	<u>-</u>	<u>3,976,145</u>
Less accumulated depreciation for:				
Furniture and equipment	3,246,819	89,719	-	3,336,538
Vehicles	193,626	-	-	193,626
Total accumulated depreciation	<u>3,440,445</u>	<u>89,719</u>	<u>-</u>	<u>3,530,164</u>
School Food Service capital assets, net	<u>\$ 414,717</u>			<u>\$ 445,981</u>

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Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$ 17,722,032
Operational support	<u>1,091,648</u>
Total	<u>\$ 18,813,680</u>

5. Construction and Other Significant Commitments

As of June 30, 2021, the Board had numerous construction projects in progress throughout the district. At year-end, the Board’s commitments with contractors for the remaining portion of the contracts to complete these projects totaled approximately \$111.6 million. Subsequent to year end, the Board entered into several additional contracts totaling \$3.6 million for various renovations throughout the district. All of these projects are commitments of the Capital Outlay Fund which will be funded primarily from proceeds of County-issued general and limited obligation bonds, as well as other general County, State and federal revenues.

B. Liabilities

1. Pension Plan and Other Postemployment Obligations

a. Teachers’ and State Employees’ Retirement System

Plan Description. The Board is a participating employer in 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 membership is comprised of employees of the State (state agencies and institutions), universities, community colleges, and certain proprietary component units along with the employees of Local Education Agencies and charter schools. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the TSERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Teachers’ and State Employees’ Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State’s ACFR includes financial statements and required supplementary information for TSERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member’s average final compensation times the member’s years of creditable service. A member’s average final compensation is calculated as the average of a member’s four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor’s Alternate Benefit for life or a return of the member’s contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

TSERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in

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active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2021, was 14.78% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$34,770,251 for the year ended June 30, 2021.

Refunds of Contributions – Board employees who have terminated service as a contributing member of TSERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by TSERS.

At June 30, 2021, the Board reported a liability of \$194,841,533 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2020 and at June 30, 2019, the Board's proportion was 1.6127% and 1.5786%, respectively.

For the year ended June 30, 2021, the Board recognized pension expense of \$55,767,031. At June 30, 2021, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,736,816	\$ -
Changes of assumptions	6,602,633	-
Net difference between projected and actual earnings on pension plan investments	21,547,476	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	1,205,013	696,462
Board contributions subsequent to the measurement date	<u>34,770,251</u>	-
Total	<u>\$ 74,862,189</u>	<u>\$ 696,462</u>

\$34,770,251 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

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<u>Year ended June 30:</u>	
2022	\$ 13,278,061
2023	11,012,778
2024	8,685,461
2025	<u>6,419,176</u>
Total	<u>\$ 39,395,476</u>

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

Inflation	3.0 percent
Salary increases	3.5 to 8.1 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study prepared as of December 31, 2014 and adopted by the Board of Trustees on January 21, 2016.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

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

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The information above is based on 30-year expectations developed with the consulting actuary for the 2017 asset liability and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability reported at June 30, 2021 and 2020 was 7.00% for both years. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Board's proportionate share of the net pension asset to changes in the discount rate. The following presents the Board's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Board's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Board's proportionate share of the net pension liability (asset)	\$ 350,668,998	\$ 194,841,533	\$ 64,134,537

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

b. Other Postemployment Benefits

1. Healthcare Benefits

Plan description. The Retiree Health Benefit Fund (RHBF) has been established as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is established in Chapter 135, Article 1 of the General Statutes. It is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of former employees of the State, the University of North Carolina System, and community colleges. In addition, LEAs, charter schools, and some select local governments also participate.

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members. RHBF is supported by a percent of payroll contribution from participating employing units. Each year the percentage is set in legislation, as are the maximum per retiree contributions from RHBF to the State Health Plan. The State Treasurer, with the approval of the State Health Plan Board of Trustees, then sets the employer contributions (subject to the legislative cap) and the premiums to be paid by retirees, as well as the health benefits to be provided through the State Health Plan.

The financial statements and other required disclosures for the plan are presented in the State of North Carolina's ACFR, which can be found at <https://www.osc.nc.gov/public-information/reports>.

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Benefits provided. Plan benefits received by retired employees and disabled employees from RHBF are OPEB. The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees. The plan options change when former employees become eligible for Medicare. Medicare retirees have the option of selecting one of two fully-insured Medicare Advantage/Prescription Drug Plan (MA-PDP) options of the self-funded Traditional 70/30 preferred Provider Organization plan option that is also offered to non-Medicare members. If the Traditional 70/30 Plan is selected by a Medicare retiree, the self-funded State Health Plan coverage is secondary to Medicare.

Those former employees who are eligible to receive medical benefits from RHBF are long-term disability beneficiaries of the Disability Income Plan of North Carolina (DIPNC) and retirees of the TSERS, the Consolidated Judicial Retirement System (CJRS), the Legislative Retirement System (LRS), the University Employees' Optional Retirement Program (ORP), and a small number of local governments, with five or more years of contributory membership service in their retirement system prior to disability or retirement, with the following exceptions: for employees first hired on or after October 1, 2006, and members of the General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the General Assembly 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 or after October 1, 2006 and members of the General Assembly first taking office on or after February 1, 2007 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 noncontributory premium.

Section 35.21 (c) and (d) of Session Law 2017-57 repeals retiree medical benefits for employees first hired January 1, 2021. The new legislation amends Article 3B of Chapter 135 of the General Statutes to require that retirees must earn contributory retirement service in TSERS (or in an allowed local system unit), CJRS, or LRS prior to January 1, 2021, and not withdraw that service, in order to be eligible for retiree medical benefits under the amended law. Consequently, members first hired on and after January 1, 2021 will not be eligible to receive retiree medical benefits.

RHBF's benefit and contribution provisions are established by Chapter 135, Article 1 and Chapter 135, Article 3B of the General Statutes and may be amended only by the North Carolina General Assembly. RHBF does not provide for automatic post-retirement benefit increases.

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also, by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state-supported retired employees' health benefits. Contribution rates to RHBF, 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 current fiscal year, the Board contributed 6.68% of covered payroll which amounted to \$15,714,836. During the current fiscal year, the plan also recognized a one-time transfer of excess funding from the Public Employees Health Benefits Fund totaling \$475.2 million, which was isolated from the OPEB expense and allocated to participating employers as a separate revenue item. The Board's proportionate share of this allocation totaled \$6,712,721.

At June 30, 2021, the Board reported a liability of \$391,869,944 for its proportionate share of the net RHBF OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. The total OPEB liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially

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determined. At June 30, 2020 and 2019, the Board's proportion was 1.4126% and 1.3741%, respectively.

\$15,714,836 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2022	\$ (54,547,382)
2023	(54,504,350)
2024	(25,161,629)
2025	(5,507,726)
2026	<u>(10,407,048)</u>
Total	<u>\$ (150,128,135)</u>

Actuarial assumptions. Common actuarial assumptions for both OPEB plans follow individual note disclosures for each OPEB plan.

Inflation	3.00%
Salary increases	3.50-8.10%, include 3.5% inflation and productivity factor
Investment rate of return	7.00%

Healthcare cost trend rates:

Medical	5.00-6.50%
Prescription drug	5.00-9.50%
Administrative costs	3.00%
Post-retirement mortality rates	RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for Collar for some Participants, further adjusted with scaling factors varying before and after age 78 and projected for mortality improvement using Scale MP-2015

Discount rate. The discount rates used to measure the total OPEB liability for the RHBF at June 30, 2021 and 2020 were 2.21% and 3.50%, respectively. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 2.21% was used as the discount rate used to measure the total OPEB liability. The 2.21% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2020.

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.21 percent) or 1-percentage point higher (3.21 percent) than the current discount rate:

	1% decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Net OPEB liability	\$ 464,732,957	\$ 391,869,944	\$ 333,166,642

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

	Healthcare Trend Rates		
	1% Decrease (Medical - 4.00-5.50%, Pharmacy - 4.00-8.50%, Medicare Advantage - 4.00%, Administrative - 2.00%)	(Medical -5.00-6.50%, Pharmacy - 5.00-9.50%, Medicare Advantage - 5.00%, Administrative - 3.00%)	1% increase (Medical -6.00- 7.50%, Pharmacy - 6.00- 10.50%, Medicare Advantage - 6.00%, Administrative - 4.00%)
Net OPEB liability	\$ 315,918,030	\$ 391,869,944	\$ 493,389,902

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

2. 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, to the eligible members of TSERS which includes employees of the State, the University of North Carolina System, community colleges, certain Local Education Agencies, and ORP.

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members. Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members.

The financial statements and other required disclosures for the plan are presented in the State of North Carolina's ACFR, which can be found at <https://www.osc.nc.gov/public-information/reports>.

Benefits Provided. Long-term disability benefits are payable as an OPEB 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. An employee is eligible to receive long-term disability benefits provide the following requirements are met: (1) the employee has five or more years of contributing membership service in TSERS or ORP, 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 TSERS after (1) reaching the age of 65 and completing 5 years of membership service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of service at any age.

Contributions. 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 does not

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provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2021, employers made a statutory contribution of 0.09% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$211,727 for the year ended June 30, 2021.

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.

At June 30, 2021, the Board reported an asset of \$704,178 for its proportionate share of the net DIPNC OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019. The total OPEB liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB asset was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2020 and 2019, the Board's proportion was 1.4314% and 1.4105%, respectively.

\$211,727 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2022	\$ 130,231
2023	82,336
2024	33,638
2025	64,645
2026	(5,350)
Thereafter	<u>(7,022)</u>
Total	<u>\$ 298,478</u>

Actuarial assumptions. Common actuarial assumptions for both OPEB plans follow individual note disclosures for each OPEB plan.

Inflation	3.00%
Salary increases	3.5%-8.10%, include 3.5% inflation and productivity factor
Investment rate of return	3.75%, net of OPEB plan expense, including inflation

Sensitivity of the Board's proportionate share of the net OPEB asset to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB asset, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage point lower (2.75 percent) or 1-percentage point higher (4.75 percent) than the current discount rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
Net OPEB asset	\$ 608,158	\$ 704,178	\$ 797,407

Common actuarial assumptions for both OPEB plans. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2019 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. teacher, general, law enforcement officer), and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions were based on the results of an actuarial experience review for the period January 1, 2010 through December 31, 2014.

DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2020. The long-term expected rate of return was determined based on the combination of expected future real rates of return and expected inflation. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2020 is 1.2%.

Following is information related to OPEB expense, proportionate share, assets, liabilities, deferred outflows of resources and deferred inflows of resources reported by the Board as of and for the year ended June 30, 2021:

	<u>RHBF</u>	<u>DIPNC</u>	<u>Total</u>
OPEB expense (benefit)	\$ (9,984,049)	\$ 512,135	\$ (9,471,914)
OPEB liability (asset)	391,869,944	(704,178)	391,165,766
Proportionate share of the net OPEB liability (asset)	1.4126%	1.4314%	
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 355,006	\$ 510,119	\$ 865,125
Changes of assumptions	17,185,734	54,752	17,240,486
Net difference between projected and actual earnings on plan investments	825,516	-	825,516
Changes in proportion and differences between Board contributions and proportionate share of contributions	21,062,766	-	21,062,766
Board contributions subsequent to the measurement date	<u>15,714,836</u>	<u>211,727</u>	<u>15,926,563</u>
Totals	<u>\$ 55,143,858</u>	<u>\$ 776,598</u>	<u>\$ 55,920,456</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 15,330,434	\$ -	\$ 15,330,434
Changes of assumptions	159,027,010	55,454	159,082,464
Net difference between projected and actual earnings on plan investments	-	119,295	119,295
Changes in proportion and differences between Board contributions and proportionate share of contributions	<u>15,199,713</u>	<u>91,644</u>	<u>15,291,357</u>
Totals	<u>\$ 189,557,157</u>	<u>\$ 266,393</u>	<u>\$ 189,823,550</u>

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

2. Accounts Payable

Accounts payable as of June 30, 2021 are as follows:

	<u>Vendors and Other</u>	<u>Accrued Salaries</u>	<u>Total</u>
Governmental activities:			
General Fund	\$ 9,988,831	\$ 2,063,449	\$ 12,052,280
Other governmental activities	<u>4,776,611</u>	<u>8,580,945</u>	<u>13,357,556</u>
Total governmental activities	<u>\$ 14,765,442</u>	<u>\$ 10,644,394</u>	<u>\$ 25,409,836</u>
Business-type activities:			
School Food Service Fund	<u>\$ 17,085</u>	<u>\$ 43,906</u>	<u>\$ 60,991</u>

3. Unearned Revenues

The balance in unearned revenues at year-end is composed of the following item:

Governmental activities:		
Grants, donations and scholarships (Grant and Community Schools Special Revenue Fund)		<u>\$ 5,493,485</u>
Business-type activities:		
Prepayments of meals (School Food Service Fund)		<u>\$ 144,305</u>

4. Deferred Outflows and Inflows of Resources

The balances in deferred outflows and inflows of resources at year-end are composed of the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 11,601,941	\$ 15,330,434
Changes of assumptions	23,843,119	159,082,464
Net difference between projected and actual earnings on pension and OPEB plan investments	22,372,992	119,295
Changes in proportion and differences between Board contributions and proportionate share of contributions	22,267,779	15,987,819
Board contributions subsequent to the measurement date	<u>50,696,814</u>	<u>-</u>
Total	<u>\$ 130,782,645</u>	<u>\$ 190,520,012</u>

5. 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

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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 \$500,000. The State of North Carolina provides workers' compensation coverage for employees to the extent they are paid from State funds. The Board has recorded a claims liability for retained risks of \$399,917 at June 30, 2021 in governmental activities for workers compensation claims.

