



CUMBERLAND COUNTY BOARD OF EDUCATION

Fayetteville, North Carolina

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Fiscal Year Ended
June 30, 2020



THE CUMBERLAND COMMITMENT
COLLABORATIVE, COMPETITIVE & SUCCESSFUL STUDENTS

Alicia Chisolm, Board Chair
Dr. Marvin Connelly, Jr., Superintendent

CUMBERLAND COUNTY BOARD OF EDUCATION

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JUNE 30, 2020

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LETTER OF TRANSMITTAL



January 27, 2021

Cumberland County Board of Education and the Citizens of Cumberland County

Presented herein is the Comprehensive Annual Financial Report (CAFR) of Cumberland County Board of Education (Board) for the fiscal year ended June 30, 2020. The Superintendent and Associate Superintendent for Business Operations are responsible for the accuracy, completeness, and clarity of the CAFR. The Finance Department has prepared the CAFR in accordance with U.S. Generally Accepted Accounting Principles. The data presented is accurate in all material respects and is presented in a manner, which fairly reflects the financial position and results of operation of the Board. All necessary disclosures have been provided to enable the reader to gain a maximum understanding of the Board's financial activity.

Reporting Entity

The Cumberland County Board of Education is a Local Education Agency whose authorities and responsibilities Chapter 115C of the North Carolina General Statutes governs. The system is the fifth largest school system in the State of North Carolina providing for the public school needs of the county's three hundred thirty thousand residents over a six hundred square mile area. Enrollment in the system has been constant over the past ten years averaging over fifty thousand students each year. For the fiscal year ended June 30, 2020, fifty-two elementary schools, thirty-four secondary schools, and eleven administrative buildings covered the county. The oldest

school building currently in use dates back to 1897.

As defined by the Governmental Accounting Standards Board and based upon North Carolina General Statute 115C-40, the Board is a separate governmental reporting entity since its members are elected by the public and have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. County, State, and federal governments provide funding to the Board, who must comply with requirements of these entities.

The Board is made up of nine members. Six of the members are elected by county voters specifically residing in the electoral district. The three remaining members are elected at large by all qualified voters in the county. All terms are for four years and elections are part of the general election process.

Management's Discussion and Analysis

A narrative overview accompanies the basic financial statements in the management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A, which should be read in conjunction with the financial statements. The MD&A can be found immediately following the independent auditor's report.

LETTER OF TRANSMITTAL (continued)

Economic Conditions and Outlook

Cumberland County serves as a major commercial center, regional shopping center, and regional medical service center for the smaller and less developed counties that surround it. It is also the home of one of the largest military complexes in the world, comprised of Fort Bragg and Pope Army Airfield. As one of the largest employers in the area, the military base contributes a significant amount to the economy every year and makes Fayetteville one of the State's strongest retail and housing markets.

Based on information received from the County of Cumberland, North Carolina, the Department of Defense is the County's largest employer, employing more than fourteen thousand employees over two categories. Cape Fear Valley Health System is the largest non-military employer, employing approximately 7,000 full time employees. Cumberland County Schools (CCS) employs over 6,500 employees. Wal-Mart, having five local Super Centers and one distribution center, employs over 3,000 employees across the County. Goodyear Tire & Rubber Company, employing approximately 2,500 people, is the sixth largest employer and the largest manufacturer. Farming and agricultural businesses also contribute significantly to the County's economy.

Major Initiatives

The year 2020 will go down in the history books as a time of unprecedented challenges and uncertainty. In March, our community did the seemingly impossible. Without hesitation, everyone jumped in to help our students, working tirelessly to completely overhaul public education.

With no time to prepare and very little training, teachers continued to teach. School nutrition workers made sure children were fed. Preparing and serving in excess of one million meals. Bus drivers delivered meals to students who were unable to come to distribution sites. Technology staff ensured students had access to devices. Including laptops, and Wi-Fi access. Parents set up makeshift classrooms. Community partners stepped up to fill in the gaps.

Together, we continued to provide a safe, positive, and rigorous learning environment that will prepare lifelong learners to reach their maximum potential. And as we look to 2021, our vision has not changed. We remain committed to the success of every child.

Despite the pandemic, we will move forward with *The Cumberland Commitment: Strategic Plan 2024*. We have measures in place to ensure that we reach our goals in four major priority areas: Successful Students, Premier Professionals, Exceptional Environment, and Committed Community.

Beyond using test scores and letter grades to measure the success of students and schools, the district has a laser-like focus on providing every student with equitable access to engaging learning that prepares them to be collaborative, competitive, and successful in our global world.

Accounting System

Due to the diverse nature of school operations and the need to comply with promulgations established by the

LETTER OF TRANSMITTAL (continued)

Governmental Accounting Standards Board, separate entities called funds are established for recording and summarizing all financial transactions. The Board's funds are divided into three major classifications: governmental, proprietary and fiduciary. State Public School, General, Special Revenue, Federal Grants, Individual Schools, Combined Athletics, and Capital Projects funds comprise the governmental fund types. The proprietary fund type includes two Enterprise Funds – The School Food Service Fund and the Child Care Fund. The Administrative Fund, used to account for scholarship money under the control of the board for the benefit of students in the districts, is a fiduciary fund type. All funds except enterprise funds are accounted for during the year on a modified accrual basis of accounting. Enterprise Funds are presented on a full accrual basis.

Budgetary and Internal Controls

Budgetary and internal controls are established and maintained to ensure assets are safeguarded and to provide reasonable assurance of proper recording of financial transactions in accordance with U.S. Generally Accepted Accounting Principles. Because the cost of a control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements. Budgetary controls include an annual balanced budget that must be adopted for all funds except the individual school funds, combined athletic funds and administrative fund in accordance with the North Carolina School Budget and Fiscal Control Act. In addition, expenditures cannot legally exceed appropriations at the function level for governmental fund

types and budget amendments must be reported to the Board at the next meeting. As an additional control required by State statute, the Board maintains an encumbrance accounting system that is an allocation of budgeted money for purchase orders in process. Outstanding encumbrances at year-end are re-appropriated in the following year's budget. Furthermore, pre-audit procedures are performed in accordance with the North Carolina School Budget and Fiscal Control Act to ensure availability of funds prior to issuance of purchase orders or payment of claims. Internal controls include examination of activity funds of individual schools each year by the internal audit staff for compliance with federal, State, and local Board policy. Additional review procedures include submitting monthly transactions of State and federal funds and details of disbursements from these funds to the North Carolina Department of Public Instruction. Annually, external auditors perform an audit on the entire school system, as required by State statute, as well as compliance audits for federal and State financial assistance programs.

Financial Reporting Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Cumberland County Board of Education for its comprehensive annual financial report for the fiscal year ended June 30, 2019. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

LETTER OF TRANSMITTAL (continued)



In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Cumberland County Board of Education has received a Certificate of Achievement for the last twenty-six consecutive years (fiscal years ended 1993-2019). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Cumberland County Board of Education also received a Certificate of Excellence in Financial Reporting from the Association of School Business Officials (ASBO) for the years ended 1993-2019. The Certificate of Excellence Award is the highest form of recognition in school financial reporting.

The Certificate of Excellence in Financial Reporting for School Systems Program is a voluntary program sponsored by ASBO to foster excellence in the preparation and issuance of school system financial reports. A Certificate of Excellence is awarded to those school systems that have voluntarily submitted their system's Comprehensive Annual Financial Report for review by an ASBO panel. We believe our current report continues to conform to the Certificate of Excellence program requirements, and we are submitting it to ASBO.

Independent Audit

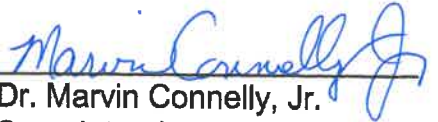
The financial statements have been audited by the independent certified public accounting firm of Cherry Bekaert LLP and their unmodified opinion is expressed herein.


Cumberland County Board of Education has adhered to the requirements of the Single Audit Act involving legal compliance for expenditures of federal and State grant funds, through issuance of separate reports.

Acknowledgments

The preparation of the CAFR of Cumberland County Board of Education would not have been possible without the endeavors of the entire staff of the Finance Department as well as other departments and administration. Our expression of gratitude is for the collective efforts of all who contributed.

Respectfully submitted,


Dr. Marvin Connolly, Jr.
Superintendent


Clyde Locklear, Jr.
Associate Superintendent
Business Operations

CUMBERLAND COUNTY BOARD OF EDUCATION



Alicia Chisolm
Chair
District 1



Greg West
Vice-Chair
At-Large



Carrie Sutton
District 3



Donna Vann
District 4



Susan Williams
District 5



Joseph Sorce
District 6



Charles McKellar
At-Large



Judy Musgrave
At-Large



Deanna Jones
At-Large

SUPERINTENDENT AND CABINET



Dr. Marvin Connelly, Jr.

Superintendent

Dr. Mary Black

Associate Superintendent for Student Support Services

Joe Desormeaux

Associate Superintendent for Auxiliary Services

Clyde Locklear

Associate Superintendent for Business Operations

Betty Musselwhite

Associate Superintendent for School Support

Ron Phipps

Associate Superintendent for Data & Accountability

Ruben Reyes

Associate Superintendent for Human Resources

Nick Sojka

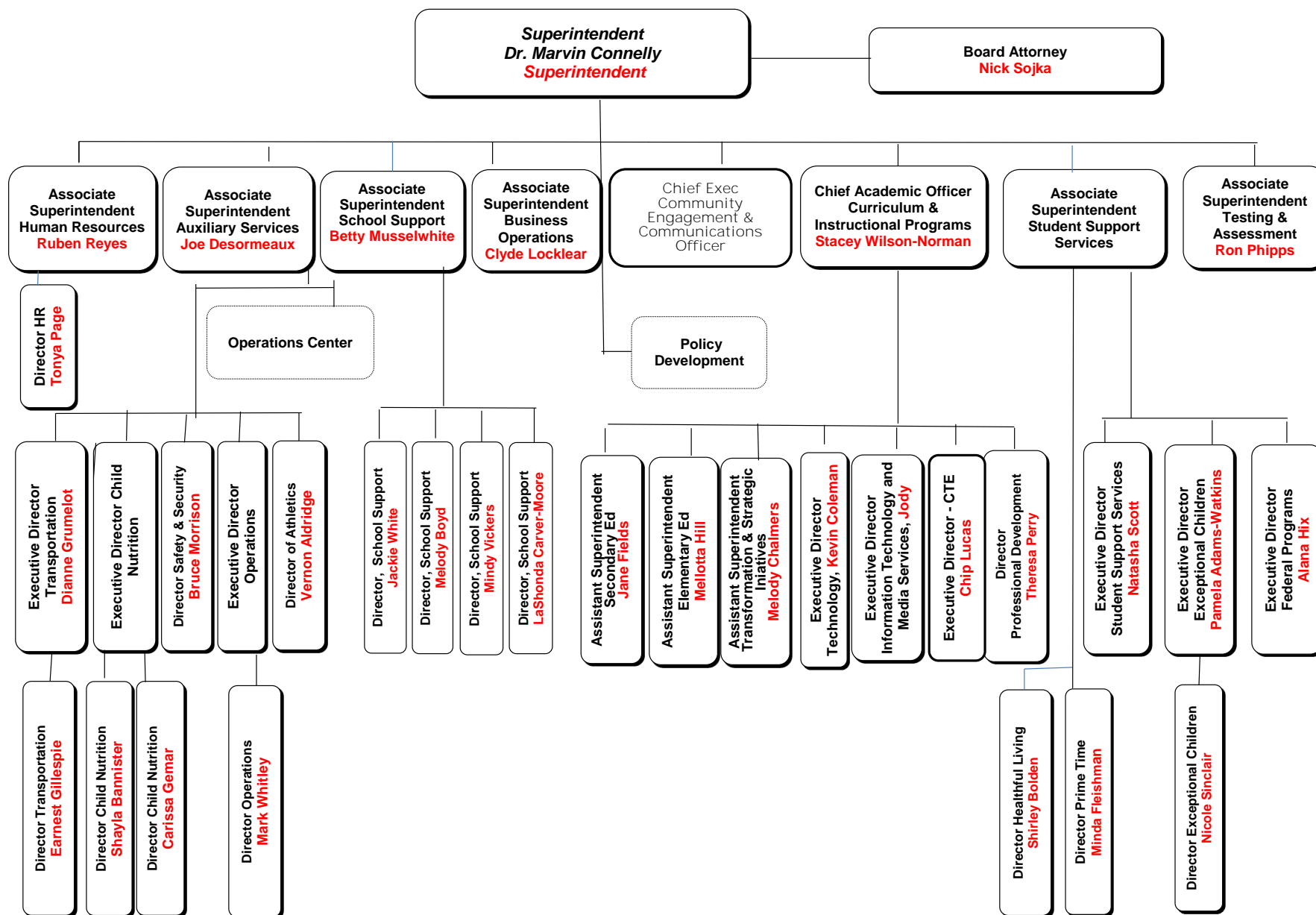
Board Attorney

Lindsay Whitley

Associate Superintendent for Communications & Community Engagement

Dr. Stacey Wilson-Norman

Chief Academic Officer





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Cumberland County Board of Education

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2019.**

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



A handwritten signature in black ink, reading 'Claire Hertz'.

Claire Hertz, SFO
President

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

David J. Lewis
Executive Director



Government Finance Officers Association

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

Presented to

**Cumberland County Board of Education
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

Financial Section



Report of Independent Auditor

Cumberland County Board of Education
Fayetteville, 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 Cumberland County Board of Education (the "Board") as of and for the year ended June 30, 2020, and the related notes to the 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.

Auditor's 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 from 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 Board'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 Board'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 Board as of June 30, 2020, and the respective changes in financial position and cash flows thereof and the respective budgetary comparison for the General Fund, the State Public School Fund, the Federal Grants Fund, and the Special Revenue Fund 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 the Management's Discussion and Analysis and the other required supplemental information as listed in the table of contents 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 supplemental 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 Board's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, the statistical section, and 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, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2021, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of 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 the Board's internal control over financial reporting and compliance.

Cheryl Bekaert LLP

Fayetteville, North Carolina
January 27, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Cumberland County 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, 2020. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- Net position for governmental activities decreased during the year by more than \$9 million over the previous year.
- The Board's governmental funds reported a combined fund balance of \$38 million, a \$1 million decrease from the prior year.
- During the year the Board's Long-Term Obligations increased by \$63.4 million due primarily to an increase of Net OPEB Liabilities (Other Post-Employment Benefits), and an increase in pension liabilities.
- During the year the district was impacted by the Coronavirus pandemic which closed schools, businesses and offices. The pandemic impacted district revenue and expenditures of the Governmental and Business-type operations.

Overview of the Financial Statements

The audited financial statements of the Cumberland County Board of Education consist of four components. They are as follows:

- *Report of Independent Auditor*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental section that presents combining and budgetary statements for nonmajor governmental funds and budgetary statements for enterprise funds*

The *Basic Financial Statements* include two types of statements that present different views of the Board's finances. The first is the *Government-wide Statements*. The government-wide statements are presented on the full accrual basis of accounting and include the Statement of Net Position and the Statement of Activities. The Statement of Net Position includes all of the Board's assets and liabilities. 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 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 funds, and fiduciary funds. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near-term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The proprietary and fiduciary 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 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 and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the Board's net position and how they have changed. Net Position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources and is one way to measure the unit's financial health or position.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

- 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 and child care services are included here.

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.

Cumberland County Board of Education has three types of funds:

Governmental funds: Most of the Board's basic services are included in the governmental funds, which generally focus on two things – how cash and other assets can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps 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 funds 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 General Fund, the State Public School Fund, the Individual Schools Fund, the Combined Athletics Fund, the Capital Outlay Fund, the Special Revenue Fund, and the Federal Grants Fund.

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. Cumberland County Board of Education has two proprietary funds – both enterprise funds – the School Food Service Fund and the Before and After School Child Care Fund.

Fiduciary fund: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Cumberland County Board of Education has one fiduciary fund – the Administrative Fund, which is a scholarship fund under the control of the administrative unit. This is accounted for as a private purpose trust fund.

Financial Analysis of the Schools as a Whole

Net position is an indicator of the fiscal health of the Board. Liabilities exceeded assets by \$490 million as of June 30, 2020 as compared to liabilities exceeding assets by \$481 million as of June 30, 2019. This change is primarily due to the impact of OPEB during the year which had the effect of increasing beginning of the year net position. The largest component of net position is Net Investment in Capital Assets of \$229 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)



Following is a summary of the Statement of Net Position:

Table 1
Condensed Statement of Net Position
as of June 30, 2020 and 2019
(Amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Current assets	\$ 79,804	\$ 76,453	\$ 14,625	\$ 15,058	\$ 94,429	\$ 91,511
Capital assets	229,302	235,882	4,361	4,270	233,663	240,152
Total assets	309,106	312,335	18,986	19,328	328,092	331,663
Deferred outflows	122,453	111,473	3,000	2,717	125,453	114,190
Current liabilities	34,845	29,635	809	1,772	35,654	31,407
Long-term liabilities	692,376	627,549	18,257	16,365	710,633	643,914
Total liabilities	727,221	657,184	19,066	18,137	746,287	675,321
Defer inflow resources	192,270	245,488	4,761	6,110	197,031	251,598
Invested cap assets	225,174	231,640	4,361	4,270	229,535	235,910
Restricted net assets	12,866	9,977	17	12	12,883	9,989
Unrestricted net assets	(725,972)	(720,481)	(6,219)	(6,483)	(732,191)	(726,964)
Total net assets	\$ (487,932)	\$ (478,864)	\$ (1,841)	\$ (2,201)	\$ (489,773)	\$ (481,065)

Table 2A
Condensed Statement of Activities
as of June 30, 2020
(Amounts expressed in thousands)

	Governmental Activities	Business-type Activities	Total Primary Government
	6/30/2020	6/30/2020	6/30/2020
Revenues:			
Program rev:			
Chg. for svcs.	\$ 7,105	\$ 4,640	\$ 11,745
Op. grants & contr.	353,913	25,543	379,456
General Rev:			
County	93,291		93,291
State	1,973		1,973
Other revenues	22,019	183	22,202
Total revenues	478,301	30,366	508,667
Expenses:			
Govtl activities:			
Instr. programs	396,636		396,636
Supp. Svcs.	83,636		83,636
Ancillary Services	442		442
Nonprog. Chgs.	2,412		2,412
Depr.	3,298		3,298
Business-type activities			
Food service		27,791	27,791
Child care		3,161	3,161
Total expenses	486,424	30,952	517,376
Incr (Dec) net position	(8,123)	(586)	(8,709)
Transfer In (Out)	(945)	945	
Beginning net position	(478,864)	(2,200)	(481,064)
Ending net position	\$ (487,932)	\$ (1,841)	(489,773)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)



Table 2B
Condensed Statement of Activities
as of June 30, 2019
(Amount expressed in thousands)

	Governmental Activities 6/30/2019	Business-type Activities 6/30/2019	Total Primary Government 6/30/2019
Revenues:			
Program rev:			
Chg. for svcs.	\$ 7,477	\$ 6,134	\$ 13,611
Op. grants & contr.	347,689	25,849	373,538
General Rev:			
County	96,039		96,039
State	2,487		2,487
Other revenues	21,340	177	21,517
Total revenues	475,032	32,160	507,192
Expenses:			
Govtl activities:			
Instr. programs	380,186		380,186
Supp. Svcs.	77,056		77,056
Ancillary Services	478		478
Nonprog. Chgs.	2,467		2,467
Depr.	3,225		3,225
Business-type Activities:			
Food service		27,568	27,568
Child care		3,237	3,237
Total expenses	463,412	30,805	494,217
Incr (Dec) net position Beginning	11,620	1,355	12,975
net position	(490,484)	(3,556)	(494,040)
Ending net position	<u>\$ (478,864)</u>	<u>\$ (2,201)</u>	<u>(481,065)</u>

Net position for governmental activities decreased during the year by more than \$9 million over the previous year. The OPEB accounted for nearly all of this decrease. The business-type activities reflect a slight increase, in non-operating revenues of \$.3 million for the year in the School Food Service Fund. Governmental activities expenditures increased by \$2.9 million while business type operating expenditures increased only slightly by \$150 thousand.

The district continues to emphasize improvement in instructional outcomes. Instructional expenses comprised 79% of total governmental-type expenses while support services made up 17% of expenses. This continues to be consistent with prior year activity. Programs supporting regular classroom instruction and special population show the majority of the growth. County funding comprised 20% of total governmental revenue. Much of the remaining 80% of total governmental revenue consisted of restricted state and federal money. Business-type activities generated revenues of \$30 million, down 4% from 2019 and had expenses of \$31 million. Expenses were up slightly over 2019. Net position shows a decrease in the governmental activities and an increase in Business-type activities for the year.

Financial Analysis of the Board's Funds

Governmental Funds: The focus of Cumberland County 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 \$38 million, a \$1.3 million decrease from the prior year. The decrease resulted from increased expenditures of one time instructional initiatives in the General Fund.

The State Public School Fund revenues and expenditures increased only slightly and Capital Projects revenues and expenditures decreased over 2019.

Proprietary Funds: The Board's business-type funds showed an overall increase in net position of \$360,000. The School Food Service Fund accounted for this growth. Food sales decreased by \$915,248 while operating expenses increased by \$223,264 and

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

federal reimbursements and commodities decreased by \$355,800. The School Food Service Fund was impacted by school closure due to the Coronavirus pandemic.

The Before and After School Child Care Fund did realize a slight decrease in net position over from 2019, primarily due to 19% decrease in operational revenues. Expenses were down slightly in 2020 and participation in the program trended downward due to closures brought on by the Coronavirus pandemic.

General Fund Budgetary Highlights

Over the course of the year, the Board approved budget amendments to account for changes in revenue and expenditure expectations. The total system-wide budget was modified as appropriate over various funds. Budget amendments are submitted to the Board on a monthly basis to reflect new revenues in addition to revisions to expenditures estimated in the original budget. Because the state and federal budgets are not approved at the state level until after the fiscal year begins, numerous amendments are needed to reconcile the initial budget to the legislatively approved budget. Allotment changes are received bi-monthly for the state and federal funds which require budget amendments through the end of the fiscal year.

General fund revenue decreased slightly primarily due to a decrease in local government appropriations over fiscal year 2019.

The actual expenditures from the General Fund were slightly less than the final budgeted expenditures. The budget is prepared in February and approved in May (by law) before any revenue amounts are known. As a result, budgets are based on a worst-case scenario. State allotments comprise over 60% of our total budget and are revised every two weeks. District practice has been to spend all state allotments first, general fund last. General fund expenditures decreased by \$4.8 million, a decrease of 5.2% over expenditures in fiscal year 2019.

Capital Assets

Capital assets are summarized in Table 3 and are reported as net of accumulated depreciation. The capital assets decreased slightly from the previous year. The decrease in assets for the governmental

funds resulted because depreciation expense exceeded the increase in the capital asset additions. The business-type capital assets showed a slight increase over the previous year, with an increase in furniture and equipment. Details of the current year's activity are located in footnotes to the financials. (See Notes to the Financial Statements, Section II A 4. Capital Assets.

Debt Outstanding

During the year the Board's Long-Term Obligations increased by \$63.4 million due primarily to an increase of Net OPEB Liabilities, (Other Post-Employment Benefits) and an increase in pension liabilities. The Board is limited by North Carolina General Statutes with regard to the types of debt it can issue and for what purpose that debt can be used. The County of Cumberland holds all debt issued for school capital construction. Details of the current year's activity are located in the footnotes to the financials. (See Notes to the Financial Statements, Section II. B. 7.)

Economic Factors

County funding is a major source of income for the Board; therefore the County's economic outlook directly affects that of the school district. The following factors have positively affected the economic outlook of Cumberland County.

The County is the home of one of the nation's largest military bases. Fort Bragg is located northwest of the City of Fayetteville and contributes to the area economy as well as to the international and cosmopolitan culture of the community. The military impact on the local economy fluctuates depending on a variety of factors, including the number of military personnel deployed off base, capital projects and appropriation levels.

Over the years, the City of Fayetteville and the County have emerged as a major commercial center, regional shopping center and a regional medical service center. Fayetteville and the County serve as the primary retail market in a 15-county trade area. The City of Fayetteville and Cumberland County have experienced economic downturn and are facing budgetary challenges. However, community leaders recognize the importance of a successful school system and have been vital partners in the educational process.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)



Table 3

Summary of Capital Assets
as of June 30, 2020 and 2019
(Amounts expressed in thousands)

	6/30/2020	6/30/2019
Governmental Activities		
Land	\$ 9,773	\$ 9,773
Construction in Process		
Blds & Improvements, net	200,431	207,897
Furniture & Equipment, net	6,894	5,246
Vehicles, net	12,204	12,966
Total	\$ 229,302	\$ 235,882
Business-type Activities		
Blds & Improvements, net	\$ 7	\$ 7
Furniture & Equipment, net	4,301	4,201
Vehicles, net	53	62
Total	\$ 4,361	\$ 4,270
Total Primary Government		
Land	\$ 9,773	\$ 9,773
Construction in Process		
Blds & Improvements, net	200,438	207,905
Furniture & Equipment, net	11,195	9,446
Vehicles, net	12,257	13,028
Total	\$ 233,663	\$ 240,152

Requests for Information

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

Clyde Locklear, Jr.
Associate Superintendent for Business Operations
Cumberland County Board of Education
Post Office Box 2357
Fayetteville, NC 28302

BASIC FINANCIAL STATEMENTS



Governmental – Wide Financial Statement



Cumberland County Board of Education
Statement of Net Position (Deficit)
June 30, 2020

	Governmental Activities	Business- Type Activities	Total Primary Government
Assets			
Cash and cash equivalents	\$ 59,465,174	\$ 12,249,202	\$ 71,714,376
Due from other governments	16,736,008	447,332	17,183,340
Receivables	2,468,899	964,117	3,433,016
Net OPEB asset	658,581	17,441	676,022
Inventories	475,713	947,416	1,423,129
Capital assets:			
Land and construction in progress	9,773,526	-	9,773,526
Other capital assets, net of depreciation	219,527,944	4,360,702	223,888,646
Total capital assets	229,301,470	4,360,702	233,662,172
Total assets	309,105,845	18,986,210	328,092,055
Deferred outflows of resources			
Pension	73,821,686	1,749,029	75,570,715
OPEB	48,631,652	1,251,373	49,883,025
	122,453,338	3,000,402	125,453,740
Liabilities			
Accounts payable	9,716,416	215,950	9,932,366
Cash overdraft	61,884	-	61,884
Accrued salaries and benefits	25,067,410	370,640	25,438,050
Unearned revenue	-	223,179	223,179
Long-term liabilities:			
Due within one year	29,004,642	1,131,294	30,135,936
Due in more than one year	2,944,907	-	2,944,907
Net pension liability	179,086,726	4,691,431	183,778,157
Net OPEB liability	478,409,340	12,434,142	490,843,482
Risk management	2,929,705	-	2,929,705
Total long-term liabilities	692,375,320	18,256,867	710,632,187
Total liabilities	727,221,030	19,066,636	746,287,666
Deferred inflows of resources			
Grants	6,399,519	-	6,399,519
Pension	1,733,908	58,376	1,792,284
OPEB	184,137,137	4,702,502	188,839,639
	192,270,564	4,760,878	197,031,442
Net position (deficit)			
Net investment in capital assets	225,173,639	4,360,702	229,534,341
Restricted for			
Stabilization by state statute	2,172,517	-	2,172,517
School capital outlay	3,246,570	-	3,246,570
Individual schools	3,033,107	-	3,033,107
Programs	3,755,310	-	3,755,310
DIPNC OPEB plan	658,581	17,441	676,022
Unrestricted (deficit)	(725,972,135)	(6,219,045)	(732,191,180)
Total net position (deficit)	\$ (487,932,411)	\$ (1,840,902)	\$ (489,773,313)

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

**Cumberland County Board of Education
Statement of Activities
For the Fiscal Year Ended June 30, 2020**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	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	\$ 232,663,527	\$ 31,480	\$ 201,198,725	\$ -	\$ (31,433,322)	\$ -	\$ (31,433,322)
Special populations	56,358,936	-	51,658,002	-	(4,700,934)	-	(4,700,934)
Alternative programs	26,900,887	-	23,066,542	-	(3,834,345)	-	(3,834,345)
School leadership	37,109,939	-	14,463,067	-	(22,646,872)	-	(22,646,872)
Co-curricular	11,554,153	7,073,845	613	-	(4,479,695)	-	(4,479,695)
School-based support	32,048,613	-	24,261,429	-	(7,787,184)	-	(7,787,184)
System-wide support services							
Support and development	8,313,935	-	432,770	-	(7,881,165)	-	(7,881,165)
Special populations support and development	2,365,769	-	2,089,949	-	(275,820)	-	(275,820)
Alternative programs and services support and development	1,478,356	-	1,344,070	-	(134,286)	-	(134,286)
Technology support	3,414,271	-	1,679,144	-	(1,735,127)	-	(1,735,127)
Operational support	55,180,463	-	29,211,999	2,161,100	(23,807,364)	-	(23,807,364)
Financial and human resource	3,976,867	-	291,303	-	(3,685,564)	-	(3,685,564)
Accountability	852,210	-	-	-	(852,210)	-	(852,210)
System-wide pupil support	1,966,506	-	-	-	(1,966,506)	-	(1,966,506)
Policy, leadership, and public relations	6,086,657	-	1,198,838	-	(4,887,819)	-	(4,887,819)
Ancillary services	442,056	-	434,945	-	(7,111)	-	(7,111)
Non-programmed charges	2,412,842	-	420,809	-	(1,992,033)	-	(1,992,033)
Unallocated depreciation expense (excludes depreciation allocated to programs)	3,298,947	-	-	-	(3,298,947)	-	(3,298,947)
Total governmental activities	486,424,934	7,105,325	351,752,205	2,161,100	(125,406,304)	-	(125,406,304)
Business-type activities							
School food service	27,790,874	2,087,699	25,543,320	-	-	(159,855)	(159,855)
Child care	3,161,370	2,553,261	-	-	-	(608,109)	(608,109)
Total business-type activities	\$ 30,952,244	\$ 4,640,960	\$ 25,543,320	\$ -	-	(767,964)	(767,964)
General revenues							
Unrestricted county appropriations - operating					80,550,000	-	80,550,000
Unrestricted county appropriations - capital					12,741,525	-	12,741,525
Unrestricted State appropriations - capital					1,973,255	-	1,973,255
Investment earnings, unrestricted					1,064,289	182,511	1,246,800
Miscellaneous, unrestricted					20,954,573	-	20,954,573
Transfers					(945,851)	945,851	-
Total general revenues and transfers					116,337,791	1,128,362	117,466,153
Change in net position					(9,068,513)	360,398	(8,708,115)
Net position (deficit), beginning of year					(478,863,898)	(2,201,300)	(481,065,198)
Net position (deficit), end of year					\$ (487,932,411)	\$ (1,840,902)	\$ (489,773,313)