Tangible property assets of the Board are insured through commercially purchased insurance coverage up to approximately \$996 million. Deductibles range from \$500 to \$100,000 per occurrence. Umbrella coverage in the amount of \$5,000,000 applies as excess over the general liability, automobile liability and employer's liability.

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. The Board pays most of the 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 Financial Officer is bonded for \$250,000.

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 claims have not exceeded coverage in any of the past three fiscal years.

6. Contingent Liabilities

The Board has received notifications from the Universal Service Administrative Company (USAC) that the school system is being assessed a penalty of approximately \$700,000, due to allegations of improper gifts given by a school system vendor to school system officials during the bidding process. The penalty, which was originally assessed in December 2015, is under appeal. The Board's management and the Board's attorneys have been unable to determine the amount of loss, if any, the Board might incur as a result of this legal matter.

As of the date of our report, the Board was also a defendant to several other pending and threatened lawsuits. The Board's management and the Board's attorneys have been unable to determine the amount of loss, if any, the Board might incur as a result of these legal matters.

7. Long-Term Obligations

a. Direct Placement Installment Purchases

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. 115C-528. The State has accepted the bid to purchase Thomas Built Buses through special third-party direct placement financing arrangements. During the fiscal years ended June 30, 2019, 2020 and 2021, the Board entered into such contracts for the purchase of school buses. The gross amount of buses capitalized under the outstanding installment purchase contracts totaled \$2,352,435 at June 30, 2021. The contracts each require four equal principal-only payments with the first payment due within 10 days of receipt of the buses and the following 3 payments due on the next 3 immediately following November 15th dates.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

The Board is authorized by State law [G.S. 115C-528(a)] to enter into installment purchase contracts to finance the purchase of activity buses. In January 2018, the Board entered into such a contract to purchase eight activity buses at a total cost of \$725,184. The financing contracts require principal payments for five years with an interest rate of 2.46 percent.

The future minimum payments of the installment purchases as of June 30, 2021, including interest, are as follows:

<u>Year Ending June 30:</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 763,205	\$ 8,086
2023	690,877	4,096
2024	26,277	-
Totals	<u>\$ 1,480,359</u>	<u>\$ 12,182</u>

b. 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, 2021:

	<u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2021</u>	<u>Current Portion</u>
Governmental activities:					
Direct placement					
installment purchases	\$ 809,653	\$ 1,939,486	\$ 1,268,780	\$ 1,480,359	\$ 763,205
Net pension liability	160,523,519	30,701,950	-	191,225,469	-
Net OPEB liability	426,422,536	-	41,825,306	384,597,230	-
Compensated absences	19,522,146	13,769,056	13,063,497	20,227,705	7,937,369
Claims liability for retained risk	362,345	92,648	55,076	399,917	48,409
Total	<u>\$ 607,640,199</u>	<u>\$ 46,503,140</u>	<u>\$ 56,212,659</u>	<u>\$ 597,930,680</u>	<u>\$ 8,748,983</u>
Business-type activities:					
Net pension liability	\$ 3,132,374	\$ 483,690	\$ -	\$ 3,616,064	\$ -
Net OPEB liability	8,320,991	-	1,048,277	7,272,714	-
Compensated absences	418,408	313,531	390,052	341,887	182,192
Total	<u>\$ 11,871,773</u>	<u>\$ 797,221</u>	<u>\$ 1,438,329</u>	<u>\$ 11,230,665</u>	<u>\$ 182,192</u>

Compensated absences, net pension and net OPEB liabilities related to governmental activities are typically liquidated by the Local Current Expense Fund, State Public School Fund, Grants and Community Schools Special Revenue Fund, Federal Grants Fund and the Local Special Expense Fund. Installment purchases are typically liquidated by the Capital Outlay Fund.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

C. Interfund Balances and Activity

1. Interfund Balances

The composition of interfund balances as of June 30, 2021 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Grant and Community Schools Special Revenue Fund	Local Current Expense Fund	<u>\$ 1,343,638</u>
Local Current Expense Fund	School Food Service Fund	<u>\$ 1,467,141</u>

The balance owed to the Grant and Community Schools Special Revenue Fund by the Local Current Expense Fund is for the transfer of operating expenditures between the funds at year-end. The balance owed to the Local Current Expense Fund by the School Food Service Fund are for amounts loaned to fund operating expenditures. These amounts are expected to be paid prior to June 30, 2022.

2. Transfers to/from other Funds

Transfers to/from other funds for the year ended June 30, 2021 consisted of the following:

From the State Public School Fund to the School Food Service Fund for salary and benefit costs	<u>\$ 128,524</u>
------------------------------------------------------------------------------------------------	-------------------

3. Transfers / Contributed Capital

During the year ended June 30, 2021, School Food Service Fund capital assets with values of \$94,682 and \$21,856 were purchased by the Federal Grants Fund and Capital Outlay Fund, respectively. These amounts, totaling \$116,538, are presented as a transfer between governmental and business-type activities in Exhibit 2 and as contributed capital in Exhibit 8.

D. Fund Balance

The following schedule provides management and citizens with information on the portion of Local Current Expense Fund balance that is available for appropriation.

Total fund balance - Local Current Expense Fund	\$ 16,587,039
Less:	
Inventories	(105,474)
Prepaid items	(218,420)
Stabilization by State statute	(1,626,098)
Assigned for subsequent year's expenditures	(3,900,000)
Assigned for self-insurance	<u>(3,056,908)</u>
Remaining fund balance	<u>\$ 7,680,139</u>

Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The Board had no encumbrances as of June 30, 2021.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 3 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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 moneys 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 moneys.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Board's Proportionate Share of the Net Pension Liability
Teachers' and State Employees' Retirement System

Schedule of Board Contributions
Teachers' and State Employees' Retirement System

Schedule of the Board's Proportionate Share of the Net OPEB Liability
Retiree Health Benefit Fund

Schedule of Board Contributions
Retiree Health Benefit Fund

Schedule of the Board's Proportionate Share of the Net OPEB Asset
Disability Income Plan of North Carolina

Schedule of Board Contributions
Disability Income Plan of North Carolina

**DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS***

	2021	2020	2019	2018	2017
Board's proportion of the net pension liability (asset)	1.613%	1.579%	1.530%	1.550%	1.580%
Board's proportionate share of the net pension liability (asset)	\$ 194,841,533	\$ 163,655,893	\$ 151,865,204	\$ 123,106,819	\$ 145,085,971
Board's covered payroll	\$ 236,989,753	\$ 230,313,653	\$ 213,532,839	\$ 209,108,467	\$ 205,715,596
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	82.22%	71.06%	71.12%	58.87%	70.53%
Plan fiduciary net position as a percentage of the total pension liability	85.98%	87.56%	87.61%	89.51%	87.32%
	2016	2015	2014		
Board's proportion of the net pension liability (asset)	1.540%	1.480%	1.510%		
Board's proportionate share of the net pension liability (asset)	\$ 56,785,953	\$ 17,425,928	\$ 91,453,830		
Board's covered payroll	\$ 205,007,563	\$ 192,070,759	\$ 191,051,990		
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	27.70%	9.07%	47.87%		
Plan fiduciary net position as a percentage of the total	94.64%	98.24%	90.60%		

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

Note: This is a ten year schedule. However, GASB 68 was not adopted until the fiscal year ended June 30, 2015. Therefore, there are only eight years of data presented.

**DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 34,770,251	\$ 30,737,571	\$ 28,305,548	\$ 23,018,840	\$ 20,869,025
Contributions in relation to the contractually required contribution	<u>34,770,251</u>	<u>30,737,571</u>	<u>28,305,548</u>	<u>23,018,840</u>	<u>20,869,025</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 235,252,037	\$ 236,989,753	\$ 230,313,653	\$ 213,532,839	\$ 209,108,467
Contributions as a percentage of covered payroll	14.78%	12.97%	12.29%	10.78%	9.98%
	<u>2016</u>	<u>2015</u>	<u>2014</u>		
Contractually required contribution	\$ 18,822,977	\$ 18,758,192	\$ 16,690,949		
Contributions in relation to the contractually required contribution	<u>18,822,977</u>	<u>18,758,192</u>	<u>16,690,949</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Board's covered payroll	\$ 205,715,596	\$ 205,007,563	\$ 192,070,759		
Contributions as a percentage of covered payroll	9.15%	9.15%	8.69%		

Note: This is a ten year schedule. However, GASB 68 was not adopted until the fiscal year ended June 30, 2015. Therefore, there are only eight years of data presented.

**DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
RETIREE HEALTH BENEFIT FUND
LAST FIVE FISCAL YEARS***

	2021	2020	2019	2018	2017
Board's proportion of the net OPEB liability (asset)	1.413%	1.374%	1.361%	1.430%	1.390%
Board's proportionate share of the net OPEB liability (asset)	\$ 391,869,944	\$ 434,743,527	\$ 387,673,078	\$ 468,027,345	\$ 603,001,942
Board's covered payroll	\$ 236,989,753	\$ 230,313,653	\$ 213,532,839	\$ 209,108,467	\$ 205,715,596
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	165.35%	188.76%	181.55%	223.82%	293.12%
Plan fiduciary net position as a percentage of the total OPEB liability	6.92%	4.40%	4.40%	3.52%	2.41%

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

Note: This is a ten year schedule. However, GASB 75 was not adopted until the fiscal year ended June 30, 2018. Therefore, there are only five years of data presented.

**DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
RETIREE HEALTH BENEFIT FUND
LAST FIVE FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 15,714,836	\$ 15,333,237	\$ 14,440,666	\$ 12,918,737	\$ 12,147,277
Contributions in relation to the contractually required contribution	<u>15,714,836</u>	<u>15,333,237</u>	<u>14,440,666</u>	<u>12,918,737</u>	<u>12,147,277</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 235,252,037	\$ 236,989,753	\$ 230,313,653	\$ 213,532,839	\$ 209,108,467
Contributions as a percentage of covered payroll	6.68%	6.47%	6.27%	6.05%	5.81%

Note: This is a ten year schedule. However, GASB 75 was not adopted until the fiscal year ended June 30, 2018. Therefore, there are only five years of data presented.

**DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB ASSET
DISABILITY INCOME PLAN OF NORTH CAROLINA
LAST FIVE FISCAL YEARS***

	2021	2020	2019	2018	2017
Board's proportion of the net OPEB asset	1.431%	1.411%	1.369%	1.390%	1.430%
Board's proportionate share of the net OPEB asset	\$ 704,178	\$ 608,626	\$ 415,969	\$ 848,596	\$ 887,235
Board's covered payroll	\$ 236,989,753	\$ 230,313,653	\$ 213,532,839	\$ 209,108,467	\$ 205,715,596
Board's proportionate share of the net OPEB asset as a percentage of its covered payroll	0.30%	0.26%	0.19%	0.41%	0.43%
Plan fiduciary net position as a percentage of the total OPEB asset	115.57%	113.00%	108.47%	116.23%	116.06%

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

Note: This is a ten year schedule. However, GASB 75 was not adopted until the fiscal year ended June 30, 2018. Therefore, there are only five years of data presented.

**DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
DISABILITY INCOME PLAN OF NORTH CAROLINA
LAST FIVE FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 211,727	\$ 236,990	\$ 322,439	\$ 298,946	\$ 794,163
Contributions in relation to the contractually required contribution	<u>211,727</u>	<u>236,990</u>	<u>322,439</u>	<u>298,946</u>	<u>794,163</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 235,252,037	\$ 236,989,753	\$ 230,313,653	\$ 213,532,839	\$ 209,108,467
Contributions as a percentage of covered payroll	0.09%	0.10%	0.14%	0.14%	0.38%

Note: This is a ten year schedule. However, GASB 75 was not adopted until the fiscal year ended June 30, 2018. Therefore, there are only five years of data presented.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
LOCAL CURRENT EXPENSE FUND
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Durham County:			
Appropriations from general revenues	\$ 151,199,638	\$ 151,199,638	\$ -
Late property filing	360,000	596,823	236,823
Total Durham County	<u>151,559,638</u>	<u>151,796,461</u>	<u>236,823</u>
City of Durham:			
Property late fees	30,000	-	(30,000)
Other:			
Fines and forfeitures	350,000	534,817	184,817
Total revenues	<u>151,939,638</u>	<u>152,331,278</u>	<u>391,640</u>
Expenditures:			
Current:			
Instructional services:			
Regular instructional	33,764,744	32,833,630	931,114
Special populations	7,711,187	7,580,345	130,842
Alternative programs	12,114,817	11,817,895	296,922
School leadership	11,970,676	11,814,881	155,795
Co-curricular	1,237,595	1,192,831	44,764
School-based support	8,329,025	7,977,854	351,171
Total instructional services	<u>75,128,044</u>	<u>73,217,436</u>	<u>1,910,608</u>
System-wide support services:			
Support and development	1,836,089	1,699,648	136,441
Special population support and development	621,163	620,380	783
Alternative programs and services support and development	758,829	726,562	32,267
Technology support	3,478,458	3,212,617	265,841
Operational support	30,398,630	29,319,197	1,079,433
Financial and human resource services	5,703,147	5,367,458	335,689
Accountability	904,699	863,171	41,528
System-wide pupil support	1,093,323	1,090,680	2,643
Policy, leadership and public relations	3,794,855	3,496,947	297,908
Total system-wide support services	<u>48,589,193</u>	<u>46,396,660</u>	<u>2,192,533</u>
Ancillary services:			
Community	2,755,717	2,667,583	88,134
Nutrition	441,124	441,122	2
Total ancillary services	<u>3,196,841</u>	<u>3,108,705</u>	<u>88,136</u>

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)
LOCAL CURRENT EXPENSE FUND
For the Fiscal Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Expenditures (continued):			
Non-programmed charges:			
Payments to other governments	<u>28,868,090</u>	<u>28,754,985</u>	<u>113,105</u>
Total expenditures	<u>155,782,168</u>	<u>151,477,786</u>	<u>4,304,382</u>
Revenues over (under) expenditures	(3,842,530)	853,492	4,696,022
Fund balance appropriated	<u>3,842,530</u>	<u>-</u>	<u>(3,842,530)</u>
Net change in fund balance	<u>\$ -</u>	853,492	<u>\$ 853,492</u>
Fund balance:			
Beginning of year		15,740,423	
Change in reserve for inventories		<u>(6,876)</u>	
End of year		<u>\$ 16,587,039</u>	

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CAPITAL OUTLAY FUND
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
Revenues:			
State of North Carolina:			
Public School Capital Fund - Lottery	\$ 1,646,888	\$ 848,470	\$ (798,418)
State appropriations - buses	<u>1,123,845</u>	<u>1,123,845</u>	<u>-</u>
Total State of North Carolina	<u>2,770,733</u>	<u>1,972,315</u>	<u>(798,418)</u>
Durham County:			
Bond revenues	49,021,144	13,123,700	(35,897,444)
LOB revenues	109,784,975	6,276,184	(103,508,791)
General county appropriations	<u>3,370,000</u>	<u>3,370,000</u>	<u>-</u>
Total Durham County	<u>162,176,119</u>	<u>22,769,884</u>	<u>(139,406,235)</u>
City of Durham:			
City appropriations	<u>110,000</u>	<u>110,000</u>	<u>-</u>
Other:			
Miscellaneous	<u>-</u>	<u>362,549</u>	<u>362,549</u>
Total revenues	<u>165,056,852</u>	<u>25,214,748</u>	<u>(139,842,104)</u>
Expenditures:			
Current:			
System-wide support services:			
Operational support	<u>2,617,005</u>	<u>1,939,486</u>	<u>677,519</u>
Debt service:			
Principal retirement	1,268,780	1,268,780	-
Interest and fees	<u>11,971</u>	<u>11,971</u>	<u>-</u>
Total debt service	<u>1,280,751</u>	<u>1,280,751</u>	<u>-</u>
Capital outlay	<u>164,776,101</u>	<u>23,120,505</u>	<u>141,655,596</u>
Total expenditures	<u>168,673,857</u>	<u>26,340,742</u>	<u>142,333,115</u>
Revenues under expenditures	(3,617,005)	(1,125,994)	2,491,011
Other financing sources:			
Installment purchase obligations issued	2,617,005	1,939,486	(677,519)
Fund balance appropriated	<u>1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>
Net change in fund balance	<u>\$ -</u>	813,492	<u>\$ 813,492</u>
Fund balance:			
Beginning of year		<u>5,375,526</u>	
End of year		<u>\$ 6,189,018</u>	

**DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 June 30, 2021**

	Special Revenue Funds			Totals
	Federal Grants	Local Special Expense	School Activity Funds	
Assets				
Cash and cash equivalents	\$ -	\$ 3,337,856	\$ 2,371,942	\$ 5,709,798
Due from other governments	580,368	20,593	-	600,961
Accounts receivable	-	146,659	-	146,659
Total assets	\$ 580,368	\$ 3,505,108	\$ 2,371,942	\$ 6,457,418
Liabilities				
Bank overdraft	\$ 641	\$ -	\$ -	\$ 641
Accounts payable and accrued liabilities	-	16,213	-	16,213
Accrued salaries and wages payable	579,727	35,141	-	614,868
Total liabilities	580,368	51,354	-	631,722
Fund balances				
Restricted:				
Stabilization by State statute	-	167,252	-	167,252
Individual schools	-	-	2,371,942	2,371,942
Assigned:				
Special revenues	-	3,286,502	-	3,286,502
Total fund balances	-	3,453,754	2,371,942	5,825,696
Total liabilities and fund balances	\$ 580,368	\$ 3,505,108	\$ 2,371,942	\$ 6,457,418

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2021

	Special Revenue Funds			Totals
	Federal Grants	Local Special Expense	School Activity Funds	
Revenues:				
City of Durham	\$ -	\$ 79,018	\$ -	\$ 79,018
U.S. Government	40,153,399	173,145	-	40,326,544
Other	-	7,479,255	1,247,248	8,726,503
Total revenues	<u>40,153,399</u>	<u>7,731,418</u>	<u>1,247,248</u>	<u>49,132,065</u>
Expenditures:				
Current:				
Instructional services:				
Regular instructional	9,122,118	1,959,889	-	11,082,007
Special populations	6,417,186	772,176	-	7,189,362
Alternative programs	21,350,659	346,038	-	21,696,697
School leadership	160,922	-	-	160,922
Co-curricular	-	60,375	1,236,212	1,296,587
School-based support	715,539	106,107	-	821,646
Total instructional services	<u>37,766,424</u>	<u>3,244,585</u>	<u>1,236,212</u>	<u>42,247,221</u>
System-wide support services:				
Support and development	134,707	-	-	134,707
Special population support and development	549,387	18,332	-	567,719
Alternative programs and services support and development	559,685	1,079	-	560,764
Technology support	-	937,065	-	937,065
Operational support	423,044	752,135	-	1,175,179
Financial and human resource services	-	96,438	-	96,438
Policy, leadership and public relations	-	361,169	-	361,169
Total system-wide support services	<u>1,666,823</u>	<u>2,166,218</u>	<u>-</u>	<u>3,833,041</u>
Ancillary services:				
Community	-	172	-	172
Nutrition	94,682	-	-	94,682
Total ancillary services	<u>94,682</u>	<u>172</u>	<u>-</u>	<u>94,854</u>
Non-programmed charges	<u>625,470</u>	<u>-</u>	<u>-</u>	<u>625,470</u>
Total expenditures	<u>40,153,399</u>	<u>5,410,975</u>	<u>1,236,212</u>	<u>46,800,586</u>
Net change in fund balance	-	2,320,443	11,036	2,331,479
Fund balances:				
Beginning of year	-	1,133,311	2,360,906	3,494,217
End of year	<u>\$ -</u>	<u>\$ 3,453,754</u>	<u>\$ 2,371,942</u>	<u>\$ 5,825,696</u>

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FEDERAL GRANTS FUND
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
Revenues:			
U.S. Government	\$ 206,619,161	\$ 40,153,399	\$(166,465,762)
Expenditures:			
Current:			
Instructional services:			
Regular instructional	16,617,203	9,122,118	7,495,085
Special populations	18,973,664	6,417,186	12,556,478
Alternative programs	83,603,910	21,350,659	62,253,251
School leadership	241,418	160,922	80,496
School-based support	6,928,151	715,539	6,212,612
Total instructional services	<u>126,364,346</u>	<u>37,766,424</u>	<u>88,597,922</u>
System-wide support services:			
Support and development	312,122	134,707	177,415
Special population support and development	556,056	549,387	6,669
Alternative programs and services			
support and development	1,003,152	559,685	443,467
Technology support	17,687,939	-	17,687,939
Operational support	54,168,677	423,044	53,745,633
System-wide pupil support	900,000	-	900,000
Total system-wide support services	<u>74,627,946</u>	<u>1,666,823</u>	<u>72,961,123</u>
Ancillary services:			
Community	2,906,550	-	2,906,550
Nutrition	1,788,782	94,682	1,694,100
Total ancillary services	<u>4,695,332</u>	<u>94,682</u>	<u>4,600,650</u>
Non-programmed charges:			
Payments to other governments	931,537	625,470	306,067
Total expenditures	<u>206,619,161</u>	<u>40,153,399</u>	<u>166,465,762</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance:			
Beginning of year		-	
End of year		<u>\$ -</u>	

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
LOCAL SPECIAL EXPENSE FUND
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
Revenues:			
City of Durham:			
Holton Center Project	\$ 160,927	\$ 79,018	\$ (81,909)
U.S. Government:			
ROTC	170,000	173,145	3,145
Other:			
Interest earned on investment	325,000	16,675	(308,325)
Indirect costs allocated	850,000	681,740	(168,260)
Private grants and programs	80,600	66,925	(13,675)
Rental of school property	123,500	26,876	(96,624)
Medicaid reimbursement program	2,135,069	4,326,247	2,191,178
Tuition and fees	7,000	4,577	(2,423)
E-rate reimbursement	442,000	836,026	394,026
Sales and use tax refund	428,000	383,712	(44,288)
Miscellaneous	1,196,442	1,136,477	(59,965)
Total other	5,587,611	7,479,255	1,891,644
Total revenues	5,918,538	7,731,418	1,812,880
Expenditures:			
Current:			
Instructional services:			
Regular instructional	2,011,510	1,959,889	51,621
Special populations	904,679	772,176	132,503
Alternative programs	346,038	346,038	-
Co-curricular	68,000	60,375	7,625
School-based support	121,184	106,107	15,077
Total instructional services	3,451,411	3,244,585	206,826
System-wide support services:			
Special population support and development	18,333	18,332	1
Alternative programs and services support and development	20,077	1,079	18,998
Technology support	1,026,680	937,065	89,615
Operational support	817,485	752,135	65,350
Financial and human resource services	105,016	96,438	8,578
Policy, leadership and public relations	464,786	361,169	103,617
Total system-wide support services	2,452,377	2,166,218	286,159

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (continued)
LOCAL SPECIAL EXPENSE FUND
For the Fiscal Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Expenditures (continued):			
Current:			
Ancillary services:			
Community	<u>14,750</u>	<u>172</u>	<u>14,578</u>
Total expenditures	<u>5,918,538</u>	<u>5,410,975</u>	<u>507,563</u>
Net change in fund balance	<u>\$ -</u>	2,320,443	<u>\$ 2,320,443</u>
Fund balance:			
Beginning of year		<u>1,133,311</u>	
End of year		<u>\$ 3,453,754</u>	

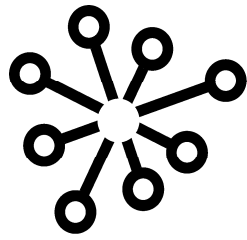
DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SCHOOL ACTIVITY FUNDS
For the Fiscal Year Ended June 30, 2021

	<u>Elementary Schools</u>	<u>Middle Schools</u>	<u>Senior High Schools</u>	<u>Total School Activity Funds</u>
Revenues:				
General	\$ 209,108	\$ 90,286	\$ 237,728	\$ 537,122
Athletic funds	-	2,301	231,477	233,778
Instructional services	23,228	15,263	57,679	96,170
Student Activities	3,921	1,386	29,451	34,758
Contributions	<u>194,299</u>	<u>54,471</u>	<u>96,650</u>	<u>345,420</u>
Total revenues	430,556	163,707	652,985	1,247,248
Expenditures:				
Co-curricular instructional	<u>430,950</u>	<u>174,888</u>	<u>630,374</u>	<u>1,236,212</u>
Net change in fund balance	(394)	(11,181)	22,611	11,036
Fund balances:				
Beginning of year	<u>671,337</u>	<u>361,170</u>	<u>1,328,399</u>	<u>2,360,906</u>
End of year	<u>\$ 670,943</u>	<u>\$ 349,989</u>	<u>\$ 1,351,010</u>	<u>\$ 2,371,942</u>