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

Fund Financial Statement



**Cumberland County Board of Education
Balance Sheet
Governmental Funds
June 30, 2020**

	Major Funds					Total Governmental Funds
	General	State Public School	Federal Grants	Special Revenue	Capital Outlay	
Assets						
Cash and cash equivalents	\$ 45,793,071	\$ -	\$ -	\$ 7,940,173	\$ 2,303,029	\$ 59,465,174
Due from other governments	-	14,280,931	1,363,093	148,443	943,541	16,736,008
Accounts receivable	246,262	-	-	2,222,628	-	2,468,899
Inventory	475,713	-	-	-	-	475,713
Total assets	\$ 46,515,046	\$ 14,280,931	\$ 1,363,093	\$ 10,311,244	\$ 3,246,570	\$ 79,145,794
Liabilities						
Accounts payable and accrued liabilities	\$ 9,591,773	\$ 31,985	\$ -	\$ 49,114	\$ -	\$ 9,716,416
Cash overdraft	-	61,883	1	-	-	61,884
Accrued salaries and benefits payable	9,057,695	14,187,063	1,363,092	107,301	-	25,067,410
Total liabilities	18,649,468	14,280,931	1,363,093	156,415	-	34,845,710
Deferred inflows of recourses	-	-	-	6,399,519	-	6,399,519
Fund balances						
Nonspendable:						
Inventories	475,713	-	-	-	-	475,713
Restricted:						
Stabilization by state statute	2,172,517	-	-	-	-	2,172,517
School capital outlay	-	-	-	-	3,246,570	3,246,570
Individual schools	-	-	-	-	-	3,033,107
Programs	-	-	-	3,755,310	-	3,755,310
Assigned:						
Designated for subsequent years expenditures	2,888,000	-	-	-	-	2,888,000
Risk management	2,929,705	-	-	-	-	2,929,705
Unassigned	19,399,643	-	-	-	-	19,399,643
Total fund balances	27,865,578	-	-	3,755,310	3,246,570	37,900,565
Total liabilities, deferred inflows of resources, and fund balances	\$ 46,515,046	\$ 14,280,931	\$ 1,363,093	\$ 10,311,244	\$ 3,246,570	\$ 79,145,794

Net OPEB asset	658,581
Capital assets used in governmental activities are not financial resources and therefore are not reported in the	229,301,470
Deferred outflows of resources related to pensions	73,821,686
Deferred outflows of resources related to OPEB	48,631,652
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are	(31,949,549)
Net pension liability	(179,086,726)
Net OPEB liability	(478,409,340)
Risk management liabilities that are not due and payable in the current period and, therefore, are not reported in	(2,929,705)
Deferred inflows of resources related to pensions	(1,733,908)
Deferred inflows of resources related to OPEB	(184,137,137)
Total adjustments	(525,832,976)
Net position of governmental activities	<u><u>\$(487,932,411)</u></u>

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

Cumberland County Board of Education
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020

	Major Funds						Total Governmental Funds
	General	State Public School	Federal Grants	Special Revenue	Capital Outlay	Non-Major Funds	
Revenues							
State of North Carolina	\$ -	\$ 317,978,463	\$ -	\$ 1,633,580	\$ 1,973,255	\$ -	\$ 321,585,298
Cumberland County							
Local current expenditures	80,550,000	-	-	-	-	-	80,550,000
Capital outlay	-	-	-	-	12,741,525	-	12,741,525
U.S. Government	-	-	33,762,077	10,538,155	-	-	44,300,232
Other	4,756,246	11,665	-	4,036,602	93,546	8,066,058	16,964,117
Total revenues	85,306,246	317,990,128	33,762,077	16,208,337	14,808,326	8,066,058	476,141,172
Expenditures							
Current							
Instructional services							
Regular instructional	7,112,874	197,457,570	2,795,304	10,873,166	-	-	218,238,914
Special populations	2,520,886	38,694,745	12,963,257	1,192,362	-	-	55,371,250
Alternative programs	838,356	8,762,063	14,304,479	1,676,103	-	-	25,581,001
School leadership	22,494,576	14,449,708	13,359	152,296	-	-	37,109,939
Co-curricular	2,484,502	613	-	38,437	-	7,710,715	10,234,267
School-based support	6,222,169	23,024,087	1,237,342	1,037,060	-	-	31,520,658
System-wide support services							
Support and development	7,608,108	362,611	70,159	273,057	-	-	8,313,935
Special populations support and development	200,128	1,548,271	541,678	75,692	-	-	2,365,769
Alternative programs and services support and development	131,402	-	1,344,070	2,884	-	-	1,478,356
Technology support	1,735,127	1,678,995	149	-	-	-	3,414,271
Operational support	25,485,753	29,191,559	20,440	1,783	-	26,554	54,726,089
Financial and human resource	3,685,564	240,272	51,031	-	-	-	3,976,867
Accountability	852,210	-	-	-	-	-	852,210
System-wide pupil support	1,966,506	-	-	-	-	-	1,966,506
Policy, leadership, and public relations	2,248,049	1,198,838	-	-	-	-	3,446,887
Ancillary services	7,111	434,945	-	-	-	-	442,056
Non-programmed charges	1,990,033	-	420,809	2,000	-	-	2,412,842
Debt service							
Principal	-	-	-	-	1,973,255	-	1,973,255
Capital outlay							
Land, buildings, and site improvement	-	-	-	-	11,205,467	-	11,205,467
Furniture and equipment	-	-	-	-	1,577,492	-	1,577,492
Vehicles and other	-	-	-	-	2,413,547	-	2,413,547
Total expenditures	87,583,354	317,044,277	33,762,077	15,324,840	17,169,761	7,737,269	478,621,578
Revenues over expenditures	(2,277,108)	945,851	-	883,497	(2,361,435)	328,789	(2,480,406)
Other financing sources (uses)							
Installment purchase obligations issued	-	-	-	-	2,161,100	-	2,161,100
Transfers out	-	(945,851)	-	-	-	-	(945,851)
Total other financing sources (uses)	-	(945,851)	-	-	2,161,100	-	1,215,249
Net change in fund balances	(2,277,108)	-	-	883,497	(200,335)	328,789	(1,265,157)
Fund balances, beginning of year	30,142,686	-	-	2,871,813	3,446,905	2,704,318	39,165,722
Fund balances, end of year	\$ 27,865,578	\$ -	\$ -	\$ 3,755,310	\$ 3,246,570	\$ 3,033,107	\$ 37,900,565

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

Cumberland County 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, 2020

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

Net changes in fund balances - total governmental funds	\$ (1,265,157)
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 depreciation exceeded capital outlay in the current period.	(6,580,839)
Contributions to the pension plan in the current fiscal year are not included on the statement of activities.	16,301,319
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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Contributions to the OPEB plans in the current fiscal year are not included on the statement of activities.	15,260,818
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.	
Installment purchases	317,261
Pension expenses	(45,383,078)
OPEB expense	11,094,865
Compensated absences	1,024,836
Risk management	161,462
	<hr/>
Total adjustments	(7,803,356)
	<hr/>
Total changes in net position of governmental activities	\$ (9,068,513)
	<hr/> <hr/>

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

Cumberland County Board of Education
General Fund, State Public School Fund, Federal Grants Fund and Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	General Fund				State Public School Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues								
State of North Carolina	\$ -	\$ -	\$ -	\$ -	\$ 318,953,575	\$ 326,160,894	\$ 317,978,463	\$ (8,182,431)
Cumberland County	80,550,000	80,550,000	80,550,000	-	-	-	-	-
U.S. Government	-	-	-	-	-	-	-	-
Other	3,132,553	3,206,000	4,756,246	1,550,246	-	-	11,665	11,665
Total revenues	<u>83,682,553</u>	<u>83,756,000</u>	<u>85,306,246</u>	<u>1,550,246</u>	<u>318,953,575</u>	<u>326,160,894</u>	<u>317,990,128</u>	<u>(8,170,766)</u>
Expenditures								
Instructional services	44,703,378	48,066,847	41,673,363	6,393,484	285,279,696	290,496,687	282,388,786	8,107,901
System-wide support services	45,140,262	45,179,125	43,912,847	1,266,278	33,584,351	34,275,492	34,220,546	54,946
Ancillary services	-	7,115	7,111	4	89,528	454,528	434,945	19,583
Non-programmed charges	2,405,000	2,405,000	1,990,033	414,967	-	-	-	-
Total expenditures	<u>92,248,640</u>	<u>95,658,087</u>	<u>87,583,354</u>	<u>8,074,733</u>	<u>318,953,575</u>	<u>325,226,707</u>	<u>317,044,277</u>	<u>8,182,430</u>
Revenues over (under) expenditures	(8,566,087)	(11,902,087)	(2,277,108)	9,624,979	-	934,187	945,851	11,664
Other financing sources (uses)								
Transfers out	<u>(4,869,238)</u>	<u>(1,569,238)</u>	-	1,569,238	-	(934,187)	(945,851)	(11,664)
Fund balance appropriated	<u>13,435,325</u>	<u>13,471,325</u>	-	(13,471,325)	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(2,277,108)</u>	<u>\$ (2,277,108)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances								
Beginning of year			30,142,686				-	
End of year			<u>\$ 27,865,578</u>				<u>\$ -</u>	

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

Cumberland County Board of Education
General Fund, State Public School Fund, Federal Grants Fund and Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Federal Grants Fund				Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues								
State of North Carolina	\$ -	\$ -	\$ -	\$ -	\$ 1,354,336	\$ 1,644,667	\$ 1,633,580	\$ (11,087)
Cumberland County	-	-	-	-	-	-	-	-
U.S. Government	36,118,864	56,245,087	33,762,077	(22,483,010)	11,420,006	13,999,406	10,538,155	(3,461,251)
Other	-	-	-	-	3,849,447	4,507,480	4,036,602	(470,878)
Total revenues	<u>36,118,864</u>	<u>56,245,087</u>	<u>33,762,077</u>	<u>(22,483,010)</u>	<u>16,623,789</u>	<u>20,151,553</u>	<u>16,208,337</u>	<u>(3,943,216)</u>
Expenditures								
Instructional services	32,947,936	50,630,513	31,313,741	19,316,772	16,356,116	19,716,503	14,969,424	4,747,079
System-wide support services	2,532,792	3,910,765	2,027,527	1,883,238	267,673	428,250	353,416	74,834
Ancillary services	-	-	-	-	-	-	-	-
Non-programmed charges	638,136	1,703,809	420,809	1,283,000	-	6,800	2,000	4,800
Total expenditures	<u>36,118,864</u>	<u>56,245,087</u>	<u>33,762,077</u>	<u>22,483,010</u>	<u>16,623,789</u>	<u>20,151,553</u>	<u>15,324,840</u>	<u>4,826,713</u>
Revenues over (under) expenditures	-	-	-	-	-	-	883,497	883,497
Other financing sources (uses)								
Transfers out	-	-	-	-	-	-	-	-
Fund balance appropriated	-	-	-	-	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>883,497</u>	<u>\$ 883,497</u>
Fund balances								
Beginning of year			-				2,871,813	
End of year			<u>\$ -</u>				<u>\$ 3,755,310</u>	

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

Cumberland County Board of Education
Statement of Net Position (Deficit)
Proprietary Funds
June 30, 2020

	Enterprise Funds		
	Major Fund School Food Service	Non-Major Fund Child Care	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 10,574,003	\$ 1,675,199	\$ 12,249,202
Due from other governments	447,332	-	447,332
Receivables (net)	503,660	460,457	964,117
Net OPEB asset	17,441	-	17,441
Inventories	947,416	-	947,416
Total current assets	12,489,852	2,135,656	14,625,508
Noncurrent assets			
Capital assets			
Furniture and equipment, net	4,334,401	26,301	4,360,702
Total noncurrent assets	4,334,401	26,301	4,360,702
Total assets	16,824,253	2,161,957	18,986,210
Deferred Outflows of Resources			
Pension	1,749,029	-	1,749,029
OPEB	1,251,373	-	1,251,373
	3,000,402	-	3,000,402
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	212,129	3,821	215,950
Accrued salaries and benefits payable	370,640	-	370,640
Compensated absences	1,131,294	-	1,131,294
Unearned revenue	223,179	-	223,179
Total current liabilities	1,937,242	3,821	1,941,063
Noncurrent liabilities			
Net pension liability	4,691,431	-	4,691,431
Net OPEB liability	12,434,142	-	12,434,142
Total noncurrent liabilities	17,125,573	-	17,125,573
Total liabilities	19,062,815	3,821	19,066,636
Deferred Inflows of Resources			
Pension	58,376	-	58,376
OPEB	4,702,502	-	4,702,502
	4,760,878	-	4,760,878
Net Position (Deficit)			
Investment in capital assets	4,334,401	26,301	4,360,702
Restricted - DIPNC OPEB Plan	17,441	-	17,441
Unrestricted (deficit)	(8,350,880)	2,131,835	(6,219,045)
Total net position (deficit)	\$ (3,999,038)	\$ 2,158,136	\$ (1,840,902)

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

Cumberland County Board of Education
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2020

		Enterprise Funds	
	Major Fund	Non-Major Fund	
	School Food Service	Child Care	Total
Operating revenues			
Food sales	\$ 2,087,699	\$ -	\$ 2,087,699
Child care fees	-	2,453,086	2,453,086
Other operating revenues	-	100,175	100,175
Total operating revenues	2,087,699	2,553,261	4,640,960
Operating expenses			
Food cost			
Purchase of food	7,790,490	26,768	7,817,258
Donated commodities	2,281,729	-	2,281,729
Salaries and benefits	12,959,649	1,720,703	14,680,352
Indirect costs	1,198,464	1,160,000	2,358,464
Materials and supplies	166,165	78,183	244,348
Repairs and maintenance	466,739	-	466,739
Depreciation	466,277	3,986	470,263
Contracted services	1,295,472	171,730	1,467,202
Other	1,165,889	-	1,165,889
Total operating expenses	27,790,874	3,161,370	30,952,244
Operating loss	(25,703,175)	(608,109)	(26,311,284)
Nonoperating revenues			
Federal reimbursements	23,195,864	-	23,195,864
Federal commodities	2,281,729	-	2,281,729
State reimbursements	14,822	-	14,822
Interest earned	159,032	23,479	182,511
Sales tax refund	50,905	-	50,905
Total nonoperating revenues	25,702,352	23,479	25,725,831
Income (loss) before contributions and transfers	(823)	(584,630)	(585,453)
Other financing sources (uses)			
Transfers in	488,918	456,933	945,851
Total other financing sources (uses)	488,918	456,933	945,851
Change in net position	488,095	(127,697)	360,398
Net position (deficit), beginning of year	(4,487,133)	2,285,833	(2,201,300)
Net position (deficit), end of year	\$ (3,999,038)	\$ 2,158,136	\$ (1,840,902)