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
SCHOOL FOOD SERVICE FUND
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
Operating revenues:			
Food sales	\$ 1,329,925	\$ 181,949	\$ (1,147,976)
Other	-	2,676	2,676
Total operating revenues	<u>1,329,925</u>	<u>184,625</u>	<u>(1,145,300)</u>
Operating expenditures:			
Business support services:			
Purchase of food		2,726,751	
Donated commodities		860,746	
Salaries and benefits		7,695,785	
Materials and supplies		394,159	
Repairs and maintenance		33,846	
Non-capitalized furniture and equipment		140,452	
Contracted services		3,470	
Other		54,223	
Capital outlay		4,445	
Total operating expenditures	<u>17,589,837</u>	<u>11,913,877</u>	<u>5,675,960</u>
Operating loss	<u>(16,259,912)</u>	<u>(11,729,252)</u>	<u>4,530,660</u>
Nonoperating revenues:			
Federal reimbursements and grants	14,548,892	11,908,362	(2,640,530)
Federal commodities	1,694,900	860,746	(834,154)
State reimbursements	16,120	-	(16,120)
Interest earned	-	888	888
Total nonoperating revenues	<u>16,259,912</u>	<u>12,769,996</u>	<u>(3,489,916)</u>
Revenues over expenditures	-	1,040,744	1,040,744
Other financing sources:			
Transfers from other funds	-	128,524	128,524
Net change in fund balance	<u>\$ -</u>	<u>1,169,268</u>	<u>\$ 1,169,268</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(89,719)	
Capital contributions		116,538	
Net OPEB asset		1,420	
Net pension liability		(483,690)	
Net OPEB liability		1,048,277	
Deferred outflows - pension and OPEB		199,854	
Deferred inflows - pension and OPEB		(177,949)	
Equipment purchases		4,445	
Decrease in compensated absences payable		76,521	
Decrease in inventories		(166,841)	
Change in net position (full accrual)		<u>\$ 1,698,124</u>	

STATISTICAL SECTION



DURHAM
PUBLIC SCHOOLS

STATISTICAL SECTION (Unaudited)

The Statistical Section of the District's Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the District's overall financial outlook.

Sections

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and operations have changed over time.

Operating Information

These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. County information is included.

Debt Capacity

Since the District has no tax-levying or debt-issuing authority, the County of Durham provides significant funding to the school system. Selected fiscal data from the County of Durham has been included to help the reader better understand the school system and its financial operations.

Revenue Capacity

Since the District's local revenues are primarily provided by Durham County, these schedules on the county's revenue sources are relevant to an understanding of Durham County's most significant local revenue source, the property tax.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
NET POSITION BY COMPONENT
Last Ten Fiscal Years Ending June 30, 2021

Table 1

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental activities:										
Net investment in capital assets	\$ 386,381,988	\$ 390,271,923	\$ 392,808,425	\$ 386,682,864	\$ 378,667,580	\$ 369,251,385	\$ 360,525,971	\$ 362,745,516	\$ 357,019,711	\$ 359,700,259
Restricted	10,543,358	10,491,824	11,636,318	12,343,341	13,665,828	11,498,365	13,511,239	13,797,010	17,104,346	15,465,456
Unrestricted (deficit)	14,698,890	8,148,512	5,732,816	(65,986,927)	(55,704,742)	(59,250,757)	(656,718,881)	(650,146,800)	(652,740,614)	(637,330,712)
	<u>\$ 411,624,236</u>	<u>\$ 408,912,259</u>	<u>\$ 410,177,559</u>	<u>\$ 333,039,278</u>	<u>\$ 336,628,666</u>	<u>\$ 321,498,993</u>	<u>\$ (282,681,671)</u>	<u>\$ (273,604,274)</u>	<u>\$ (278,616,557)</u>	<u>\$ (262,164,997)</u>
Business-type activities:										
Investment in capital assets	\$ 549,951	\$ 642,068	\$ 594,143	\$ 649,873	\$ 567,482	\$ 524,855	\$ 583,000	\$ 496,483	\$ 414,717	\$ 445,981
Restricted	-	-	-	-	-	-	34,610	39,760	28,992	22,537
Unrestricted (deficit)	4,307,099	4,448,204	3,844,133	1,014,003	859,303	1,251,017	(12,148,017)	(11,277,663)	(10,343,383)	(8,670,068)
	<u>\$ 4,857,050</u>	<u>\$ 5,090,272</u>	<u>\$ 4,438,276</u>	<u>\$ 1,663,876</u>	<u>\$ 1,426,785</u>	<u>\$ 1,775,872</u>	<u>\$ (11,565,017)</u>	<u>\$ (10,741,420)</u>	<u>\$ (9,899,674)</u>	<u>\$ (8,201,550)</u>
Government-wide:										
Net investment in capital assets	\$ 386,931,939	\$ 390,913,991	\$ 393,402,568	\$ 387,332,737	\$ 379,235,062	\$ 369,776,240	\$ 361,108,971	\$ 363,241,999	\$ 357,434,428	\$ 360,146,240
Restricted	10,543,358	10,491,824	11,636,318	12,343,341	13,665,828	11,498,365	13,545,849	13,836,770	17,133,338	15,487,993
Unrestricted (deficit)	19,005,989	12,596,716	9,576,949	(64,972,924)	(54,845,439)	(57,999,740)	(668,866,898)	(661,424,463)	(663,083,997)	(646,000,780)
	<u>\$ 416,481,286</u>	<u>\$ 414,002,531</u>	<u>\$ 414,615,835</u>	<u>\$ 334,703,154</u>	<u>\$ 338,055,451</u>	<u>\$ 323,274,865</u>	<u>\$ (294,212,078)</u>	<u>\$ (284,345,694)</u>	<u>\$ (288,516,231)</u>	<u>\$ (270,366,547)</u>

Source: Durham Public Schools Board of Education, North Carolina, Annual Financial Reports.

Note: Net position for 2014 and before are not comparable to 2015 (and after) net position due to the implementation of GASB 68 for the year ended June 30, 2015. The standard requires the Board to record its proportionate share of the net pension liability associated with its participation in the statewide Teachers' and State Employees' Retirement System (TSERS).

Note: Net position for 2017 and before are not comparable to 2018 (and after) net position due to the implementation of GASB 75 for the year ended June 30, 2018. The standard requires the Board to record its proportionate share of the net OPEB liability and net OPEB asset associated with its participation in the statewide Teachers' and State Employees' Retirement System (TSERS).

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
CHANGES IN NET POSITION
Last Ten Fiscal Years Ending June 30, 2021

Table 2 (Pg 1 of 2)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental activities:										
Instructional services	\$ 252,812,921	\$ 253,940,630	\$ 251,596,848	\$ 259,722,116	\$ 255,000,734	\$ 275,116,017	\$ 303,801,232	\$ 292,344,253	\$ 312,707,501	\$ 316,931,723
System-wide support services	75,585,737	82,147,274	75,411,074	70,765,672	72,219,815	77,708,886	75,896,907	72,923,554	69,238,268	72,921,346
Ancillary services	4,600,655	4,335,383	4,322,900	4,253,121	4,019,530	4,208,509	3,886,477	4,016,860	5,028,122	4,301,582
Payments to other governments	11,686,197	13,734,133	15,266,378	16,343,023	18,333,827	20,354,980	21,734,101	23,983,830	26,081,435	28,702,497
Interest on long-term debt	-	85,733	46,330	25,474	14,382	4,129	-	17,834	16,364	11,971
Unallocated depreciation expense	14,003,381	14,991,658	15,374,840	15,912,579	16,130,384	15,636,887	19,222,740	18,633,976	18,993,652	17,722,032
Total governmental activities	358,688,891	369,234,811	362,018,370	367,021,985	365,718,672	393,029,408	424,541,457	411,920,307	432,065,342	440,591,151
Business-type activities:										
School food service	14,151,627	14,635,200	16,082,377	17,108,664	17,225,331	16,805,599	17,049,195	16,055,074	14,499,547	11,501,559
Total government-wide	\$ 372,840,518	\$ 383,870,011	\$ 378,100,747	\$ 384,130,649	\$ 382,944,003	\$ 409,835,007	\$ 441,590,652	\$ 427,975,381	\$ 446,564,889	\$ 452,092,710
Program Revenues:										
Governmental activities:										
Charges for services:										
Instructional services	\$ 3,326,303	\$ 3,264,826	\$ 3,375,227	\$ 3,120,067	\$ 3,100,941	\$ 3,286,522	\$ 3,551,242	\$ 3,588,726	\$ 3,087,055	\$ 1,247,248
Other	483,758	327,411	312,096	287,234	5,833,496	6,777,442	6,677,713	7,197,675	3,435,067	412,008
Operating grants and contributions	216,312,932	213,360,014	215,524,348	226,510,824	221,234,036	223,156,329	234,743,300	246,330,660	251,301,032	275,630,583
Capital grants and contributions	15,528	3,787	930,169	58,037	-	1,681,206	668,717	669,677	470,162	1,123,845
Total governmental activities	220,138,521	216,956,038	220,141,840	229,976,162	230,168,473	234,901,499	245,640,972	257,786,738	258,293,316	278,413,684
Business-type activities:										
Charges for services - School Food Service Fund	2,712,070	2,308,001	2,155,867	1,804,464	2,299,357	2,337,511	2,395,969	2,498,039	1,728,889	181,949
Operating grants and contributions - USDA grant	11,504,918	12,373,727	13,140,308	14,191,492	14,468,321	14,571,812	14,121,489	14,192,296	12,570,826	12,769,108
Total business-type activities	14,216,988	14,681,728	15,296,175	15,995,956	16,767,678	16,909,323	16,517,458	16,690,335	14,299,715	12,951,057
Total government-wide	\$ 234,355,509	\$ 231,637,766	\$ 235,438,015	\$ 245,972,118	\$ 246,936,151	\$ 251,810,822	\$ 262,158,430	\$ 274,477,073	\$ 272,593,031	\$ 291,364,741
Net (Expense) Revenue										
Governmental activities	\$ (138,550,370)	\$ (152,278,773)	\$ (141,876,530)	\$ (137,045,823)	\$ (135,550,199)	\$ (158,127,909)	\$ (178,900,485)	\$ (154,133,569)	\$ (173,772,026)	\$ (162,177,467)
Business-type activities	65,361	46,528	(786,202)	(1,112,708)	(457,653)	103,724	(531,737)	635,261	(199,832)	1,449,498
Total primary government	\$ (138,485,009)	\$ (152,232,245)	\$ (142,662,732)	\$ (138,158,531)	\$ (136,007,852)	\$ (158,024,185)	\$ (179,432,222)	\$ (153,498,308)	\$ (173,971,858)	\$ (160,727,969)

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
CHANGES IN NET POSITION
Last Ten Fiscal Years Ending June 30, 2021

Table 2 (Pg 2 of 2)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Transfers										
Governmental activities:										
Unrestricted local appropriations - operating	\$ 108,971,662	\$ 115,572,760	\$ 118,073,439	\$ 118,563,483	\$ 124,057,383	\$ 126,261,485	\$ 132,314,848	\$ 136,978,626	\$ 147,002,483	\$ 151,278,656
Unrestricted county appropriations - capital	1,440,981	1,370,000	1,370,000	1,480,000	1,370,000	1,370,000	1,370,000	1,370,000	1,370,000	9,646,184
Unrestricted city appropriations - capital	5,860,947	1,538,793	1,528,267	1,398,485	86,510	61,157	110,000	110,000	110,000	110,000
Unrestricted other county revenues - capital	43,802,250	29,554,012	20,316,477	9,101,609	8,358,381	10,407,753	9,950,961	19,823,881	11,472,653	13,123,700
Unrestricted state appropriations - capital	-	-	-	-	2,422,338	1,821,738	1,088,886	1,322,406	1,130,189	848,470
Investment earnings, unrestricted	391,167	275,925	226,413	386,597	216,493	242,486	239,912	421,572	363,779	16,675
Miscellaneous, unrestricted	2,622,258	1,429,760	1,750,030	2,030,195	2,847,144	3,074,754	6,041,326	3,333,527	3,043,976	3,850,404
Transfers and capital contributions	-	(174,454)	(122,796)	(123,926)	(218,662)	(241,137)	(242,192)	(149,046)	(1,005,452)	(245,062)
Total governmental activities	<u>163,089,265</u>	<u>149,566,796</u>	<u>143,141,830</u>	<u>132,836,443</u>	<u>139,139,587</u>	<u>142,998,236</u>	<u>150,873,741</u>	<u>163,210,966</u>	<u>163,487,628</u>	<u>178,629,027</u>
Business-type activities:										
Investment earnings, unrestricted	20,959	12,240	11,410	6,755	1,900	2,306	2,613	4,680	4,275	888
Miscellaneous, unrestricted	-	-	-	-	-	-	-	-	31,851	2,676
Gain (loss) on disposal of fixed assets	-	-	-	-	-	1,920	-	-	-	-
Transfers and capital contributions	-	174,454	122,796	123,926	218,662	241,137	242,192	149,046	1,005,452	245,062
Total business-type activities	<u>20,959</u>	<u>186,694</u>	<u>134,206</u>	<u>130,681</u>	<u>220,562</u>	<u>245,363</u>	<u>244,805</u>	<u>153,726</u>	<u>1,041,578</u>	<u>248,626</u>
Total government-wide	<u>\$ 163,110,224</u>	<u>\$ 149,753,490</u>	<u>\$ 143,276,036</u>	<u>\$ 132,967,124</u>	<u>\$ 139,360,149</u>	<u>\$ 143,243,599</u>	<u>\$ 151,118,546</u>	<u>\$ 163,364,692</u>	<u>\$ 164,529,206</u>	<u>\$ 178,877,653</u>
Change in Net Position										
Governmental activities	\$ 24,538,895	\$ (2,711,977)	\$ 1,265,300	\$ (4,209,380)	\$ 3,589,388	\$ (15,129,673)	\$ (28,026,744)	\$ 9,077,397	\$ (10,284,398)	\$ 16,451,560
Business-type activities	86,320	233,222	(651,996)	(982,027)	(237,091)	349,087	(286,932)	788,987	841,746	1,698,124
Total primary government	<u>\$ 24,625,215</u>	<u>\$ (2,478,755)</u>	<u>\$ 613,304</u>	<u>\$ (5,191,407)</u>	<u>\$ 3,352,297</u>	<u>\$ (14,780,586)</u>	<u>\$ (28,313,676)</u>	<u>\$ 9,866,384</u>	<u>\$ (9,442,652)</u>	<u>\$ 18,149,684</u>