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

Cumberland County Board of Education
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2020

	Enterprise Funds	
	Major Fund	Non-Major Fund
	School Food Service	Child Care
		Total
Cash flows from operating activities		
Cash received from customers	\$ 1,433,004	\$ 2,096,328
Cash paid for goods and services	(12,998,601)	(2,016,317)
Cash paid to employees for services	(12,668,668)	(1,720,703)
Net cash flows from operating activities	(24,234,265)	(25,874,957)
Cash flows from noncapital financing activities		
Federal reimbursements	23,195,864	-
State reimbursements	14,822	-
Sales tax refund	50,905	-
Transfers in	488,918	456,933
Net cash flows from noncapital financing activities	23,750,509	456,933
Cash flows from capital and related financing activities		
Acquisition of capital assets	(477,884)	-
Net cash flows from capital and related financing activities	(477,884)	(477,884)
Cash flows from investing activities		
Interest on investments	159,032	23,479
Net cash flows from investing activities	159,032	23,479
Net decrease in cash and cash equivalents	(802,608)	(1,160,280)
Cash and cash equivalents, beginning of year	11,376,611	2,835,479
Cash and cash equivalents, end of year	\$ 10,574,003	\$ 1,675,199
		\$ 12,249,202

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

Cumberland County Board of Education
Statement of Cash Flows
Proprietary Funds (Continued)
For the Fiscal Year Ended June 30, 2020

	Enterprise Funds		
	Major Fund	Non-Major Fund	
	School Food		
	Service	Child Care	Total
Reconciliation of operating loss to net cash from operating activities			
Operating loss	\$ (25,703,175)	\$ (608,109)	\$ (26,311,284)
Adjustments to reconcile operating loss to net cash from operating activities			
Depreciation	466,277	3,986	470,263
Gain on disposal	(83,473)	335	(83,138)
Donated commodities	2,281,729	-	2,281,729
Changes in operating assets and liabilities			
Due from other governments	(280,386)	-	(280,386)
Accounts receivable	(457,123)	(456,933)	(914,056)
Net OPEB asset	(5,358)	-	(5,358)
Inventories	(330,129)	-	(330,129)
Accounts payable and accrued liabilities	(465,111)	(579,971)	(1,045,082)
Unearned revenue	82,814	-	82,814
Net pension liability	326,405	-	326,405
Net OPEB liability	1,381,236	-	1,381,236
Deferred inflows	(1,349,485)	-	(1,349,485)
Deferred outflows	(282,857)	-	(282,857)
Compensated absences payable	184,371	-	184,371
Total adjustments	1,468,910	(1,032,583)	436,327
Net cash from operating activities	\$ (24,234,265)	\$ (1,640,692)	\$ (25,874,957)
Supplemental schedule of noncash activities:			
Donated commodities	\$ 2,281,729	\$ -	\$ 2,281,729

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

**Cumberland County Board of Education
Statement of Net Position
Fiduciary Fund
June 30, 2020**

	<u>Private-Purpose Trust</u>
Assets	
Cash and cash equivalents	\$ 351,636
Liabilities	
Accounts payable	<u> -</u>
Net Position	
Assets held in trust for private purpose	<u><u>\$ 351,636</u></u>

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

**Cumberland County Board of Education
Statement of Changes in Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2020**

	<u>Private-Purpose Trust</u>
Additions	
Contributions and other revenue	\$ 7,441
Deductions	
Instructional costs	<u>80,388</u>
Change in net position	(72,947)
Net position, beginning of year	<u>424,583</u>
Net position, end of year	<u><u>\$ 351,636</u></u>

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

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

I. Summary of Significant Accounting Policies

The accounting policies of the Cumberland County 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 Cumberland County 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 Cumberland County, North Carolina. The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity.

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 not been made because the effect of internal activities upon revenues and expenses is immaterial. 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 funds. 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 funds are 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.

The Board reports the following major governmental funds:

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

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

Federal Grants Fund. The Federal Grants Fund is used to account for federal grant monies administered through the Department of Public Instruction.

Special Revenue Fund. The Special Revenue Fund is used to account for grants and other funding received for specifically designated uses.

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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 Cumberland County appropriations, restricted sales tax moneys, proceeds of Cumberland County bonds issued for public school construction, lottery proceeds, as well as certain State assistance.

The Board reports the following major enterprise funds:

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:

Administrative Fund. The Administrative Fund is used to account for scholarship money under the control of the Board for the benefit of students in the district.

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 Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Board considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. These could include federal, State, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is

incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

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

D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds, including the combined athletic 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 for all annually budgeted funds. The Board has authorized the Superintendent to move moneys (up to \$5,000) from one function to another within a fund. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000. All amendments must be reported to the governing board at their next meeting. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Operating Revenues and Expenses

Operating revenues and expenses of the Board's proprietary funds consist of charges for services and the costs of providing those services. All other revenues and expenses are reported as nonoperating.

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

1. Deposits and Investments

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

State law [G.S. 115C-443] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances. The North Carolina Capital Management Trust ("NCCMT") is allowable by G.S. 159-30(c)(8). The NCCMT Government Portfolio is a 2a-7 fund maintaining an AAAM rating from S&P. The NCCMT Term Portfolio is a bond fund, has no rating and has a duration of .15 years. Both the NCCMT Government and Term Portfolios are reported at fair value.

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

The Board's investments are reported at fair value determined by either quoted market prices or a matrix pricing model. Bank deposits are measured at amortized cost. Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs – other than quoted prices – included within Level 1 that are either directly or indirectly observable for the asset or liability.

The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2020 of 1.3 years. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to 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 General Fund consist of expendable materials and supplies, which are recorded as expenditures when purchased. The General Fund inventories do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is reserved. Proprietary Fund inventories consist of food and supplies and are recorded as expenses when consumed.

4. Capital Assets

The Board's capital assets are recorded at original cost. Donated assets received prior to July 1, 2015, are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after July 1, 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, 1950, 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.

It is the policy of the Board to capitalize all capital assets costing \$2,500 or more with an estimated useful life of two or more years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	50
Equipment and furniture	5
Vehicles	10

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

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 several items that meet this criterion - pension and OPEB related deferrals and contributions made to the pension plan in the current fiscal year. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Board has several items that meet this criterion – pension and OPEB related deferrals and grants.

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, 2020, 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.

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 Balance

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

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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.

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 – This classification includes the portion of fund balance that is restricted by State Statute [G.S. 115C-425(a)].

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

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

Restricted for Programs – This classification includes the revenue sources restricted for expenditures for the various instructional programs.

Committed Fund Balance – This classification includes amounts that can only be used for specific purpose imposed by majority vote by quorum of the Board (highest level of decision-making authority) and in certain instances approval by the County's governing body is required. Any changes or removal of specific purpose requires majority action by the governing bodies that approved the original action. The Board does not have any committed fund balance this fiscal year.

Assigned Fund Balance – This classification includes amounts the Board intends to use for specific purposes. The Cumberland County Board of Education authorizes the assignment of amounts to a specific purpose.

Designated for Subsequent Year's Expenditures – This classification includes the portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The Board approves the appropriation; however, the budget ordinance authorizes the superintendent to modify the appropriations by resource or appropriation within funds up to \$50,000.

Risk Management – This classification includes the portion of fund balance related to workers' compensation claims.

Unassigned Fund Balance – The classification includes amounts that have not been restricted, committed, or assigned to specific purposes or other funds. This classification may be reported as a negative balance if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to these purposes. A negative unassigned fund balance may be reported in other governmental funds, if expenditures for specific purposes exceeded the amounts restricted, committed or assigned to those purposes.

Cumberland County Board of Education does not have a formal revenue spending policy. The Finance Officer does use resources in the following hierarchy: State funds, federal funds, local non-Board of Education funds and Board of Education funds. For purposes of fund balance classification, expenditures are spent from restricted fund balances first, followed in order by assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this process if it is in the best interest of the Board of Education.

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

9. Defined Benefit Pension Plan and Other Postemployment Benefits ("OPEB") Plans

For purposes of measuring the net pension asset, 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.

10. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes 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 (\$525,832,976) consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
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):	\$ 486,170,739
Less accumulated depreciation	(256,869,269)
Net Capital Assets	<u>229,301,470</u>
Net OPEB Asset	658,581
Pension related deferred outflows of resources	73,821,686
OPEB related deferred outflows of resources	48,631,652
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	(5,208,002)
Compensated absences	(26,741,547)
Net Pension liability	(179,086,726)
Net OPEB liability	(478,409,340)
Risk management	(2,929,705)
Deferred inflows of resources related to pensions	(1,733,908)
Deferred inflows of resources related to OPEB	<u>(184,137,137)</u>
Total Adjustment	<u><u>(\$525,832,976)</u></u>

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
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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 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 (\$7,803,356) as follows:

Pension expense	(45,383,078)
OPEB expense	11,094,078
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	1,024,836
Risk management expenses are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	161,462
Total Adjustment	<u>(\$7,803,356)</u>

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements, but capitalized as assets in the statement of activities.	\$ 4,440,305
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.	(10,996,493)
Other capital asset activity.	(24,651)
Contributions to the pension plan in the current fiscal year are not included in the statement of activities	16,301,319
Contributions to the OPEB plans in the current fiscal year are not included on the statement of activities.	15,260,818
The issuance of long-term debt provides current financial resources to government 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.	(2,161,100)
Principal payments on installment purchases are recorded as a use of funds on the fund statements, but affect only the statement of net position in the government-wide statements.	2,478,361

<u>Description</u>	<u>Amount</u>
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CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
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II. Detail Notes on All Funds

A. Assets

1. Deposits

All of the Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Board's 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 risks for deposits.

At June 30, 2020, the Board had deposits with banks and savings and loans with a carrying amount of \$27,425,985. The bank balances with the financial institutions were \$20,017,781. Of these balances, \$1,169,033 was covered by federal depository insurance and \$18,848,748 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2020, the Board's investment balances were as follows:

<u>Investment</u>	<u>Valuation</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
	<u>Measurement Method</u>			
NC Capital Management Trust – Government Portfolio	Fair Value – Level 1	\$10,414,988	N/A	AAAm
Department of State Treasurer Short Term Investment Fund (STIF)	Fair Value - Level 2	28,692,612	Duration of 1.3 years	Unrated
U.S. Government Agencies	Fair Value – Level 1	5,457,474	1-2 years	AA+/A-1+
Total		<u>\$44,565,074</u>		

All investments are measured using the market approach. Debt classified in Level 1 of the fair value hierarchy is valued using prices quoted in active markets for those securities. Investments classified in Level 2 of the fair value hierarchy are valued using prices that are either directly or indirectly observable for an asset or liability.

The Board has no policy for managing interest rate risk or credit risk. For concentration risk, the Board places no limit on the amount that the Board may invest with any one user. The STIF is 64.4% of the Board's total investments.

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
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3. Accounts Receivable

Receivables at the government-wide level at June 30, 2020 were as follows:

	Due from other <u>governments</u>	<u>Other</u>
Governmental activities:		
General Fund	\$ -	\$ 246,262
Other governmental activities	<u>16,736,008</u>	<u>2,222,637</u>
Total	<u>\$ 16,736,008</u>	<u>\$ 2,468,899</u>
Business-type activities:		
School Food Service	\$ 447,332	\$ 503,660
Child Care	<u>-</u>	<u>460,457</u>
Total	<u>\$ 447,332</u>	<u>\$ 964,117</u>

Due from other governments consists of the following:

Governmental activities:		
State Public School Fund	\$ 14,280,931	Operating funds from DPI
Federal Grants Fund	1,363,093	Federal grant funds
Special Revenue Fund	148,443	Federal
Capital Outlay Fund	<u>943,541</u>	Local
Total	<u>\$ 16,736,008</u>	
Business-type activities:		
School Food Service	\$ 415,347	Federal funds
School Food Service	<u>31,985</u>	State
Total	<u>\$ 447,332</u>	

All amounts are considered collectible within the next fiscal year.

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
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4. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

<u>Category</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 9,773,526	\$ -	\$ -	\$ 9,773,526
Total capital assets not being depreciated	9,773,526	-	-	9,773,526
Capital assets being depreciated:				
Buildings and Improvements	391,296,191	65,693	11,757	391,350,127
Furniture and Equipment	29,497,895	3,136,829	381,403	32,253,322
Vehicles	51,700,226	1,237,783	144,245	52,793,764
Total capital assets being depreciated	472,494,312	4,440,305	537,405	476,397,213
Less accumulated depreciation for:				
Buildings and Improvements	183,399,125	7,533,111	11,757	190,920,479
Furniture and Equipment	24,251,731	1,464,461	356,750	25,359,441
Vehicles	36,718,949	1,998,921	144,245	40,589,349
Total accumulated depreciation	246,385,529	\$ 10,996,493	\$ 512,752	256,869,269
Total capital assets being depreciated, net	226,108,783			219,527,944
Governmental Activity capital assets, net	\$ 235,882,309			\$ 229,301,470

Depreciation was charged to governmental functions as follows:

Instructional services – regular	\$ 5,058,387
Instructional services – special populations	219,930
Instructional services – alternative programs	549,825
Instructional services – co-curricular	549,825
Instructional services – school based support services	219,930
Instructional services – school leadership services	1,099,649
Unallocated depreciation	3,298,948
Total	\$ 10,996,493

<u>Category</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Furniture and Equipment	\$ 14,846,295	\$ 561,692	\$ 21,672	\$ 15,386,315
Vehicles	202,807	-	-	202,807
Total capital assets being depreciated	15,049,102	561,692	21,672	15,589,122
Less accumulated depreciation for:				
Furniture and Equipment	10,667,681	458,425	21,337	11,104,769
Vehicles	142,100	7,852	-	149,952
Total accumulated depreciation	10,809,781	466,277	21,337	11,254,721
School Food Service capital assets, net	4,239,321			4,334,401
Before and After School Care Fund:				
Capital assets being depreciated:				
Buildings and Improvements	24,701	-	-	24,701
Furniture and Equipment	264,520	-	28,038	236,482
Vehicles	15,645	-	-	15,645
Total capital assets being depreciated	304,866	-	28,038	276,828
Less accumulated depreciation for:				
Buildings and Improvements	17,366	610	-	17,976
Furniture and Equipment	242,537	2,072	27,703	216,906
Vehicles	14,341	1,304	-	15,645
Total accumulated depreciation	274,244	\$ 3,986	\$ 27,703	250,527
Before and After School Care Fund capital assets, net	30,622			26,301
Business-type activities capital assets, net	\$ 4,269,943			\$ 4,360,702

Construction commitments

The Board has no active construction projects as of June 30, 2020.