Source: Durham Public Schools Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2021

Note: Net position for 2014 and before are not comparable to 2015 (and after) net position due to the implementation of GASB 68 for the year ended June 30, 2015. The standard requires the Board to record its proportionate share of the net pension liability associated with its participation in the statewide Teachers' and State Employees' Retirement System (TSERS).

Note: Net position for 2017 and before are not comparable to 2018 (and after) net position due to the implementation of GASB 75 for the year ended June 30, 2018. The standard requires the Board to record its proportionate share of the net OPEB liability and net OPEB asset associated with its participation in the statewide Teachers' and State Employees' Retirement System (TSERS).

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
GOVERNMENTAL FUNDS
FUND BALANCES
Last Ten Fiscal Years Ending June 30, 2021

Table 3

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Local Current Expense Fund										
Nonspendable	\$ 1,331,656	\$ 1,387,010	\$ 1,412,411	\$ 1,407,555	\$ 394,979	\$ 156,135	\$ 199,667	\$ 201,303	\$ 112,350	\$ 323,894
Restricted	8,648,572	686,153	538,097	551,060	2,681,797	431,234	729,332	595,551	2,094,516	1,626,098
Committed	5,408,660	7,455,975	16,712,463	8,532,931	7,677,109	1,014,290	2,200,805	1,750,000	2,180,000	-
Assigned	4,497,568	3,385,031	3,056,908	3,056,908	3,056,908	5,056,908	3,556,908	3,056,908	4,719,438	6,956,908
Unassigned	9,895,228	19,747,754	8,474,324	4,717,324	453,577	2,835,538	2,425,310	8,439,706	6,634,119	7,680,139
Total Local Current Expense Fund	<u>29,781,684</u>	<u>32,661,923</u>	<u>30,194,203</u>	<u>18,265,778</u>	<u>14,264,370</u>	<u>9,494,105</u>	<u>9,112,022</u>	<u>14,043,468</u>	<u>15,740,423</u>	<u>16,587,039</u>
All other governmental funds										
Nonspendable	-	-	-	-	274	-	24,442	25,999	1,000	1,605
Restricted	13,939,259	9,805,671	11,098,221	11,792,281	10,984,031	11,067,131	11,250,300	11,396,422	13,524,031	12,647,512
Committed	-	-	-	-	-	-	6,568,579	-	-	-
Assigned	4,179,132	-	1,232,649	1,250,346	1,804,581	6,372,137	5,874,278	891,105	-	3,286,502
Unassigned	(2,220,505)	(51,397)	-	-	-	-	-	-	(730,433)	-
Total fund balance	<u>15,897,886</u>	<u>9,754,274</u>	<u>12,330,870</u>	<u>13,042,627</u>	<u>12,788,886</u>	<u>17,439,268</u>	<u>23,717,599</u>	<u>12,313,526</u>	<u>12,794,598</u>	<u>15,935,619</u>
Total all governmental funds	<u>\$ 45,679,570</u>	<u>\$ 42,416,197</u>	<u>\$ 42,525,073</u>	<u>\$ 31,308,405</u>	<u>\$ 27,053,256</u>	<u>\$ 26,933,373</u>	<u>\$ 32,829,621</u>	<u>\$ 26,356,994</u>	<u>\$ 28,535,021</u>	<u>\$ 32,522,658</u>

Source: Durham Public Schools Board of Education, North Carolina, Annual Financial Reports.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
GOVERNMENTAL FUNDS
CHANGES IN FUND BALANCES
Last Ten Fiscal Years Ending June 30, 2021

Table 4

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
State of North Carolina	\$ 171,743,913	\$ 175,674,111	\$ 181,321,376	\$ 191,347,701	\$ 194,412,066	\$ 198,103,467	\$ 204,717,196	\$ 213,215,211	\$ 220,410,504	\$ 223,928,037
Durham County	153,909,202	146,305,844	139,919,787	129,878,753	133,601,394	138,622,252	145,987,065	160,410,154	159,640,357	176,514,083
City of Durham	234,710	190,928	254,958	244,892	312,304	237,878	365,895	269,075	314,779	189,018
U.S. Government	35,819,632	29,467,024	25,993,585	28,295,951	27,184,860	25,566,675	27,570,017	30,054,691	28,739,192	46,075,543
Other	23,125,460	16,249,973	17,266,217	14,708,276	14,816,220	16,703,557	18,569,364	18,677,646	15,087,376	11,262,832
Total revenues	<u>384,832,917</u>	<u>367,887,880</u>	<u>364,755,923</u>	<u>364,475,573</u>	<u>370,326,844</u>	<u>379,233,829</u>	<u>397,209,537</u>	<u>422,626,777</u>	<u>424,192,208</u>	<u>457,969,513</u>
Expenditures										
Instructional services	250,231,115	250,850,391	250,122,678	270,190,487	268,236,676	270,378,931	281,739,897	304,245,040	306,931,061	325,381,807
System-wide support services	65,352,876	66,832,194	69,223,629	70,940,914	68,166,463	67,069,186	69,608,675	71,589,346	68,068,992	72,122,638
Ancillary services	4,600,655	4,335,383	4,322,900	4,359,394	4,142,335	4,148,497	3,970,265	4,261,615	4,982,396	4,496,024
Non-programmed charges	12,378,157	14,420,218	15,856,313	17,191,488	19,334,963	21,201,167	22,545,728	24,920,949	26,912,935	29,384,237
Capital outlay	46,270,479	36,226,962	23,445,653	11,543,152	15,063,438	16,424,734	13,566,925	23,100,352	13,925,725	23,120,505
Debt service - principal retirement	1,181,892	3,203,389	1,502,624	1,279,136	809,127	930,565	668,717	807,754	610,704	1,268,780
Debt service - interest and fees	47,233	85,733	46,330	25,474	14,382	4,129	-	17,834	16,364	11,971
Total expenditures	<u>380,062,407</u>	<u>375,954,270</u>	<u>364,520,127</u>	<u>375,530,045</u>	<u>375,767,384</u>	<u>380,157,209</u>	<u>392,100,207</u>	<u>428,942,890</u>	<u>421,448,177</u>	<u>455,785,962</u>
Revenues over (under) expenditures	4,770,510	(8,066,390)	235,796	(11,054,472)	(5,440,540)	(923,380)	5,109,330	(6,316,113)	2,744,031	2,183,551
Other financing sources (uses)										
Installment purchase obligations issued	949,858	4,915,999	-	-	1,360,476	1,109,401	1,044,300	-	412,949	1,939,486
Transfers to other funds	-	(174,454)	(122,796)	(123,926)	(218,662)	(241,137)	(242,192)	(149,046)	(1,005,452)	(128,524)
Other	-	31,003	-	-	-	-	-	-	-	-
Net change in fund balance	<u>\$ 5,720,368</u>	<u>\$ (3,293,842)</u>	<u>\$ 113,000</u>	<u>\$ (11,178,398)</u>	<u>\$ (4,298,726)</u>	<u>\$ (55,116)</u>	<u>\$ 5,911,438</u>	<u>\$ (6,465,159)</u>	<u>\$ 2,151,528</u>	<u>\$ 3,994,513</u>
Ratio of debt service to non-capital expenditures	<u>0.37%</u>	<u>0.98%</u>	<u>0.46%</u>	<u>0.36%</u>	<u>0.23%</u>	<u>0.26%</u>	<u>0.18%</u>	<u>0.20%</u>	<u>0.15%</u>	<u>0.30%</u>

Source: Durham Public Schools Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2021

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA **Table 5**
ASSESSED VALUE OF TAXABLE PROPERTY FOR DURHAM COUNTY
Last Ten Fiscal Years Ending June 30, 2021

Fiscal Year Ended June 30,	Tax Year Ended December 31,	Real Property	Personal Property	Public Service Companies	Registered Vehicles ⁽³⁾
2021	2020	\$ 38,075,875,096	\$ 4,048,724,118	\$ 630,273,733	\$ 2,855,433,137
2020	2019	37,068,818,904	3,829,445,315	607,015,073	2,501,803,406
2019	2018	30,692,283,357	3,619,859,514	580,268,564	2,469,097,142
2018	2017	29,641,340,413	3,594,119,882	575,537,361	2,348,224,018
2017	2016	28,894,972,479	3,483,300,069	565,369,921	2,286,702,778
2016	2015	26,213,161,494	3,524,686,233	553,248,101	2,163,704,337
2015	2014	25,730,862,172	2,462,350,676	510,732,429	2,032,233,042
2014	2013	25,254,108,336	3,300,458,222	489,915,862	2,980,521,352
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

- Notes:
- (1) All taxable property is assessed at one hundred percent (100%) of its estimated market value. Revaluation of taxable property occurred on January 1, 1985, 1993, 2001, 2008, 2016, and 2019.
 - (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, 2021)

Table 5

Total Assessed Value ⁽¹⁾⁽²⁾	County-wide Tax Rate ⁽⁴⁾	Special Tax Districts Tax Rate ⁽⁴⁾	Average County Tax Rate ⁽⁴⁾
\$ 45,610,306,084	0.7122	0.0756-0.2229	0.7398
44,007,082,698	0.7122	0.0786-0.1978	0.7398
37,361,508,577	0.7779	0.0778-0.2880	0.8070
36,159,221,674	0.7679	0.0778-0.1880	0.7987
35,230,345,247	0.7404	0.0778-0.1880	0.7727
32,454,800,165	0.7931	0.07999-0.1779	0.8276
30,736,178,319	0.7931	0.07999-0.1729	0.8073
32,025,003,772	0.7744	0.0600-0.1668	0.8047
30,446,750,204	0.7444	0.0599-0.1524	0.7734
29,842,363,341	0.7459	0.0599-0.2500	0.7745

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
FOR DURHAM COUNTY
Last Ten Fiscal Years Ending June 30, 2021
PER \$100 OF ASSESSED VALUE ⁽¹⁾

Table 6

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
County direct rate										
Operating rate	0.6865	0.6850	0.6850	0.6951	0.7078	0.6608	0.6708	0.6808	0.6261	0.6626
Capital rate	0.0594	0.0594	0.0894	0.0980	0.0853	0.0796	0.0971	0.0971	0.0861	0.0861
Total general fund direct rate	<u>0.7459</u>	<u>0.7444</u>	<u>0.7744</u>	<u>0.7931</u>	<u>0.7931</u>	<u>0.7404</u>	<u>0.7679</u>	<u>0.7779</u>	<u>0.7122</u>	<u>0.7487</u>
Fire district rates	0.0599-0.1125	0.0599-0.1150	0.0600-0.1300	.0799-0.1386	.0799-0.1386	0.0778-0.1344	0.0778-0.1344	0.0778-0.1451	0.0756-.1349	0.0756-.1449
Other special district rates	0.1474-0.2500	0.1374-0.1524	0.1518-0.1668	0.1514-0.1729	0.0000-0.1779	0.0000-0.1880	0.0000-0.1880	0.0000-0.2880	0.0000-0.1978	0.0000-0.2229
Municipality Rates										
City of Durham	0.5575	0.5675	0.5675	0.5912	0.5912	0.5607	0.5786	0.5786	0.5317	0.5317
City of Durham BID	-	0.6375	0.6375	0.6612	0.6612	0.6307	0.6486	0.6486	0.6017	0.6017
Town of Chapel Hill	0.4940	0.4940	0.5140	0.5240	0.5240	0.5240	0.5080	0.5280	0.5440	0.5440
City of Raleigh	0.3735	0.3826	0.3826	0.4038	0.4210	0.4183	0.4253	0.4382	0.4382	0.4382
Town of Morrisville	0.3665	0.3665	0.3900	0.3900	0.4100	0.3900	0.3900	0.3900	0.3900	0.3900

Notes:

- (1) All taxable property is subject to the County direct rate. Most property in unincorporated areas is also subject to one of the seven fire district taxes.
- (2) A revaluation of real property is required by N. C. General Statutes at least every eight years. Revaluation of taxable property occurred on January 1, 2019.