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
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B. Liabilities

1. Pension Plan and Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

Plan Description. Cumberland County Board of Education contributes to the statewide Teachers' and State Employees' Retirement System ("TSERS"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. TSERS provides retirement benefits to plan members and beneficiaries. 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 Comprehensive Annual Financial Report ("CAFR") for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for TSERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454 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 (or 10 years of creditable service for members joining TSERS on or after August 1, 2011), 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 (or 10 years of creditable service for members joining TSERS on or after August 1, 2011). 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 (10 years for members joining on or after August 1, 2011). 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 law enforcement officers ("LEO") are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer (or 10 years of creditable service for members joining TSERS on or after August 1, 2011), 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 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.

Funding Policy. Plan members are required to contribute six% of their annual covered salary. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The current rate is 9.98% of annual 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. The contribution requirements of plan members and Cumberland County Board of Education are established by General Statute 135-8 and may be amended by the North Carolina General Assembly. The Board's contributions to TSERS for the year ended June 30, 2020 were \$34,952,765, equal to the required contributions for this year.

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
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For the Fiscal Year Ended June 30, 2020

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.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the Board reported a liability of \$183,778,157 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019, 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, 2019 and 2018, the Board's proportion was 1.772% and 1.720%, respectively.

For the year ended June 30, 2020, the Board recognized a pension expense of \$64,783,020. At June 30, 2020, 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	\$ 15,372,831	\$ 367,912
Changes of assumptions	19,582,285	-
Net difference between projected and actual earnings on pension plan investments	3,522,769	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	2,140,065	1,424,372
Board contributions subsequent to the measurement date	34,952,765	-
Total	<u>\$ 75,570,715</u>	<u>\$ 1,792,284</u>

\$34,952,765 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30:

2021	\$ 26,417,616
2022	7,164,058
2023	4,011,644
2024	1,232,348
	<u>\$ 38,825,666</u>

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
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Actuarial Assumptions. The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.50 to 8.10%, including inflation and productivity factor
Investment rate of return	7.00%, 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, 2018, valuation were based on the results of an actuarial experience study for the period January 1, 2010 through 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 %age 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, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	100%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 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 3.05%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. 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.

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
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Sensitivity of the County's Proportionate Share of the Net Pension Liability 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%, as well as what the Board's proportionate share of the nets pension liability would be if it were calculated using a discount rate that is 1%-point lower (6.00%) or 1%-age-point higher (8.00%) 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	\$349,780,955	\$183,778,157	\$44,522,965

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued CAFR for the State of North Carolina.

b. Other Postemployment Benefits

1. Healthcare Benefits

Plan Description. The RHBF has been established as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is established by General Statute 135-7, Article 1. 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, Local Education Agencies, 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 %age 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 CAFR, which can be found at <https://www.osc.nc.gov/public-information/reports>.

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 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.

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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 135-7, 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 General 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 6.43% of covered payroll which amounted to \$17,435,959.

At June 30, 2020, Board reported a liability of \$490,843,482 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. The total OPEB liability was then rolled forward to the measurement date of June 30, 2019, 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 determined. At June 30, 2019, the Board's proportion was 1.551%.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 24,744,695
Changes of assumptions	23,592,249	147,569,063
Net difference between projected and actual earnings on pension plan investments	326,863	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	7,357,200	16,403,548
Board contributions subsequent to the measurement date	17,435,959	-
Total	<u>\$ 48,712,271</u>	<u>\$188,717,306</u>

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
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\$17,435,959 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, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30:

2021	\$ (49,749,642)
2022	(49,749,642)
2023	(49,702,384)
2024	(14,024,169)
2025	5,784,843
	<u>\$ (157,440,994)</u>

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

Inflation	3.00%
Salary increases	Teachers: 3.50-7.55%, Law Enforcement Officers: 3.5-8.10%, General Employees 3.50-5.50%
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate – medical	5.00-6.50%
Healthcare cost trend rate – prescription drug	5.00-9.50%
Healthcare cost trend rate – administrative	3.00%

Discount Rate. The discount rate used to measure the total OPEB liability for the RHBF was 3.50%. 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 3.50% was used as the discount rate used to measure the total OPEB liability. The 3.87% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2018.

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 (2.50%) or 1-percentage point higher (4.50%) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability	\$ 583,298,409	\$ 490,843,482	\$ 416,812,666

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 a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage point higher (4.87%) than the current discount rate:

	1% Decrease (Medical - 4.00-5.50%, Pharmacy - 4.00-8.50%, Medicare Advantage - 4.00-5.50%, Administrative - 2.00%)	Healthcare Trend Rates (Medical -5.00- 6.50%, Pharmacy - 5.00-9.50%, Medicare Advantage - 5.00-6.50%, Administrative - 3.00%)	1% increase (Medical -6.00- 7.50%, Pharmacy - 6.00-10.50%, Medicare Advantage - 6.00-7.50%, Administrative - 4.00%)
Net OPEB liability	\$ 404,171,708	\$ 490,843,482	\$ 604,801,130

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OPEB Plan Fiduciary Net Position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CAFR for the State of North Carolina.

2. Disability Benefits

Plan Description. Short-term and long-term disability benefits are provided through the 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 CAFR, 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 five 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 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, 2019, employers made a statutory contribution of 0.14% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$269,489 for the year ended June 30, 2020.

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 OPEB.

OPEB Liabilities, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

At June 30, 2020, Board reported an asset of \$676,022 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018. The total OPEB asset was then rolled forward to the measurement date of June 30, 2019, 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, 2019, the Board's proportion was 1.567%.

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 690,608	\$ -
Changes of assumptions	74,887	69,357
Net difference between projected and actual earnings on pension plan investments	128,765	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	7,005	52,976
Board contributions subsequent to the measurement date	269,489	-
Total	\$ 1,170,754	\$ 122,333

\$269,489 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 asset in the year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30:

2021	\$ 281,974
2022	187,817
2023	135,411
2024	82,113
2025	116,061
Thereafter	(24,444)
Total	\$ 778,932

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

Inflation	3.00%
	3.5%-8.10%, include 3.5% inflation and productivity factor
Salary increases	factor

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%) or 1-percentage point higher (4.75%) than the current discount rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
Net OPEB asset	\$ 572,574	\$ 676,022	\$ 776,540

Common Actuarial Assumptions for Both OPEB Plans. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2018, using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB asset was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. 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.

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
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The actuarial assumptions were based on the results of an actuarial experience review for the period January 1, 2010 through December 31, 2014.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges 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 and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	100%	

Total OPEB Expense, OPEB Liabilities, and Deferred Outflows and Inflows of Resources Related to OPEB

Following is information related to the proportionate share and pension expense:

	<u>RHBF</u>	<u>DIPNC</u>	<u>Total</u>
OPEB Expense	\$ (10,100,465)	\$ 649,198	\$ (9,451,267)
OPEB Liability (Asset)	490,843,482	(676,022)	490,167,460
Proportionate share of the net OPEB liability (asset)	1.55136%	1.56668%	
Deferred of Outflows of Resources			
Differences between expected and actual experience	\$ -	\$ 690,608	\$ 690,608
Changes of assumptions	23,592,249	74,887	23,667,136
Net difference between projected and actual earnings on plan investments	326,863	128,765	455,628
Changes in proportion and differences between Board contributions and proportionate share of contributions	7,357,200	7,005	7,364,205
Board contributions subsequent to the measurement date	17,435,959	269,489	17,705,448
	<u>\$ 48,712,271</u>	<u>\$ 1,170,754</u>	<u>\$ 49,883,025</u>
Deferred of Inflows of Resources			
Differences between expected and actual experience	\$ 24,744,695	\$ -	\$ 24,744,695
Changes of assumptions	147,569,063	69,357	147,638,420
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	16,403,548	52,976	16,456,524
	<u>\$ 188,717,306</u>	<u>\$ 122,333</u>	<u>\$ 188,839,639</u>

2. Other Employment Benefits

In addition to providing pension and post-employment healthcare benefits, the Board provides disability benefits and death benefits, in accordance with State statutes, to certain employees. Death benefits are provided through the Benefit Plan for members of the Teachers' and State Employees' Retirement System (Death Benefit Plan), a multiple-employer State-administered cost-sharing plan funded on a one-year term cost basis. Employees who die in active service after one year of contributing membership service in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's highest 12 month's salary in a row during the 24 months prior to his/her death, with a minimum benefit of \$25,000 and a maximum of \$50,000.

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
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Short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina ("Disability Income Plan"), a multiple-employer State-administered cost-sharing plan, which also is funded on a one-year term cost basis. Long-term disability benefits are payable from the Disability Income Plan 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.

All short-term disability benefit payments are made by various State-administered plans. The Board has no liability beyond payment of monthly contributions except for short-term disability benefits, which are paid by the Board during the first six months of the short-term period.

3. Deferred Inflows

Unearned grant revenue of \$6,399,519 has been presented as a deferred inflow on the statement of net position because all eligibility requirements other than time requirements have been met.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>		<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
			Changes in proportion and differences between Board contributions and proportionate share of contributions - TSERS	\$ 2,140,065	\$ 1,424,372
			Board contributions subsequent to the measurement date - TSERS	34,952,765	-
			Differences between expected and actual experience - OPEB	690,608	24,744,695
			Changes of assumptions - OPEB	23,667,136	147,638,420
			Net difference between projected and actual earnings on pension plan investments - OPEB	456,628	-
Differences between expected and actual experience - TSERS	\$ 15,372,831	\$ 367,912	Changes in proportion and differences between Board contributions and proportionate share of contributions - OPEB	7,364,205	16,456,524
Changes of assumptions - TSERS	19,582,285	-	Board contributions subsequent to the measurement date - OPEB	17,705,448	-
Net difference between projected and actual earnings on pension plan investments - TSERS	3,522,769	-	Grants	-	6,399,519
			Total	<u>\$ 125,454,740</u>	<u>\$197,031,442</u>

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

4. Accounts Payable

Accounts payable as of June 30, 2020 are as follows:

	<u>Vendors</u>	<u>Salaries & Benefits</u>
Governmental Activities:		
General	\$ 9,591,773	\$ 9,057,695
Other Governmental	<u>124,643</u>	<u>16,009,715</u>
Total - governmental activities	<u>\$ 9,716,416</u>	<u>\$ 25,067,410</u>
	<u>Vendors</u>	<u>Salaries & Benefits</u>
Business-type Activities:		
School Food Service	\$ 212,129	\$ 370,640
Child Care	<u>3,821</u>	<u>-</u>
Total - business-type activities	<u>\$ 215,950</u>	<u>\$ 370,640</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 State of North Carolina provides workers' compensation coverage for employees to the extent they are paid from State funds. The Board purchases excess workers' compensation for locally and federally funded employees from Safety National. The Board is self-insured for the first \$400,000 per occurrence.

The claims liability of \$2,929,705 at June 30, 2020, is based on the requirements of Governmental Accounting Standards Board ("GASB") Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The claims liability is actuarially determined and includes an estimate for claims incurred but not reported. This entire amount is accrued and reported in the government-wide statements in the governmental activities. Changes in the fund's claims liability amount during fiscal years 2020 and 2019 are as follows:

	<u>Balance - Beginning of Fiscal Year</u>	<u>Claims and Net Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance - End of Fiscal Year</u>
2019-20	\$3,091,167	\$7,964,343	\$(8,125,805)	\$2,929,705
2018-19	3,088,684	489,652	(487,169)	3,091,167

The Board purchases General, Auto, and School Board Legal coverage from Lloyds of London with an excess limit of insurance aggregate for all lines of coverage totaling \$15,475,000.

The Board insures its tangible property assets of the Board with The North Carolina Department of Insurance Property Fund, Homeland Insurance Company of New York, and Maiden Specialty Insurance Company. The company provides coverage for the full blanket limit of \$1,318,155,074 (this is subject to the Catastrophic Limit of \$400,000,000). A limit of \$5 million (per location/annual aggregate) is provided for any one flood or earthquake.

The Board 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 with no lifetime limit. The Board pays the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

In accordance with G.S. 115C-442, the Board's employees who have custody of the Board's monies at any given time are performance bonded through a commercial surety bond. The finance officer is bonded for \$100,000. The remaining employees who have access to funds are bonded under a blanket bond for \$50,000.

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
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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.

In 2020, the Board entered into a direct placement installment purchase contract to finance the purchase of school buses. The buses are pledged as collateral for the debt while the debt is outstanding. The future minimum payments of the installment purchases as of June 30, 2020 are as follows:

6. Contingent Liabilities

At June 30, 2020, the Board was a defendant to various lawsuits. In the opinion of the Board's management and the Board's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Board's financial position.

7. Long-Term Obligations

a. Installment Purchase

The Board is authorized by State law [G.S. 115C-47(28a)] to enter into installment purchase contracts to finance energy conservation measures that will reduce its operating costs. In May 2012, the Board entered into a direct placement contract to reduce the energy costs associated with several schools. The property is pledged as collateral for the debt while the debt is still outstanding. The financing contract requires principal payments for 12 years beginning in the fiscal year 2012 with an interest rate of 2.32%. Payments are made from the General Fund. The balance at June 30, 2020 for these contracts total \$1,080,171.

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 moneys for the payments on new financing contracts entered into pursuant to G.S. 115C-528. The State has accepted the bid to purchase Thomas Built Buses through a special third party financing arrangement by Banc of America Public Capital Corp at total payments less than the purchase price. The balance at June 30, 2020 for these equipment purchases total \$4,127,831.

<u>Years Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 2,263,095	\$ 22,821
2022	1,748,542	17,777
2023	784,868	12,499
2024	243,616	6,981
2025	<u>167,881</u>	<u>1,464</u>
Totals	<u>\$ 5,208,002</u>	<u>\$ 61,541</u>

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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, 2020:

Compensated absences and net pension obligations for governmental activities are typically liquidated by general and other governmental funds.

	Balance 7/1/2019	Increases	Decreases	Balance 6/30/2020	Current Portion
Governmental Activities:					
Direct placement Installment Purchases	\$ 5,525,263	\$ 2,161,100	\$ 2,478,361	\$ 5,208,002	\$ 2,263,095
Compensated Absences	27,766,383	24,815,070	25,839,906	26,741,547	26,741,547
Net Pension Liability	166,404,799	12,681,927	-	179,086,726	-
Net OPEB Liability	424,761,270	53,648,070	-	478,409,340	-
Risk Management	3,091,167	7,964,343	8,125,805	2,929,705	-
Total	\$627,548,882	\$105,961,941	\$36,444,072	\$697,066,751	\$29,004,642
Business- Type Activities:					
Compensated Absences	\$ 946,923	\$ 1,089,309	\$ 904,938	\$ 1,131,294	\$ 1,131,294
Net Pension Liability	4,365,026	326,405	-	4,691,431	-
Net OPEB Liability	11,052,906	1,381,236	-	12,434,142	-
Total	\$ 16,364,855	\$ 2,796,950	\$ 904,938	\$ 18,256,867	\$ 1,131,294

c. Fund Balance

The Board does not have a formal spending policy that provides policy for programs with multiple revenue sources. The Finance Officer does use resources in the following hierarchy: State funds, federal funds, local non-Board of Education funds and Board of Education funds. For purposes of fund balance classification, expenditures are spent from restricted fund balances first, followed in order by assigned fund balance and lastly unassigned fund balance.

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation.

Total fund balance – General Fund	\$ 27,865,578
Less:	
Inventories	475,713
Stabilization by State Statute	2,172,517
Appropriated fund balance in 2021 budget	2,888,000
Risk management	<u>2,929,705</u>
Remaining fund balance	<u>\$ 19,399,643</u>

Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

Encumbrances:

General Fund	\$ 1,926,255
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CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

8. Interfund Transfers

Transfers to/from other funds at June 30, 2020 consist of the following:
Amounts:

From the State Public School Fund to the School Food Service Fund for coronavirus expenses.	\$ 488,918
From the State Public School Fund to the Child Care Fund for coronavirus expenses.	<u>456,933</u>
	<u>\$ 945,851</u>

III. 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.

Economic Contingencies

During 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result of the spread of COVID-19, economic uncertainties have arisen that could negatively impact the revenue and operations for an indeterminable period of time. Other financial impacts could occur that are unknown at this time.

IV. Subsequent Events

The Board has evaluated subsequent events through January 27, 2021, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

Required Supplemental Information



Cumberland County Board of Education
Schedule of the Board's Proportionate Share of the Net Pension Liability
Teachers' and State Employees' Retirement System
Last Seven Fiscal Years *

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Board's proportion of the net pension liability (asset) %	1.772%	1.720%	1.720%	1.776%	1.861%
Board's proportionate share of the net pension liability (asset) \$	\$ 183,778,157	\$ 170,769,825	\$ 136,772,307	\$ 163,160,106	\$ 68,577,452
Board's covered payroll	\$ 266,681,812	\$ 254,284,904	\$ 248,783,034	\$ 241,587,903	\$ 253,094,029
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	68.91%	67.16%	54.98%	67.54%	27.10%
Plan fiduciary net position as a percentage of the total pension liability	92.01%	91.89%	89.51%	87.32%	94.64%
	<u>2015</u>	<u>2014</u>			
Board's proportion of the net pension liability (asset) %	1.885%	1.941%			
Board's proportionate share of the net pension liability (asset) \$	\$ 22,097,439	\$ 117,814,195			
Board's covered payroll	\$ 244,937,120	\$ 275,544,982			
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	9.02%	42.76%			
Plan fiduciary net position as a percentage of the total pension liability	98.24%	90.60%			

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

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**Cumberland County Board of Education
Schedule of Board Contributions
Teachers' and State Employees' Retirement System
Last Seven Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 34,952,765	\$ 32,775,195	\$ 27,411,913	\$ 24,828,547	\$ 21,670,435
Contributions in relation to the					
contractually required contribution	<u>34,952,765</u>	<u>32,775,195</u>	<u>27,411,913</u>	<u>24,828,547</u>	<u>21,670,435</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 271,124,791	\$ 266,681,812	\$ 254,284,904	\$ 248,783,034	\$ 241,587,903
Contributions as a percentage of					
covered payroll	12.89%	12.29%	10.78%	9.98%	8.97%
	<u>2015</u>	<u>2014</u>			
Contractually required contribution	\$ 22,702,534	\$ 22,044,341			
Contributions in relation to the					
contractually required contribution	<u>22,702,534</u>	<u>22,044,341</u>			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>			
Board's covered payroll	\$ 253,094,029	\$ 244,937,120			
Contributions as a percentage of					
covered payroll	8.97%	9.00%			

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**Cumberland County 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 Four Fiscal Years ***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability (asset)	1.551%	1.530%	1.581%	1.585%
Board's proportionate share of the net OPEB liability (asset)	\$ 490,843,482	\$ 435,814,176	\$ 518,296,049	\$ 689,415,246
Board's covered payroll	\$ 266,681,812	\$ 254,284,904	\$ 248,783,034	\$ 241,587,903
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	184.06%	171.39%	208.33%	285.37%
Plan fiduciary net position as a percentage of the total pension liability	4.40%	3.52%	3.52%	2.41%

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

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**Cumberland County Board of Education
Schedule of Required Supplementary Information
Schedule of Board Contributions
Retiree Health Benefit Fund
Last Ten Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 17,435,959	\$ 16,720,950	\$ 15,384,237	\$ 13,931,850	\$ 15,143,344
Contributions in relation to the					
contractually required contribution	17,435,959	16,720,950	15,384,237	13,931,850	15,143,344
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 271,124,791	\$ 266,681,812	\$ 254,284,904	\$ 248,783,034	\$ 241,587,903
Contributions as a percentage of					
covered payroll	6.431%	6.270%	6.050%	5.600%	6.268%
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 15,175,685	\$ 14,457,345	\$ 14,603,884	\$ 13,129,129	\$ 13,400,755
Contributions in relation to the					
contractually required contribution	15,175,685	14,457,345	14,603,884	13,129,129	13,400,755
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 253,094,029	\$ 244,937,120	\$ 275,544,981	\$ 262,582,580	\$ 273,484,796
Contributions as a percentage of					
covered payroll	5.996%	5.902%	5.300%	5.000%	4.900%

**Cumberland County 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 Four Fiscal Years ***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB asset	1.567%	1.523%	1.523%	1.584%
Board's proportionate share of the net OPEB asset	\$ 676,022	\$ 462,572	\$ 931,157	\$ 983,664
Board's covered payroll	\$ 266,681,812	\$ 254,284,904	\$ 248,783,034	\$ 241,587,903
Board's proportionate share of the net OPEB asset as a percentage of its covered payroll	0.25%	0.18%	0.37%	0.41%
Plan fiduciary net position as a percentage of the total OPEB asset	116.47%	116.37%	116.23%	116.06%

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

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**Cumberland County Board of Education
Schedule of Required Supplementary Information
Schedule of Board Contributions
Disability Income Plan of North Carolina
Last Ten Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 269,489	\$ 373,355	\$ 355,999	\$ 928,130	\$ 1,133,339
Contributions in relation to the					
contractually required contribution	269,489	373,355	355,999	928,130	1,133,339
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 271,124,791	\$ 266,681,812	\$ 254,284,904	\$ 248,783,034	\$ 241,587,903
Contributions as a percentage of covered payroll	0.099%	0.140%	0.140%	0.373%	0.469%
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 1,216,266	\$ 1,178,006	\$ 1,213,398	\$ 1,365,429	\$ 1,422,121
Contributions in relation to the					
contractually required contribution	1,216,266	1,178,006	1,213,398	1,365,429	1,422,121
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 253,094,029	\$ 244,937,120	\$ 275,772,273	\$ 262,582,500	\$ 273,484,808
Contributions as a percentage of covered payroll	0.481%	0.481%	0.440%	0.520%	0.520%

Combined and Individual Fund Statement



General Fund



The General Fund is the Board's operating fund, which is comprised solely of the Local Current Expense Fund. This fund is used primarily for educational purposes and is financed mainly through county appropriations and fines and forfeitures. The General Fund is accounted for on the modified accrual basis of accounting.

**Cumberland County Board of Education
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2020**

	Budget	Actual	Positive (Negative) Variance
Revenues			
Cumberland County appropriation	\$ 80,550,000	\$ 80,550,000	\$ -
Other			
Fines and forfeitures	2,187,553	2,111,712	(75,841)
Interest earned on investments	500,000	1,064,289	564,289
Rental of school property	45,000	31,480	(13,520)
Insurance settlement	48,747	55,390	6,643
Miscellaneous	424,700	1,493,375	1,068,675
Total other	3,206,000	4,756,246	1,550,246
Total revenues	83,756,000	85,306,246	1,550,246
Expenditures			
Instructional services:			
Regular instructional			
Regular instructional services:			
Regular curricular services		3,915,742	
CTE curricular services		1,087,831	
Program enhancement		2,109,301	
Special populations services:			
Children with disabilities curricular services		1,668,346	
Special populations CTE curricular services		33,641	
Pre-K children with disabilities curricular services		89,987	
Speech and language pathology services		251,520	
Audiology services		5,443	
Academically/intellectually gifted curricular services		308,669	
Limited English proficiency services		163,280	
Alternative programs services:			
Attendance and social work services		601,329	
Remedial and supplemental K-12 services		220,775	
Pre-K readiness/remedial and supplemental services		16,252	
School leadership services		22,494,576	
Co-curricular services		2,484,502	
School-based support services:			
Educational media services		612,698	
Guidance services		1,031,229	

**Cumberland County Board of Education
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Health support services		\$ 647,051	
Safety and security support services		215,649	
Instructional technology services		2,907,974	
Staff development unallocated		806,459	
Parent involvement services		1,109	
Total instructional services	<u>\$ 48,066,847</u>	<u>41,673,363</u>	<u>\$ 6,393,484</u>
System-wide support services:			
Support and development services:			
Regular curricular support and development services		7,616,623	
CTE curricular support and development services		(8,515)	
Special populations support and development services		200,128	
Alternative programs and services support and development services		131,402	
Technology support services		1,735,127	
Operational support services:			
Printing and copying services		127,230	
Public utility and energy services		8,843,029	
Custodial/housekeeping services		2,537,244	
Transportation services		1,387,540	
Warehouse and delivery services		1,236,229	
Facilities planning, acquisition, and construction services		203,478	
Maintenance services		11,151,003	
Financial and human resource services:			
Financial services		1,499,119	
Human resources services		2,186,445	
Accountability services:			
Student testing services		771,753	
Planning, research development and program evaluation		80,457	
System-wide pupil support:			
Health support services		131,474	
Safety and security support services		12,073	
Instructional technology support services		1,822,959	
Policy, leadership, and public relations services:			
Board of education		150,979	
Legal services		498,316	
Audit services		300,419	

**Cumberland County Board of Education
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2020**

	Budget	Actual	Positive (Negative) Variance
Leadership services		\$ 695,123	
Public relations		603,212	
Total support services	<u>\$ 45,179,125</u>	<u>43,912,847</u>	<u>\$ 1,266,278</u>
Ancillary services	<u>7,115</u>	<u>7,111</u>	<u>4</u>
Non-programmed charges:			
Payments to other governments	<u>2,405,000</u>	<u>1,990,033</u>	<u>414,967</u>
Total expenditures	<u>95,658,087</u>	<u>87,583,354</u>	<u>8,074,733</u>
Revenues over (under) expenditures	(11,902,087)	(2,277,108)	9,624,979
Fund balance appropriated	<u>13,471,325</u>	<u>-</u>	<u>(13,471,325)</u>
Net change in fund balance	<u>\$ -</u>	<u>(2,277,108)</u>	<u>\$ (2,277,108)</u>
Fund balance, beginning of year		<u>30,142,686</u>	
Fund balance, end of year		<u><u>\$ 27,865,578</u></u>	

Federal Fund



The Federal Fund is used to account for federal grant monies administered through the Department of Public Instruction. These grant funds are received through allotments and not direct checks. The Federal Fund is accounted for on the modified accrual basis of accounting.

**Cumberland County Board of Education
Federal Grants Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2020**

	Budget	Actual	Variance Positive (Negative)
Revenues			
U.S. Government			
U.S. Department of Education	\$ 56,245,087	\$ 33,762,077	\$ (22,483,010)
Total revenues	<u>56,245,087</u>	<u>33,762,077</u>	<u>(22,483,010)</u>
Expenditures			
Instructional services	50,630,513	31,313,741	19,316,772
System-wide supporting services	3,910,765	2,027,527	1,883,238
Non-programmed charges	1,703,809	420,809	1,283,000
Total expenditures	<u>56,245,087</u>	<u>33,762,077</u>	<u>22,483,010</u>
Revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

Special Revenue Fund



The Special Revenue Fund accounts for the grants and other funding received for specially designated uses. The funds are accounted for using the modified accrual basis of accounting.

**Cumberland County Board of Education
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2020**

	Budget	Actual	Positive (Negative) Variance
Revenues			
State of North Carolina	\$ 1,644,667	\$ 1,633,580	\$ (11,087)
U.S. Government	13,999,406	10,538,155	(3,461,251)
Other	4,507,480	4,036,602	(470,878)
Total revenues	20,151,553	16,208,337	(3,943,216)
Expenditures			
Instructional services			
Regular instructional		10,873,166	
Special populations		1,192,362	
Alternative programs		1,676,103	
School leadership		152,296	
Co-curricular		38,437	
School-based support		1,037,060	
Total instructional services	19,716,503	14,969,424	4,747,079
System-wide support services			
Support and development		273,057	
Special populations support and development		75,692	
Alternative programs and services support and development		2,884	
Operational support		1,783	
Total support services	428,250	353,416	74,834
Non-program charges	6,800	2,000	4,800
Total expenditures	20,151,553	15,324,840	4,826,713
Revenues over (under) expenditures	-	883,497	883,497
Fund balance appropriated	-	-	-
Net change in fund balance	\$ -	883,497	\$ 883,497
Fund balance, beginning of year		2,871,813	
Fund balance, end of year		\$ 3,755,310	

Capital Projects Fund



The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of capital assets other than those financed by proprietary funds. Capital projects are funded primarily by county appropriations obtained from bond proceeds and sales tax revenues. The Capital Projects Fund is accounted for using the modified accrual basis of accounting.

**Cumberland County Board of Education
Capital Outlay Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2020**

	Budget	Actual	Positive (Negative) Variance
Revenues			
State of North Carolina			
State appropriations - buses	\$ -	\$ -	\$ -
Total State of North Carolina	-	-	-
Cumberland County			
General county revenues	20,226,970	12,741,525	(7,485,445)
Total Cumberland County	20,226,970	12,741,525	(7,485,445)
Other			
Miscellaneous	-	93,546	93,546
Total other	-	93,546	93,546
Total revenues	20,226,970	12,835,071	(7,391,899)
Expenditures			
Capital Outlay			
Land, buildings, and site improvement		11,205,467	
Furnishings and equipment		1,577,492	
Vehicles and other		252,447	
Total capital outlay	22,226,970	13,035,406	9,191,564
Debt services			
Principal	1,973,255	1,973,255	-
Total expenditures	24,200,225	15,008,661	9,191,564
Revenues over (under) expenditures	(3,973,255)	(2,173,590)	1,799,665
Other financing sources (uses)			
Contributions from DPI	1,973,255	1,973,255	-
Revenues and other financing sources			
Fund balance appropriated	2,000,000	-	(2,000,000)
Total other financing sources (uses)	3,973,255	1,973,255	(2,000,000)
Net change in fund balance	\$ -	(200,335)	\$ (200,335)
Fund balance, beginning of year		3,446,905	
Fund balance, end of year		\$ 3,246,570	

Non-Major Governmental Fund



The Board has two non-major governmental funds: the Individual Schools Fund, and the Combined Athletics Fund. The Individual Schools Fund accounts for funds held on behalf of the various clubs and organizations and school fund raising activities. The Combined Athletic Fund accounts for revenues and expenditures related to various athletic activities. Non-major governmental funds are accounted for using the modified accrual basis of accounting.