Source: Durham County, North Carolina (as of October, 2021)

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
TEN LARGEST TAXPAYERS FOR DURHAM COUNTY
Last Ten Fiscal Years Ending June 30, 2021 and 2012

Table 7

<u>Taxpayer</u>	<u>Type of Enterprise</u>	<u>Fiscal Year 2021</u>			<u>Fiscal Year 2012</u>		
		<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Valuation</u>	<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Valuation</u>
Cree Inc	Manufacturer	\$ 491,898,408	1	1.08%	\$ 340,495,735	3	1.14%
Joannpht Carolina, LLC	Manufacturer	322,696,194	2	0.71%	-	-	-
Duke Energy Corp	Utility	296,032,833	3	0.41%	187,673,652	6	0.62%
SouthPoint Mall, LLC	Retail	185,830,435	4	0.37%	171,565,879	7	0.57%
Palmer RTP, LLC	Real Estate	177,656,914	5	0.35%	-	-	-
International Business Machine	Manufacturer	166,575,755	6	0.34%	488,930,156	1	1.63%
EMC Corporation	Manufacturer	158,076,374	7	0.33%	-	-	-
Biogen US Corporation	Bio Tech	150,060,417	8	0.32%	-	-	-
Merck Sharp & Dohme Corp	Bio Tech	140,003,972	9	0.31%	231,061,509	5	0.77%
IBM Corporation	Manufacturer	137,041,000	10	0.30%	-	-	-
GlaxoSmithKline	Manufacturer	-	-	-	474,284,325	2	1.58%
AW North Carolina Inc	Manufacturer	-	-	-	302,844,257	4	1.01%
Eisai, Inc.	Pharmaceutical	-	-	-	133,890,500	8	0.44%
Frontier Communications	Communications	-	-	-	110,216,662	9	0.36%
Highwoods	Real Estate	-	-	-	102,327,558	10	0.34%
		<u>\$ 2,225,872,302</u>		<u>4.52%</u>	<u>\$ 2,543,290,233</u>		<u>8.46%</u>

Source: Durham County, North Carolina (as of October, 2021)

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS FOR DURHAM COUNTY
Last Ten Fiscal Years Ending June 30, 2021

Table 8

Fiscal Year Ended June 30,	Tax Year Ended December 31,	Adjusted Tax Levy	Current Year Levy Collections	Percent of Levy Collected
2021	2020	\$ 530,818,707	\$ 527,954,594	99.46%
2020	2019	514,458,774	510,808,652	99.29%
2019	2018	470,874,385	469,334,909	99.67%
2018	2017	449,716,944	448,937,493	99.83%
2017	2016	423,015,800	422,143,612	99.79%
2016	2015	412,678,081	411,447,291	99.70%
2015	2014	402,812,328	401,244,673	99.61%
2014	2013	387,633,332	385,068,858	99.34%
2013	2012	368,162,207	364,152,559	98.91%
2012	2011	356,876,076	352,704,112	98.83%

Source: Durham County, North Carolina (as of October, 2021)

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
\$ -	\$ 527,954,594	99.46%	\$ 6,634,640	1.25%
-	510,808,652	99.29%	6,082,891	1.18%
1,179,536	470,514,445	99.92%	3,414,781	0.73%
729,677	449,667,170	99.99%	2,597,992	0.58%
181,536	422,325,148	99.84%	2,657,009	0.63%
854,674	412,301,965	99.91%	3,272,332	0.79%
1,181,131	402,425,804	99.90%	3,899,430	0.97%
1,273,755	386,342,613	99.67%	5,130,862	1.32%
2,669,340	366,821,899	99.64%	6,530,429	1.77%
3,118,383	355,822,495	99.70%	6,555,562	1.84%

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, 2021

Table 9

Fiscal Year Ended June 30,	Population Estimate (1)	Total Assessed Value	Debt Limit	Gross Bonded Debt	Net Bonded Debt	Debt to Taxable Property Assessed Value	Net Bonded Debt Per Capita
2021	321,488	\$ 45,610,306,084	\$ 3,648,824,487	\$ 287,420,103	\$ 287,420,103	0.63%	\$ 894
2020	331,807	44,007,086,698	3,520,566,616	249,550,771	249,550,771	0.57%	752
2019	320,639	37,361,508,577	2,988,920,686	280,732,596	280,732,596	0.75%	876
2018	308,194	36,159,221,674	2,892,737,734	258,989,288	258,989,288	0.72%	840
2017	301,243	35,230,345,247	2,818,246,797	288,086,321	288,086,321	0.82%	956
2016	293,647	32,454,800,165	2,596,384,013	243,775,000	243,775,000	0.75%	830
2015	290,874	31,736,178,319	2,538,894,266	270,905,000	270,905,000	0.85%	931
2014	284,437	32,025,003,772	2,562,000,302	295,905,000	295,905,000	0.92%	1,040
2013	277,588	30,446,750,204	2,435,740,016	273,900,000	273,900,000	0.90%	987
2012	275,960	29,842,363,341	2,387,389,067	298,585,000	298,585,000	1.00%	1,082

Notes:

- (1) Estimate from Durham City/County Planning Department.
- (2) Calculated per \$100 of assessed value.

Source: Durham County, North Carolina (as of October, 2021)

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BOND
DEBT TO TOTAL GENERAL EXPENDITURES FOR DURHAM COUNTY
Last Ten Fiscal Years Ending June 30, 2021

Table 10

Fiscal Year Ended June 30,	Principal	Interest	Other Expenditures	Total Debt Service	Total General Expenditures ⁽¹⁾	Ratio of Debt Service to Total General Expenditures
2021	\$ 43,574,785	\$ 18,337,916	\$ 619,803	\$ 62,532,504	\$ 583,608,636	10.71%
2020	41,300,728	19,709,824	65,089	61,075,641	537,939,362	11.35%
2019	36,131,116	20,122,333	701,235	56,954,684	522,692,535	10.90%
2018	37,322,892	19,606,512	247	56,929,651	504,661,128	11.28%
2017	37,427,611	18,653,456	617,443	56,698,510	480,074,049	11.81%
2016	35,596,413	20,599,097	741,165	56,936,675	446,935,402	12.74%
2015	36,159,495	22,573,434	23,000	58,755,929	427,775,715	13.74%
2014	34,261,816	2,335,411	644,769	58,260,746	435,141,587	13.39%
2013	39,155,769	19,669,554	244,735	59,070,058	331,823,530	17.80%
2012	109,738,120	16,642,611	540,070	126,920,801	329,489,901	38.52%

Notes:

(1) General expenditures are taken from all General Government Fund types consisting of General Fund, Special Revenue funds, Debt Service Fund and Capital Projects Fund.

Source: Durham County, North Carolina (as of October, 2021)

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years Ending June 30, 2021

Table 11

Fiscal Year Ended June 30,	Capital Lease Obligation	Installment Purchases	Total Primary Government	Percentage of Personal Income	Per Capita
2021	\$ -	\$ 1,480,359	\$ 1,480,359	N/A	\$ 4.60
2020	-	809,653	809,653	0.007%	2.44
2019	-	1,007,408	1,007,408	0.007%	3.14
2018	-	1,815,162	1,815,162	0.014%	5.89
2017	-	1,439,579	1,439,579	0.011%	4.78
2016	-	1,260,743	1,260,743	0.010%	4.29
2015	-	709,394	709,394	0.006%	2.44
2014	-	1,988,530	1,988,530	0.017%	6.99
2013	-	3,491,154	3,491,154	0.031%	12.58
2012	17,022	1,761,522	1,778,544	0.016%	6.44

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

N/A = Information not yet available

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Table 12
DEMOGRAPHIC STATISTICS FOR DURHAM COUNTY
Last Ten Fiscal Years Ending June 30, 2021

Fiscal Year Ended June 30,	Population Estimate	Student Average Daily Membership	Unemployment Rate	Per Capita Personal Income	Retail Sales
2021	321,488	30,811	4.3%	N/A	\$ 8,162,784,000
2020	331,807	32,596	7.5%	N/A	7,811,731,000
2019	320,639	32,448	4.0%	\$ 51,713	7,771,144,000
2018	308,194	33,072	3.8%	50,698	7,195,550,000
2017	301,243	33,147	3.8%	47,825	6,884,030,000
2016	293,647	33,501	4.7%	45,931	6,458,506,000
2015	290,874	33,626	5.4%	44,507	6,097,770,000
2014	284,437	33,263	5.3%	42,830	5,501,325,000
2013	277,588	32,405	7.5%	41,376	4,925,320,533
2012	275,960	32,569	8.2%	40,963	4,434,078,534

N/A = Information not yet available

Sources: Durham County, North Carolina (as of October, 2021) and North Carolina Department of Public Instruction.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
TEN LARGEST EMPLOYERS FOR DURHAM COUNTY
Fiscal Years Ending June 30, 2021 and 2012

Table 13

<u>Employer</u>	<u>2021</u>			<u>2012</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Duke University & Health System	43,108	1	27.96%	34,366	1	18.93%
International Business Machine (IBM)	8,000	2	5.19%	10,000	2	5.51%
Durham Public Schools	7,696	3	4.99%	4,600	3	2.53%
Cisco	5,000	4	3.24%	-	-	-
Blue Cross Blue Shield of North Carolina	3,930	5	2.55%	2,401	5	1.32%
Fidelity Investments	3,900	6	2.53%	2,200	9	1.21%
Veteran Affairs (VA) Medical Center	3,900	7	2.53%	2,162	10	1.19%
Pfizer	3,620	8	2.35%	-	-	-
IQVIA (formerly Quintiles Transnational Corp.)	2,700	9	1.75%	-	-	-
Wolfspeed	2,500	10	1.62%	-	-	-
GlaxoSmithKline	-	-	-	3,700	4	2.04%
Durham City Government	-	-	-	2,401	6	1.32%
Cree, Inc	-	-	-	2,304	7	1.27%
Research Triangle Institute (RTI)	-	-	-	2,300	8	1.27%
	84,354		54.71%	66,434		36.59%

Source: Durham Chamber of Commerce and Bureau of Labor Statistics (as of October, 2021)

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years Ending June 30, 2021

Table 14

<u>Function</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Instructional Programs	2,765	2,813	2,881	2,911	2,946	2,912	2,928	2,949	3,311	3,452
Support Services	1,438	1,459	1,431	1,516	1,534	1,536	1,481	1,740	1,428	1,431
Community Services	121	142	142	142	142	142	110	100	99	85
Food Services	181	190	204	204	207	196	197	216	216	216
Total	<u>4,505</u>	<u>4,604</u>	<u>4,658</u>	<u>4,773</u>	<u>4,829</u>	<u>4,786</u>	<u>4,716</u>	<u>5,005</u>	<u>5,054</u>	<u>5,184</u>

Source: Finance Department of Durham Public Schools

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
SCHOOL BUILDING DATA-HIGH SCHOOLS
June 30, 2021

Table 15

School	Site Acreage	Building Square Feet	Capacity	2020-21 Day 20 Enrollment	Percentage Over/(Under) Capacity	Year Constructed	Years Renovations/ Additions
High:							
City of Medicine	7.20	40,519	320	345	7.81%	2011	
Durham PLC/ARC @ Holton	7.00	104,869	350	112	-68.00%	1933	2009
School for Creative Studies *	54.96	124,250	100	325	225.00%	1974	2005,06,09,13,18
Durham School of the Arts **	11.70	352,267	916	1,182	29.04%	1921	1928,49,55,62,76,2008,11,18
Hillside	63.04	299,943	1,535	1,456	-5.15%	1995	2005,09,19,21
Jordan	55.74	266,477	1,810	1,838	1.55%	1963	1979,80,91,94,2008,12,14,18,21
Northern	39.89	258,659	1,790	1,349	-24.64%	1953	1954,55,57,66,75,81,83,84,88,92,94
Riverside	63.29	282,845	1,540	1,653	7.34%	1991	1992,2013,18,21
Southern	84.09	284,000	1,540	1,231	-20.06%	1993	2013, 18, 21
J D Clement Early College (1)		Leased	350	403	15.14%		
Hospital School (2)		Leased	28	-	N/A		
Lakeview (3) ***	7.16	28,169	64	23	-64.06%	1964	2005,10
Middle College High School (4)		Leased	100	181	81.00%		
Hillside New Tech High (5)			210	336	60.00%		

* School for Creative Studies has both middle and high school students.