**Cumberland County Board of Education
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2020**

	Individual Schools Fund	Combined Athletics Fund	Combined Totals
Assets			
Cash and cash equivalents	\$ 3,090,215	\$ 338,686	\$ 3,428,901
Accounts receivable	-	9	9
Total assets	<u>\$ 3,090,215</u>	<u>\$ 338,695</u>	<u>\$ 3,428,910</u>
Liabilities			
Accounts payable	\$ 32,131	\$ 11,413	\$ 43,544
Unearned revenue	-	352,259	352,259
Total liabilities	<u>32,131</u>	<u>363,672</u>	<u>395,803</u>
Fund balances			
Fund balance - restricted	<u>3,058,084</u>	<u>(24,977)</u>	<u>3,033,107</u>
Total liabilities and fund balance	<u>\$ 3,090,215</u>	<u>\$ 338,695</u>	<u>\$ 3,428,910</u>

**Cumberland County Board of Education
Non-Major Governmental Funds
Combining Schedule of Revenues, Expenditures, and
Changes in Fund Balances
For the Fiscal Year Ended June 30, 2020**

	Individual Schools Fund	Combined Athletics Fund	Combined Totals
Revenues			
Other	\$ 7,073,845	\$ 992,213	\$ 8,066,058
Total revenues	<u>7,073,845</u>	<u>992,213</u>	<u>8,066,058</u>
Expenditures			
Instructional services			
Co-curricular	6,747,980	962,735	7,710,715
System-wide supporting services			
Operational support services	-	26,554	26,554
Total expenditures	<u>6,747,980</u>	<u>989,289</u>	<u>7,737,269</u>
Revenues over expenditures	<u>325,865</u>	<u>2,924</u>	<u>328,789</u>
Net change in fund balance	325,865	2,924	328,789
Fund balance, beginning of year	<u>2,732,219</u>	<u>(27,901)</u>	<u>2,704,318</u>
Fund balance, end of year	<u><u>\$ 3,058,084</u></u>	<u><u>\$ (24,977)</u></u>	<u><u>\$ 3,033,107</u></u>

Enterprise Fund



The Enterprise Funds are used to account for the Board's food service operations and its before and after school care program. It is the intent of the Board that the costs of providing food services to the individual schools be partially recovered by user charges. The remainder is covered by Federal reimbursements and commodities. The before and after school care program is sustained entirely by participant fees. The Enterprise Funds are accounted for on the full accrual basis of accounting.

Cumberland County Board of Education
School Food Service Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Operating revenues, food sales	\$ 1,938,753	\$ 2,087,699	\$ 148,946
Operating expenditures			
Business support services			
Purchase of food		7,460,361	
Donated commodities		2,281,729	
Salaries and benefits		12,705,337	
Indirect costs		1,198,464	
Repairs and maintenance		466,739	
Materials and supplies		166,165	
Contracted services		1,295,472	
Other		1,165,889	
Equipment purchases		477,884	
Total operating expenditures	<u>28,799,836</u>	<u>27,218,040</u>	<u>1,581,796</u>
Operating loss	<u>(26,861,083)</u>	<u>(25,130,341)</u>	<u>1,730,742</u>
Nonoperating revenues (expenses)			
Federal reimbursements	25,291,583	23,195,864	(2,095,719)
Federal commodities	1,545,000	2,281,729	736,729
State reimbursements	-	14,822	14,822
Interest earned	-	159,032	159,032
Sales tax refund	24,500	50,905	26,405
Total nonoperating revenues	<u>26,861,083</u>	<u>25,702,352</u>	<u>(1,158,731)</u>
Excess of expenditures over revenue	<u>\$ -</u>	<u>1,060,929</u>	<u>\$ 1,060,929</u>
Reconciliation of modified accrual to full accrual basis			
Revenues and fund balance appropriated under expenditures		1,060,929	
Reconciling items			
Depreciation		(466,277)	
Equipment purchases, net of contributions		477,884	
Net OPEB asset		5,358	
Net pension liability		(326,405)	
Net OPEB liability		(1,381,236)	
Deferred inflows		1,349,485	
Deferred outflows		282,857	
Compensated absences payable		(184,371)	
Decrease in inventories		(330,129)	
Change in net position (full accrual)		<u>\$ 488,095</u>	

**Cumberland County Board of Education
Child Care Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2020**

	Budget	Actual	Variance Positive (Negative)
Operating revenues			
Child care fees	\$ 3,236,553	\$ 2,453,086	\$ (783,467)
Other operating revenue	118,000	100,175	(17,825)
Total operating revenues	<u>3,354,553</u>	<u>2,553,261</u>	<u>(801,292)</u>
Operating expenditures			
Regular community service			
Purchase of food		26,768	
Salaries and benefits		1,720,703	
Indirect costs		1,160,000	
Materials and supplies		78,183	
Contracted services		171,730	
Total operating expenditures	<u>3,354,553</u>	<u>3,157,384</u>	<u>197,169</u>
Operating loss	-	(604,123)	604,123
Nonoperating revenues			
Interest income	-	23,479	(23,479)
Excess of expenditures under revenues before other financing sources	<u>-</u>	<u>(580,644)</u>	<u>580,644</u>
Other financing sources			
Transfers in	-	456,933	(456,933)
Excess expenditures under revenues and other sources	<u>\$ -</u>	<u>(123,711)</u>	<u>\$ 580,644</u>
Reconciliation of modified accrual to full accrual basis			
Revenues and fund balance appropriated under expenditures		(123,711)	
Reconciling items			
Depreciation		(3,986)	
Change in net position (full accrual)		<u>\$ (127,697)</u>	

Statistical Section



CUMBERLAND COUNTY BOARD OF EDUCATION
STATISTICAL SECTION
Introduction
June 30, 2020

The Statistical Section of the District's Comprehensive Annual Financial Report (CAFR) 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.

Section

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and operations have changed over time. Government-wide data are presented for the past nine fiscal years. Governmental Fund revenue sources and expenditures by function are presented over a 10 year period.

Debt Capacity

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

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.

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.

Sources of Information

Unless otherwise noted, the information for the school system is derived from the comprehensive annual financial reports for the relevant years.

Schedule

Net Position by Component
 Changes in Net Position
 Fund Balances of Governmental Funds
 Changes in Fund Balances of Governmental Funds

Ratios of Outstanding Debt by Type
 Ratios of Net General Bonded Debt Outstanding
 Computation of Legal Debt Margins
 Schedule of Outstanding Debt

Principal Property Taxpayers
 Property Tax Levies and Collections
 Assessed Value of Taxable Property
 Property Tax Rates-Direct & Overlapping Governments
 Demographic and Economic Statistics
 Principal Employers

Full-Time Employees by Function
 Schools and Student Programs
 Capital Asset Information

CUMBERLAND COUNTY BOARD OF EDUCATION
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental Activities										
Net investment in capital assets	\$ 225,173,639	\$ 231,640,478	\$ 235,078,467	\$ 244,298,958	\$ 251,146,519	\$ 259,623,913	\$ 269,801,915	\$ 276,668,882	\$ 279,624,817	\$ 270,647,358
Restricted	12,866,085	9,976,902	10,177,095	9,234,389	9,813,366	8,506,345	5,311,500	5,347,972	5,532,843	10,855,125
Unrestricted	<u>(725,972,135)</u>	<u>(720,481,278)</u>	<u>(735,738,718)</u>	<u>(48,807,690)</u>	<u>(46,375,094)</u>	<u>(64,650,700)</u>	<u>9,388,389</u>	<u>16,115,645</u>	<u>28,962,529</u>	<u>19,357,451</u>
Total governmental activities net position	<u>\$ (487,932,411)</u>	<u>\$ (478,863,898)</u>	<u>\$ (490,483,156)</u>	<u>\$ 204,725,657</u>	<u>\$ 214,584,791</u>	<u>\$ 203,479,558</u>	<u>\$ 284,501,804</u>	<u>\$ 298,132,499</u>	<u>\$ 314,120,189</u>	<u>\$ 300,859,934</u>
Business-type activities										
Net investment in capital assets	\$ 4,360,702	\$ 4,269,943	\$ 3,184,941	\$ 3,016,804	\$ 1,956,701	\$ 1,994,042	\$ 2,113,254	\$ 2,194,348	\$ 2,145,122	\$ 2,380,098
Restricted	17,441	12,083	23,443	-	-	-	-	-	-	-
Unrestricted	<u>(6,219,045)</u>	<u>(6,483,326)</u>	<u>(6,764,106)</u>	<u>10,361,385</u>	<u>10,240,489</u>	<u>8,177,230</u>	<u>10,826,835</u>	<u>11,402,958</u>	<u>11,844,577</u>	<u>11,393,701</u>
Total business-type activities net position	<u>\$ (1,840,902)</u>	<u>\$ (2,201,300)</u>	<u>\$ (3,555,722)</u>	<u>\$ 13,378,189</u>	<u>\$ 12,197,190</u>	<u>\$ 10,171,272</u>	<u>\$ 12,940,089</u>	<u>\$ 13,597,306</u>	<u>\$ 13,989,699</u>	<u>\$ 13,773,799</u>
Primary Government										
Net investment in capital assets	\$ 229,534,341	\$ 235,910,421	\$ 238,263,408	\$ 247,315,762	\$ 253,103,220	\$ 261,617,955	\$ 271,915,169	\$ 278,863,230	\$ 281,769,939	\$ 273,027,456
Restricted	12,883,526	9,988,985	10,200,538	9,234,389	9,813,366	8,506,345	5,311,500	5,347,972	5,532,843	10,855,125
Unrestricted	<u>(732,191,180)</u>	<u>(726,964,604)</u>	<u>(742,502,824)</u>	<u>(38,446,305)</u>	<u>(36,134,605)</u>	<u>(56,473,470)</u>	<u>20,215,224</u>	<u>27,518,603</u>	<u>40,807,106</u>	<u>30,751,152</u>
Total primary government net position	<u>\$ (489,773,313)</u>	<u>\$ (481,065,198)</u>	<u>\$ (494,038,878)</u>	<u>\$ 218,103,846</u>	<u>\$ 226,781,981</u>	<u>\$ 213,650,830</u>	<u>\$ 297,441,893</u>	<u>\$ 311,729,805</u>	<u>\$ 328,109,888</u>	<u>\$ 314,633,733</u>

Source: Information taken from the District's audited financial statements.

CUMBERLAND COUNTY BOARD OF EDUCATION
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Years Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental Activities:										
Instructional services:										
Regular instructional	\$ 232,663,527	\$ 223,215,869	\$ 220,018,874	\$ 213,120,414	\$ 189,198,534	\$ 186,047,766	\$ 191,947,803	\$ 204,189,972	\$ 205,563,524	\$ 196,209,193
Special populations	56,358,936	51,606,172	52,232,489	50,497,424	47,345,798	46,401,352	50,350,971	50,499,490	49,608,160	52,390,966
Alternative programs	26,900,887	27,981,218	27,646,405	24,512,397	23,141,687	25,079,809	25,987,369	26,810,690	29,080,306	32,505,502
School leadership	37,109,939	35,747,708	33,514,499	30,701,359	30,224,277	29,898,693	29,220,118	29,577,572	29,494,171	29,921,721
Co-curricular	11,554,153	12,784,045	12,859,684	12,750,911	12,610,379	12,620,894	13,280,148	13,019,167	13,129,035	13,095,664
School-based support	32,048,613	28,851,210	26,865,033	25,984,298	25,825,547	25,704,687	24,655,443	25,381,906	25,075,397	29,369,091
System-wide support services:										
Support and development	8,313,935	7,571,761	7,563,056	7,254,222	7,174,124	7,006,089	7,897,355	8,263,834	7,760,504	8,546,453
Special populations support and development	2,365,769	2,227,091	1,790,024	1,659,485	1,471,816	1,552,688	1,392,545	1,399,897	1,351,302	795,931
Alternative programs, services support & development	1,478,356	1,295,850	1,005,964	588,262	586,537	585,469	567,106	608,945	691,729	826,762
Technology support	3,414,271	2,785,971	1,786,566	2,775,794	2,026,986	2,020,682	2,184,435	1,800,324	1,634,107	1,735,592
Operational support	55,180,463	52,680,001	53,488,488	51,634,980	47,597,930	47,210,238	53,482,787	53,645,786	51,185,132	53,748,930
Financial and human services	3,976,867	3,875,952	3,417,984	3,223,935	3,051,678	3,120,819	3,158,029	3,143,566	3,169,763	3,144,528
Accountability	852,210	826,875	634,110	684,169	620,478	615,629	636,182	621,771	667,398	697,551
System-wide pupil support	1,966,506	330,666	1,147,540	913,413	588,906	61,163	68,825	1,408	62,096	1,723,065
Policy, leadership and public relations	6,086,657	5,462,021	4,924,854	4,182,042	3,586,065	3,932,923	3,472,714	3,325,505	3,647,991	1,764,204
Ancillary services	442,056	478,168	90,331	96,557	101,931	62,468	58,137	70,955	211,378	223,760
Nonprogram charges	2,412,842	2,466,738	2,102,680	1,913,372	1,761,730	1,359,871	1,107,798	859,363	727,426	304,079
Unallocated depreciation expense *	3,298,947	3,225,058	3,330,950	3,459,816	3,423,626	3,498,666	3,634,136	3,624,801	3,328,814	2,227,414
Interest expense	-	-	-	-	-	-	-	-	-	102,870
Total governmental activities expenses (1)	\$ 486,424,934	\$ 463,412,374	\$ 454,419,531	\$ 435,952,850	\$ 400,338,029	\$ 396,779,906	\$ 413,101,901	\$ 426,844,952	\$ 426,388,233	\$ 429,333,276
Business-type activities:										
School food service	27,790,874	27,567,610	28,765,409	26,903,466	25,777,436	25,298,959	25,841,581	26,345,033	25,797,742	24,773,817
Child care	3,161,370	3,237,360	3,181,755	3,227,274	3,426,212	3,653,291	3,997,102	4,267,183	4,349,369	4,469,324
Total business-type activities	30,952,244	30,804,970	31,947,164	30,130,740	29,203,648	28,952,250	29,838,683	30,612,216	30,147,111	29,243,141
Total primary government	517,377,178	494,217,344	486,366,695	466,083,590	429,541,677	425,732,156	442,940,584	457,457,168	456,535,344	458,576,417
Program Revenues:										
Governmental activities:										
Charges for services										
Instruction	7,105,325	7,476,656	7,850,188	7,994,493	8,492,783	8,314,938	8,708,219	8,708,138	8,555,377	9,485,113
Supporting services	-	-	-	-	-	-	-	-	-	104,243
Operating grants and contributions	351,752,205	343,876,510	323,825,147	308,246,594	294,360,172	299,613,319	288,861,407	293,405,301	311,055,627	310,924,419
Capital grants and contributions	2,161,100	3,812,057	2,097,887	2,333,024	-	504,421	-	-	-	6,861,981
Total governmental activities program revenue	\$ 361,018,630	\$ 355,165,223	\$ 333,773,222	\$ 318,574,111	\$ 302,852,955	\$ 308,432,678	\$ 297,569,626	\$ 302,113,439	\$ 319,611,004	\$ 327,375,756

* This amount excludes the depreciation that is included in the direct expenses of the various programs.
Source: Information taken from the District's audited financial statements.