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

*** Lakeview 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: Lakeview School & School for Creative Studies.

(4) Middle College High School is located on the campus of Durham Technical Community College

(5) Hillside New Tech High School is a small school within the existing Hillside High School.

Source: Durham Public Schools' Long Range Facilities Plan

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA **Table 16**
SCHOOL BUILDING DATA-ELEMENTARY AND MIDDLE SCHOOLS
June 30, 2021

School	Site Acreage	Building Square Feet	Capacity	2020-21 Day 20 Enrollment	Percentage Over/(Under) Capacity	Year Constructed	Years Renovations/ Additions
Elementary:							
Bethesda	43.92	85,432	712	650	-8.71%	1982	1989,2003,14
Burton	7.14	71,360	376	331	-11.97%	1949	1954,76,92,2014
Club Boulevard	5.50	45,099	492	407	-17.28%	1949	1955,90,92,95,2010,11
Creekside	37.11	94,673	764	803	5.10%	2004	2010
Easley	18.97	71,170	522	459	-12.07%	1989	2013
Eastway	14.58	78,000	544	424	-22.06%	1995	
Eno Valley	62.27	97,583	596	424	-28.86%	1977	1993, 2014, 18, 21
Fayetteville Street	7.91	62,797	366	231	-36.89%	1959	1960,61,2008,2014
Forest View	21.95	85,890	659	714	8.35%	1993	
Glenn	34.28	80,330	591	591	0.00%	1981	1993,2014
Harris	21.36	70,343	376	287	-23.67%	1968	2003,13
Hillandale	42.07	85,890	689	549	-20.32%	1993	
Holt	23.61	98,208	585	688	17.61%	1958	1984,92,2014,18
Hope Valley	16.48	79,228	628	599	-4.62%	1967	1999
Lakewood	12.57	60,264	428	368	-14.02%	1962	1963,64,2005
Little River ****	23.23	83,620	428	329	-23.13%	1993	
Mangum	22.03	54,838	408	296	-27.45%	1925	1939,62,83,2009,14
Merrick-Moore	16.39	103,075	648	544	-16.05%	1951	1953,58,81,2012,18
Morehead	4.98	40,861	222	218	-1.80%	1958	2009
Oak Grove	15.72	96,061	710	463	-34.79%	1981	1993
Parkwood	22.59	79,063	556	590	6.12%	1967	1983,89,92,2005,13
Pearson	40.50	82,474	470	427	-9.15%	2006	
Pearsontown	25.50	108,471	824	754	-8.50%	1954	1958,64,92,2014,19
Powe	5.50	99,384	494	459	-7.09%	1926	1950,67,91,94,2001,13,14
Sandy Ridge	25.07	98,638	580	523	-9.83%	2011	
Smith	5.30	46,311	334	265	-20.66%	1967	2014
Southwest	21.91	91,170	614	642	4.56%	1989	1991
Spaulding	9.96	69,486	284	238	-16.20%	1954	1960,76,91,2008
Spring Valley	35.82	79,921	637	557	-12.56%	2008	
Watts	3.98	65,841	394	317	-19.54%	1919	1926,94,2014,19
Middle:							
Brogden	29.35	156,380	681	628	-7.78%	1959	1976,2000,14
Carrington	66.14	207,804	1,168	904	-22.60%	1964	1984,2005,10,14
School for Creative Studies *			852	330	-61.27%	1974	2005,06,09,13
Durham School of the Arts ***	8.80	Incl. in HS	722	687	-4.85%	1921	1928,49,55,62,76,88 1990, 92, 2007,08,11,19
Githens	38.28	133,859	852	934	9.62%	1988	2005,06
Lakewood Montessori	7.37	71,278	300	301	0.33%	1965	2011
Little River ****			244	124	-49.18%		
Lowe's Grove	28.07	122,504	774	679	-12.27%	1975	2009,14
Lucas	31.83	153,593	644	483	-25.00%	2012	
Neal	49.12	129,403	810	831	2.59%	1966	1988,2011,18
Rogers-Herr	23.50	122,547	644	679	5.43%	1967	2005,13,18
Shepard	22.53	96,870	546	437	-19.96%	1964	1966,2001,10
Lakeview**	4.75	12,600	30	5	-83.33%	1964	2005,10,19

* School for Creative Studies has both middle and high school students.

** Lakeview is an alternative school housed in two separate facilities: Lakeview School & School for Creative Studies. Both sites have middle and high school students.

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

**** Little River completed their K-5 to K-8 grad expansion in 2017-18.

Source: Durham Public Schools' Long Range Facilities Plan

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Table 17
GOVERNMENTAL FUNDS OPERATING STATISTICS
Last Ten Fiscal Years Ending June 30, 2021

Fiscal Year Ended June 30,	Expenditures	Student Average Daily Membership	Cost Per Pupil	Percentage Change In Per Pupil Cost	Teaching Staff	Pupil/ Teacher Ratio	Student Attendance Percentage
2021	\$ 455,785,962	30,811	\$ 14,793	14.42%	2,450	12.6	91.31%
2020	421,448,177	32,596	12,929	-2.19%	2,437	13.4	95.82%
2019	428,942,890	32,448	13,219	11.50%	2,426	13.4	94.63%
2018	392,100,207	33,072	11,856	3.37%	2,447	13.5	94.71%
2017	380,157,209	33,147	11,469	2.25%	2,369	14.0	94.72%
2016	375,767,384	33,501	11,217	0.44%	2,402	13.9	94.97%
2015	375,530,045	33,626	11,168	1.91%	2,347	14.3	95.10%
2014	364,520,127	33,263	10,959	-5.54%	2,290	14.5	95.26%
2013	375,954,270	32,405	11,602	-0.57%	2,252	14.4	96.60%
2012	380,062,407	32,569	11,669	-1.15%	2,241	14.5	96.53%

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

TEACHER SALARIES

Last Ten Fiscal Years Ending June 30, 2021

Fiscal Year Ended June 30,	Minimum	Maximum	Average
2021	\$ 40,425	\$ 77,675	\$ 53,803
2020	39,900	77,675	53,183
2019	39,900	101,265	52,042
2018	39,375	99,359	51,520
2017	39,375	81,049	49,251
2016	39,375	79,327	47,627
2015	37,125	80,474	46,522
2014	34,650	73,710	43,565
2013	34,650	77,917	45,057
2012	34,234	80,854	46,343

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 (Fiscal Year 2012-2014 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.

In fiscal year 2014-15 the General Assembly rolled the longevity payments into the salary schedule for teacher pay.

In fiscal year 2015-16 the Durham Public Schools Board of Education with the assistance of the County Commissioners increased the teacher supplement for teachers with more than 10 years of experience by .25% for each year above 10 years of experience topping out at 18.25%. Teachers with zero to 10 years of experience receive a supplement of 12.5%.

Source: Finance Department of Durham Public Schools

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Table 19
GOVERNMENTAL FUND REVENUES BY SOURCE
Last Ten Fiscal Years Ending June 30, 2021

Fiscal Year Ended June 30,	State Public School Fund	State Public School Capital Fund	Other State	County Appropriation	City of Durham Revenues	Bond Revenues
2021	\$ 221,955,722	\$ 848,470	\$ 1,123,845	\$ 154,569,638	\$ 189,018	\$ 19,399,884
2020	218,810,153	1,130,189	470,162	145,462,577	294,511	11,472,653
2019	211,223,128	1,322,406	669,677	138,212,577	269,075	19,823,881
2018	202,831,665	1,088,886	796,645	133,527,061	365,895	9,950,961
2017	195,600,373	1,821,738	681,356	127,467,567	237,878	10,407,753
2016	191,983,228	1,978,837	443,501	124,684,356	312,304	8,358,381
2015	189,648,480	907,707	791,514	120,233,146	274,755	9,101,609
2014	179,018,263	1,469,322	833,791	119,603,311	254,958	20,316,476
2013	173,503,774	102,473	2,066,466	116,751,832	190,928	29,554,012
2012	171,045,245	172,946	525,722	110,106,952	234,710	43,802,250

Notes:

(1) Includes Local Current Expense, Special Revenue and Capital Outlay funds.

Source: Durham Public Schools' Finance Department

Table 19

Fines and Forfeitures	Interest	Tuition and Fees	Other Local Funds	Federal	Total
\$ 1,131,640	\$ 16,675	\$ 385,132	\$ 12,273,946	\$ 46,075,543	\$ 457,969,513
1,504,955	363,779	3,233,532	12,710,505	28,739,192	424,192,208
1,195,945	421,572	3,588,726	15,845,099	30,054,691	422,626,777
1,439,594	239,912	3,551,242	15,847,659	27,570,017	397,209,537
1,458,166	242,486	3,286,522	12,463,315	25,566,675	379,233,829
1,394,430	192,179	3,086,406	14,239,520	23,653,702	370,326,844
1,353,937	179,719	3,404,975	13,393,565	25,186,166	364,475,573
1,417,383	198,024	3,404,975	13,727,825	24,511,595	364,755,923
1,538,793	250,925	3,220,048	13,000,632	27,707,997	367,887,880
5,860,947	391,088	3,294,404	16,050,453	33,348,200	384,832,917

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Table 20
GOVERNMENTAL FUND EXPENDITURES BY FUNCTION
PER AVERAGE DAILY MEMBERSHIP AND IN TOTAL
Last Ten Fiscal Years Ending June 30, 2021

Fiscal Year Ended June 30,	Average Daily Membership	Regular Instructional	Special Populations	Other Instructional	Pupil Support	Other System-Wide Support	Policy, Leadership and Public Relations
2021	30,811	\$ 4,957 152,717,557	\$ 2,169 66,826,768	\$ 2,653 81,751,857	\$ 131 4,034,205	\$ 271 8,363,791	\$ 167 5,139,863
2020	32,596	4,421 144,117,037	2,014 65,646,949	2,314 75,442,439	126 4,109,970	234 7,638,075	147 4,795,414
2019	32,448	4,485 145,536,683	1,943 63,033,287	2,260 73,339,873	120 3,889,104	231 7,499,287	165 5,369,770
2018	33,072	4,094 135,403,315	1,798 59,458,188	1,995 65,991,733	124 4,105,601	255 8,446,589	153 5,051,001
2017	33,147	3,962 131,323,865	1,732 57,416,213	1,816 60,182,717	116 3,859,880	254 8,402,791	133 4,392,197
2016	33,501	4,031 135,034,516	1,707 57,185,537	1,626 54,478,361	130 4,368,640	261 8,740,453	134 4,504,227
2015	33,626	4,189 140,852,890	1,589 53,416,918	1,629 54,777,723	132 4,443,874	263 8,854,505	139 4,690,791
2014	33,263	3,745 124,557,919	1,544 51,356,870	1,607 53,451,392	130 4,336,467	278 9,241,804	137 4,545,510
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

Notes:

(1) Includes Local Current Expense and Special Revenue funds. Capital Outlay expenditures are reported in Table 21. Debt service expenditures are not included in the above Governmental Fund Expenditures

(2) Expenditures per average daily membership.

Source: Durham Public Schools' Finance Department

Table 20

School-Based Support	Operational Support	Financial and Human Resource Services	Ancillary Support	Non-Programmed Charges	Total
\$ 782	\$ 1,531	\$ 241	\$ 146	\$ 954	\$ 14,001
24,085,625	47,157,721	7,427,058	4,496,024	29,384,237	431,384,706
666	1,362	219	153	826	12,483
21,724,636	44,395,315	7,130,218	4,982,396	26,912,935	406,895,384
688	1,466	223	131	768	12,482
22,335,197	47,583,371	7,247,814	4,261,615	24,920,949	405,016,950
632	1,363	209	120	682	11,426
20,886,661	45,093,247	6,912,237	3,970,265	22,545,728	377,864,565
647	1,305	216	125	640	10,945
21,456,136	43,249,319	7,164,999	4,148,497	21,201,167	362,797,781
643	1,305	204	124	577	10,742
21,538,262	43,709,186	6,843,957	4,142,335	19,334,963	359,880,437
629	1,367	208	130	511	10,786
21,142,956	45,955,757	6,995,987	4,359,394	17,191,488	362,682,283
624	1,338	198	130	477	10,208
20,756,497	44,509,692	6,590,156	4,335,383	15,856,313	339,538,003
715	1,330	189	134	445	10,382
23,164,416	43,097,441	6,125,855	4,335,383	14,420,218	336,438,186
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

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA Table 21
CAPITAL OUTLAY EXPENDITURES
Last Ten Fiscal Years Ending June 30, 2021

Fiscal Year Ended June 30,	Sites and Building Improvements	Furniture and Equipment	Vehicles	Total
2021	\$ 21,408,174	\$ 365,046	\$ 1,347,285	\$ 23,120,505
2020	13,170,202	307,747	447,776	13,925,725
2019	23,034,201	-	66,151	23,100,352
2018	12,424,948	97,677	1,044,300	13,566,925
2017	15,164,878	82,602	1,177,254	16,424,734
2016	13,411,022	125,677	1,526,739	15,063,438
2015	10,369,962	647,556	525,634	11,543,152
2014	20,172,545	2,818,870	454,238	23,445,653
2013	22,796,337	13,267,264	163,361	36,226,962
2012	40,678,771	5,312,686	279,022	46,270,479

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, 2021

Table 22

Fiscal Year Ended June 30,	Purchased Food	Donated Commodities	Salaries and Benefits	Materials and Supplies	Indirect Costs	Other	Total
2021	\$ 2,893,592	\$ 860,746	\$ 7,031,352	\$ 394,159	\$ -	\$ 321,710	\$ 11,501,559
2020	5,926,967	845,357	7,061,639	457,200	8	208,376	14,499,547
2019	5,293,206	1,124,169	7,872,114	592,386	947,851	225,348	16,055,074
2018	5,544,467	1,114,136	8,765,561	516,816	811,076	297,139	17,049,195
2017	5,902,080	1,014,414	8,311,428	476,217	868,863	126,427	16,699,429
2016	6,189,247	1,033,524	8,663,875	526,314	859,578	167,682	17,440,220
2015	6,224,793	972,837	8,233,583	588,267	838,250	486,639	17,344,369
2014	5,249,525	926,372	7,983,143	547,482	801,936	573,919	16,082,377
2013	5,072,231	730,231	7,347,414	521,678	763,708	423,461	14,858,723
2012	4,609,755	856,145	6,648,054	933,492	815,624	288,557	14,151,627

Source: Durham Public Schools' Finance Department

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
SCHOOL FOOD SERVICE REVENUES BY SOURCE
Last Ten Fiscal Years Ending June 30, 2021

Table 23

Fiscal Year Ended June 30,	Food Sales		USDA Reimbursement		Donated Commodities		Other		Total	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
2021	\$ 181,949	1.4%	\$ 11,908,362	91.9%	\$ 860,746	6.6%	\$ 3,564	0.1%	\$ 12,954,621	100.0%
2020	1,728,889	12.1%	11,712,729	81.7%	845,357	5.9%	48,866	0.3%	14,335,841	100.0%
2019	2,436,212	14.6%	12,080,429	72.4%	1,031,503	6.2%	1,146,871	6.9%	16,695,015	100.0%
2018	2,392,809	14.5%	12,129,498	73.4%	1,078,242	6.5%	919,522	5.6%	16,520,071	100.0%
2017	2,333,483	13.8%	13,087,413	77.4%	1,086,274	6.4%	406,379	2.4%	16,913,549	100.0%
2016	2,280,883	13.6%	13,035,704	77.7%	1,033,524	6.2%	419,467	2.5%	16,769,578	100.0%
2015	1,804,464	11.3%	12,897,911	80.5%	925,434	5.8%	386,464	2.4%	16,014,273	100.0%
2014	2,145,557	14.0%	12,134,235	79.3%	956,710	6.2%	71,083	0.5%	15,307,585	100.0%
2013	2,308,001	19.0%	11,537,008	75.5%	811,715	5.2%	37,244	0.3%	14,693,968	100.0%
2012	2,712,070	20.8%	10,746,241	73.2%	739,882	5.7%	39,754	0.3%	14,237,947	100.0%

Source: Durham Public Schools' Finance Department

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA **Table 24**
PROPERTY VALUE AND CONSTRUCTION FOR DURHAM COUNTY
Last Ten Fiscal Years Ending June 30, 2021

<u>Fiscal Year Ended June 30,</u>	<u>Building Value of Permits Issued⁽¹⁾</u>	<u>Assessed Valuation⁽²⁾</u>
2021	\$ 2,226,258,272	\$ 45,610,306,085
2020	1,905,432,972	44,007,082,698
2019	1,884,975,303	37,361,508,577
2018	1,347,736,663	36,159,221,674
2017	1,501,331,982	35,230,345,247
2016	1,194,358,281	32,454,800,165
2015	1,117,161,089	31,736,178,319
2014	1,107,015,215	30,796,658,950
2013	912,531,665	30,444,978,195
2012	782,358,521	29,842,363,341

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

Note:

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

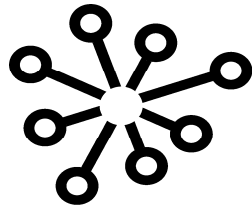
DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION, NORTH CAROLINA
MISCELLANEOUS STATISTICS
June 30, 2021

Table 25

Area:	Durham County	299 square miles
Population:	Durham County	321,488
Average Daily Membership:		30,811
Schools:	Elementary	30
	Middle	9
	Secondary	2
	Senior/High	10
	Hospital School	1
	Alternative	1
School Personnel (approximate):		5,184

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

COMPLIANCE SECTION



DURHAM
PUBLIC SCHOOLS



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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*

To the Durham Public Schools Board of Education
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 Durham Public Schools Board of Education, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the basic financial statements, which collectively comprises the Durham Public Schools Board of Education, North Carolina's basic financial statements and have issued our report thereon dated November 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Durham Public Schools Board of Education'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 Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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 over financial reporting 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Durham Public Schools Board of Education's financial statements are free of 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Anderson Smith & Wike PLLC

*November 30, 2021
Rockingham, North Carolina*



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Report On Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance; In Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act

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

Report on Compliance for Each Major Federal Program

We have audited Durham Public Schools Board of Education, North Carolina's compliance with the types of compliance requirements described in the OMB *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 Board's major federal programs for the year ended June 30, 2021. The Durham Public Schools Board of Education'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'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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, 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'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 on the Durham Public Schools Board of Education's compliance.

Opinion on Each Major Federal Program

In our opinion, the Durham Public Schools Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Durham Public Schools Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Durham Public Schools Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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'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 a 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Anderson Smith & Wike PLLC

*November 30, 2021
Rockingham, North Carolina*



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Report On Compliance with Requirements Applicable to Each Major State Program and Internal Control Over Compliance; In Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act

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

Report on Compliance for Each Major State Program

We have audited 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 Board's major State programs for the year ended June 30, 2021. The Durham Public Schools Board of Education'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 State statutes, regulations, and the terms and conditions of its state awards 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'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 *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, 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'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's compliance.

Opinion on Each Major State Program

In our opinion, the Durham Public Schools Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Durham Public Schools Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Durham Public Schools Board of Education'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 the Uniform Guidance, 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'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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Anderson Smith & Wike PLLC

*November 30, 2021
Rockingham, North Carolina*

**DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2021**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance to GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified? *None Identified for Reporting*

Noncompliance material to financial statements noted? *No*

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified? *None Identified for Reporting*

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 2 CFR 200.516(a)? *No*

Identification of major federal programs:

CFDA Numbers	Names of Federal Program or Cluster
	Special Education Cluster:
84.027	Grants to States - IDEA, part B (611)
84.173	Preschool Grants - IDEA, Part B (619)
84.173	Preschool Targeted Assistance
21.019	COVID-19 - Coronavirus Relief Fund
84.425	COVID-19 - Education Stabilization Fund
84.377	School Improvement

Dollar threshold used to distinguish between Type A and Type B Programs *\$ 1,765,340*

Auditee qualified as low-risk auditee? *Yes*

**DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2021**

Section I - Summary of Auditors' Results (Continued)

State Awards

Internal control over major State programs:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified? *None Identified for Reporting*

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?

No

Identification of major State programs:

Program Name

State Public School Fund
Driver Training
State Buses Appropriation

Section II - Financial Statement Findings

None reported.

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
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2021**

Finding: 20-01

Status: Corrected.

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2021

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
Federal Grants:			
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster:			
Passed-through the N.C. Department of Public Instruction:			
Noncash Assistance (Commodities):			
National School Lunch Program	10.555	PRC 035	\$ 860,746
Cash Assistance:			
National School Lunch Program	10.555	PRC 035	13,620
Summer Food Service Program for Children	10.559	PRC 035	11,606,078
Child Nutrition Discretionary Funds	10.579	PRC 053	94,682
Cash Assistance Subtotal			<u>11,714,380</u>
Total Child Nutrition Cluster			12,575,126
Fresh Fruit and Vegetable Grant	10.582		<u>288,664</u>
Total School Nutrition Program (Note 3)			<u>12,863,790</u>
Total U.S. Department of Agriculture			<u>12,863,790</u>
<u>U.S. Department of the Treasury</u>			
Passed-through the N.C. Office of State Management and Budget:			
N.C. Pandemic Recovery Office:			
Passed-through the N.C. Department of Public Instruction:			
COVID-19 - Coronavirus Relief Fund:			
Summer Learning Program		PRC 121	1,307,429
Contracting Mental Health Professional		PRC 122	90,607
Nondigital Resources		PRC 123	61,642
Student Computers and Devices		PRC 124	2,224,577
School Nutrition		PRC 125	809,887
Personnel Computers and Devices		PRC 126	207,604
Bus WiFi		PRC 127	41,356
Home and Community WiFi		PRC 128	9,405
Learning Management System		PRC 129	115,192
Grants for Exceptional Children Services		PRC 132	357,396
Cybersecurity		PRC 135	84,564
Personal Protective Equipment		PRC 137	296,070
Gaggle Safety Management		PRC 138	143,270
Total COVID-19 - Coronavirus Relief Fund	21.019		<u>5,748,999</u>

DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures
<u>U.S. Department of Education</u>			
Office of Elementary and Secondary Education:			
Passed-through the N.C. Department of Public Instruction:			
Title I, Grants to Local Educational Agencies	84.010	PRC 050, 105, 115	15,725,567
School Improvement	84.377	PRC 117	2,347,917
Supporting Effective Instruction State Grant	84.367	PRC 103	1,238,480
Student Support and Academic Enrichment Program	84.424	PRC 108	967,694
Language Acquisition Grant	84.365	PRC 104, 111	682,308
Education for Homeless Children and Youth	84.196	PRC 026	144,076
Twenty-first Century Community Learning Centers	84.287	PRC 110	173,064
Special Education Cluster:			
Grants to States - IDEA, part B (611)	84.027	PRC 060	6,594,392
Preschool Grants - IDEA, Part B (619)	84.173	PRC 049	209,235
Preschool Targeted Assistance	84.173	PRC 119	483
Total Special Education Cluster			<u>6,804,110</u>
Career and Technical Education - Basic Grants to States Program Development	84.048	PRC 017	<u>667,260</u>
COVID-19 - Education Stabilization Fund:			
CARES Act:			
COVID-19 - ESSER I - K-12 Emergency Relief Fund	84.425D	PRC 163	8,199,368
COVID-19 - ESSER I - Digital Curricula	84.425D	PRC 165	112,454
COVID-19 - GEER I - Specialized Instructional Support Personnel for COVID-19 Response	84.425C	PRC 169	86,688
COVID-19 - GEER I - Supplemental Instructional Services	84.425C	PRC 170	11,065
CRRSA:			
COVID-19 - ESSER II - K-12 Emergency Relief Fund	84.425D	PRC 171	<u>2,898,666</u>
Total COVID-19 - Education Stabilization Fund	84.425		<u>11,308,241</u>
Total U.S. Department of Education			<u>40,058,717</u>
<u>U.S. Department of Defense</u>			
Direct Program:			
ROTC	12.000		<u>173,145</u>
Total Federal Assistance			<u>58,844,651</u>

**DURHAM PUBLIC SCHOOLS BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2021**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
State Grants:			
<u>N.C. Department of Public Instruction</u>			
Cash Assistance:			
State Public School Fund		Various	210,641,731
Career and Technical Education:			
State Months of Employment		PRC 013	9,503,232
Program Support Funds		PRC 014	947,252
Driver Training		PRC 012	483,520
Passed-through Durham County:			
Public School Capital Fund - Lottery			<u>848,470</u>
Cash assistance subtotal			<u>222,424,205</u>
Non-Cash Assistance:			
State Buses Appropriation		PRC 120	1,123,845
Textbooks		PRC 130	<u>379,987</u>
Non-cash assistance subtotal			<u>1,503,832</u>
Total N.C. Department of Public Instruction			<u>223,928,037</u>
Total State Assistance			<u>223,928,037</u>
Total Federal and State Assistance			<u>\$ 282,772,688</u>

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

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Durham Public Schools Board of Education under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Durham Public Schools Board of Education, it is not intended to and does not present the financial position, changes in net assets or cash flows of Durham Public Schools Board of Education.

Note 2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Durham Public Schools Board of Education has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Cluster of Programs

The School Nutrition Program is clustered by the N.C. Department of Public Instruction and is treated separately for state audit requirement purposes.



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