CUMBERLAND COUNTY BOARD OF EDUCATION
CHANGES IN NET POSITION (CONTINUED)
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Years Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Program revenues (continued):										
Business-type activities										
Charges for services										
School food service	\$ 2,087,699	\$ 3,002,947	\$ 3,698,105	\$ 4,065,148	\$ 4,753,273	\$ 5,325,185	\$ 6,197,778	\$ 7,182,334	\$ 7,487,313	\$ 7,624,246
Child care	2,553,261	3,131,232	3,257,855	3,163,518	3,306,320	3,087,289	3,211,431	3,509,897	3,652,720	4,088,159
Operating grants and contributions	25,543,320	25,848,608	25,731,328	24,010,552	23,123,469	20,242,917	19,734,575	19,489,409	19,160,373	18,119,763
Capital grants and contributions	-	-	-	-	-	-	-	-	-	574,877
Total business-type activities program revenue	30,184,280	31,982,787	32,687,288	31,239,218	31,183,062	28,655,391	29,143,784	30,181,640	30,300,406	30,407,045
Total primary government program revenue	391,202,910	387,148,010	366,460,510	349,813,329	334,036,017	337,088,069	326,713,410	332,295,079	349,911,410	357,782,801
Net (expense)/revenue										
Governmental activities	(125,406,304)	(108,247,151)	(120,646,309)	(117,378,739)	(97,485,074)	(88,347,228)	(115,532,275)	(124,731,513)	(106,777,229)	(101,957,520)
Business-type activities	(767,964)	1,177,817	740,124	1,108,478	1,979,414	(296,859)	(694,899)	(430,576)	153,295	1,163,904
Total primary government net expense	(126,174,268)	(107,069,334)	(119,906,185)	(116,270,261)	(95,505,660)	(88,644,087)	(116,227,174)	(125,162,089)	(106,623,934)	(100,793,616)
General revenues and other changes in net assets:										
Governmental activities:										
Unrestricted county appropriations - operating	80,550,000	81,029,423	80,082,412	79,463,109	78,345,062	76,982,883	76,220,676	76,220,676	76,220,676	76,646,227
Unrestricted county appropriations - capital	12,741,525	15,009,824	11,029,218	5,835,448	7,480,550	7,013,334	7,735,529	11,178,683	18,852,519	13,265,645
Unrestricted State appropriations - operating	-	-	-	-	-	-	-	-	-	7,645,251
Unrestricted State appropriations - capital	1,973,255	2,487,114	2,517,004	2,590,769	2,372,630	-	184,145	1,443,255	1,074,975	-
Unrestricted U. S. Government	-	-	-	-	-	-	-	-	-	9,029,612
Investment earnings, unrestricted	1,064,289	1,207,247	386,588	224,522	207,692	166,939	175,568	112,276	402,790	785,628
Miscellaneous, unrestricted	20,954,573	20,132,801	17,878,059	19,405,757	20,184,373	20,955,595	17,585,662	19,788,933	23,486,524	7,076,391
Transfers	(945,851)	-	-	-	-	-	-	-	-	-
Total governmental activities	116,337,791	119,866,409	111,893,281	107,519,605	108,590,307	105,118,751	101,901,580	108,743,823	120,037,484	114,448,754
Business-type activities:										
Investment earnings, unrestricted	182,511	176,605	54,992	72,521	46,504	-	37,682	38,183	62,605	80,178
Transfers	945,851	-	-	-	-	-	-	-	-	-
Total business-type activities	1,128,362	176,605	54,992	72,521	46,504	-	37,682	38,183	62,605	80,178
Total primary government general revenues	117,466,153	120,043,014	111,948,273	107,592,126	108,636,811	105,118,751	101,939,262	108,782,006	120,100,089	114,528,932
Change in net position, governmental activities	(9,068,513)	11,619,258	(8,753,028)	(9,859,134)	11,105,233	16,771,523	(13,630,695)	(15,987,690)	13,260,255	12,491,234
Change in net position, business-type activities	360,398	1,354,422	795,116	1,180,999	2,025,918	(296,859)	(657,217)	(392,393)	215,900	1,244,082
Total primary government	\$ (8,708,115)	\$ 12,973,680	\$ (7,957,912)	\$ (8,678,135)	\$ 13,131,151	\$ 16,474,664	\$ (14,287,912)	\$ (16,380,083)	\$ 13,476,155	\$ 13,735,316

Source: Information taken from the District's audited financial statements.

CUMBERLAND COUNTY BOARD OF EDUCATION
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Nonspendable:										
Inventories	\$ 475,713	\$ 475,713	\$ 475,713	\$ 475,713	\$ 475,713	\$ 475,713	\$ 475,713	\$ 372,375	\$ 372,375	\$ 459,416
Restricted:										
Stabilization by State Statute	2,172,517	503,377	312,832	301,645	636,484	108,002	203,464	273,333	395,741	900,475
Assigned:										
Subsequent year's expenditures	2,888,000	13,435,325	9,890,014	1,421,308	287,088	3,000,000	7,637,947	12,509,287	14,745,584	8,314,605
Risk Management	2,929,705	3,091,167	3,088,684	3,425,315	3,308,992	3,736,285	3,742,844			
Unassigned:	19,399,643	12,637,104	22,923,316	28,323,657	28,441,184	23,371,510	22,640,043	28,150,619	34,539,567	35,052,981
Total General Fund	<u>\$ 27,865,578</u>	<u>\$ 30,142,686</u>	<u>\$ 36,690,559</u>	<u>\$ 33,947,638</u>	<u>\$ 33,149,461</u>	<u>\$ 30,691,510</u>	<u>\$ 34,700,011</u>	<u>\$ 41,305,614</u>	<u>\$ 50,053,267</u>	<u>\$ 44,727,477</u>
All other governmental funds										
Restricted:										
Stabilization by State Statute							2,080,441	1,271,774		7,003,956
School capital outlay	3,246,570	3,446,905	3,045,040	2,992,787	2,356,587	2,322,850	-	720,079	2,070,130	
Individual Schools	3,033,107	2,704,318	2,810,653	2,812,921	3,135,118	2,947,773	2,740,443	2,827,690	3,066,972	2,950,694
Programs	3,755,310	2,871,813	3,100,856	3,127,036	3,685,177	3,127,720	287,152	255,096		
Unassigned:										(4,106,667)
Total all other governmental funds	<u>\$ 10,034,987</u>	<u>\$ 9,023,036</u>	<u>\$ 8,956,549</u>	<u>\$ 8,932,744</u>	<u>\$ 9,176,882</u>	<u>\$ 8,398,343</u>	<u>\$ 5,108,036</u>	<u>\$ 5,074,639</u>	<u>\$ 5,137,102</u>	<u>\$ 5,847,983</u>
Total all governmental funds	<u>\$ 37,900,565</u>	<u>\$ 39,165,722</u>	<u>\$ 45,647,108</u>	<u>\$ 42,880,382</u>	<u>\$ 42,326,343</u>	<u>\$ 39,089,853</u>	<u>\$ 39,808,047</u>	<u>\$ 46,380,253</u>	<u>\$ 55,190,369</u>	<u>\$ 50,575,460</u>

Source: Information taken from the District's audited financial statements.

CUMBERLAND COUNTY BOARD OF EDUCATION
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
State of North Carolina	\$ 321,585,298	\$ 313,917,381	\$ 296,544,435	\$ 284,921,356	\$ 270,825,958	\$ 268,998,402	\$ 258,695,726	\$ 262,064,127	\$ 263,753,731	\$ 264,186,520
Cumberland County	93,291,525	96,039,247	92,119,969	84,290,218	85,825,612	83,996,217	83,956,205	87,399,359	95,073,195	83,498,545
U. S. Government	44,300,232	43,336,331	39,499,355	36,963,480	38,093,123	42,091,717	41,754,175	46,225,579	63,638,836	79,240,143
Other	16,964,117	17,926,616	16,413,196	16,577,299	16,698,569	17,960,672	15,065,100	15,168,197	17,182,726	17,667,303
Total revenues	<u>476,141,172</u>	<u>471,219,575</u>	<u>444,576,955</u>	<u>422,752,353</u>	<u>411,443,262</u>	<u>413,047,008</u>	<u>399,471,206</u>	<u>410,857,262</u>	<u>439,648,488</u>	<u>444,592,511</u>
Expenditures (1)										
Instructional programs	378,056,029	378,688,957	353,257,249	338,478,497	327,875,425	336,017,524	325,631,819	335,652,591	341,644,140	347,375,929
Supporting services	80,540,890	78,496,485	72,732,992	70,256,762	67,866,399	69,337,003	71,296,593	70,278,700	69,926,176	76,176,312
Ancillary services	442,056	478,168	90,331	96,557	101,931	62,468	58,137	70,955	211,378	223,760
Nonprogram charges	2,412,842	2,466,738	2,102,680	1,913,372	1,761,730	1,359,871	1,107,798	859,363	727,426	528,958
Capital outlay	15,196,506	18,895,556	13,207,860	10,591,595	7,519,580	6,988,336	7,868,258	11,362,514	21,362,443	17,921,213
Debt Service										
Principal	1,973,255	2,487,114	2,517,004	3,194,555	3,081,707	504,421	184,145	1,443,255	1,074,975	3,040,787
Interest and fees	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>478,621,578</u>	<u>481,513,018</u>	<u>443,908,116</u>	<u>424,531,338</u>	<u>408,206,772</u>	<u>414,269,623</u>	<u>406,146,750</u>	<u>419,667,378</u>	<u>434,946,538</u>	<u>445,266,959</u>
Revenues over (under) expenditures	(2,480,406)	(10,293,443)	668,839	(1,778,985)	3,236,490	(1,222,615)	(6,675,544)	(8,810,116)	4,701,950	(674,448)
Other financing sources (uses)										
Installment purchase obligations issued	2,161,100	3,812,057	2,097,887	2,333,024	-	504,421	-	-	-	4,299,893
Transfers	(945,851)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,215,249</u>	<u>3,812,057</u>	<u>2,097,887</u>	<u>2,333,024</u>	<u>-</u>	<u>504,421</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,299,893</u>
Net change in fund balances	<u>\$ (1,265,157)</u>	<u>\$ (6,481,386)</u>	<u>\$ 2,766,726</u>	<u>\$ 554,039</u>	<u>\$ 3,236,490</u>	<u>\$ (718,194)</u>	<u>\$ (6,675,544)</u>	<u>\$ (8,810,116)</u>	<u>\$ 4,701,950</u>	<u>\$ 3,625,445</u>
Debt service as a percentage of noncapital expenditures	<u>0.43%</u>	<u>0.54%</u>	<u>0.58%</u>	<u>0.77%</u>	<u>0.77%</u>	<u>0.12%</u>	<u>0.05%</u>	<u>0.35%</u>	<u>0.26%</u>	<u>0.71%</u>

Note: Excludes changes in reserve for inventory

Source: Information taken from the District's audited financial statements.

CUMBERLAND COUNTY BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE FOR THE COUNTY OF CUMBERLAND
Ten Year Comparison
Unaudited

Fiscal Year	Governmental Activities				Business-Type Activities					Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽²⁾
	General Obligation Bonds	Certificates of Participation	Capital Leases	Installment Purchase	General Obligation Bonds	Revenue Bonds	Certificates of Participation	Capital Leases	Installment Purchase			
2020	\$ 3,056,994	\$ 55,449,933	\$ -	\$ 733,333	\$ 1,009,000	\$ 1,379,000	\$ 21,072,200	-	\$ 64,942	\$ 82,765,402	NA	\$ 248
2019	5,680,376	59,064,787	-	5,108,151	1,032,000	1,379,000	17,966,871	-	4,766,695	94,997,880	NA	289
2018	12,473,758	67,166,896	-	3,414,148	1,054,000	1,379,000	20,543,832	-	1,985,289	108,016,923	NA	327
2017	19,457,140	76,156,917	243,850	3,219,813	1,076,000	-	23,020,793	-	2,394,328	125,568,841	1.01%	388
2016	27,189,102	86,685,373	717,492	4,459,439	1,097,000	-	25,407,754	-	1,332,124	146,888,284	1.19%	447
2015	35,206,484	97,178,829	1,172,987	4,599,065	1,117,000	-	27,709,715	-	1,648,919	168,632,999	1.38%	512
2014	43,428,866	107,612,285	1,611,032	2,238,691	1,136,000	-	29,921,676	-	1,870,800	210,754,041	1.79%	565
2013	52,440,072	118,020,741	2,032,294	2,878,317	1,154,000	-	32,046,017	-	2,182,600	229,326,039	1.98%	636
2012	60,755,177	128,414,197	2,437,416	-	1,172,000	-	34,052,849	-	2,494,400	248,846,088	2.15%	700
2011	68,316,237	97,733,506	2,827,016	40,025,000	1,189,000	-	35,949,129	-	2,806,200	254,235,632	2.25%	762

Source: County of Cumberland, North Carolina, Annual Financial Report for the year ended June 30, 2020.

Debt balances are shown at carrying value net of related unamortized premium and other adjustments. Prior years have been restated.

(1) Percentage of Personal Income: Total debt of the primary government divided by personal income (See Demographic and Economic Statistics page).

(2) Per Capita: Total debt of the primary government divided by the population for that fiscal year (See Demographic and Economic Statistics page).

NA: Information not available

CUMBERLAND COUNTY BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING FOR THE COUNTY OF CUMBERLAND
Last Ten Fiscal Years
Unaudited

Fiscal Year	Total General Obligation Bonds	Percentage of Personal Income (1)	Percentage of Actual Taxable Value of Property (2)	Per Capita (1)
2020	\$ 4,065,994	NA	0.02%	\$12
2019	6,712,376	NA	0.03%	20
2018	13,527,758	NA	0.06%	41
2017	20,533,140	NA	0.09%	63
2016	28,286,102	NA	0.13%	86
2015	36,323,484	NA	0.16%	110
2014	44,564,866	NA	0.20%	134
2013	53,594,072	NA	0.24%	162
2012	61,927,177	NA	0.29%	189
2011	69,505,237	NA	0.33%	213

Source: County of Cumberland, North Carolina, Annual Financial Report for the year ended June 30, 2020.

Debt balances are shown at carrying value net of related unamortized premium and other adjustments.

Prior years have been restated.

Note (1) Bureau of Economic Analysis.

Note (2) See assessed value of taxable property for the County of Cumberland in subsequent schedule.

NA: Information not available

CUMBERLAND COUNTY BOARD OF EDUCATION
COMPUTATION OF LEGAL DEBT MARGIN FOR THE COUNTY OF CUMBERLAND
Last Ten Fiscal Years
(Amounts Expressed in Thousands)
Unaudited

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Debt Limit	\$ 2,207,374	\$ 2,180,702	\$ 2,139,235	\$ 2,168,537	\$ 2,122,201	\$ 2,093,592	\$ 2,104,340	\$ 2,020,254	\$ 2,098,236	\$ 2,037,270
Total net debt applicable to limit	3,959	6,387	12,984	19,771	27,207	34,857	42,711	49,115	56,830	65,845
Legal debt margin	<u>\$ 2,203,415</u>	<u>\$ 2,174,315</u>	<u>\$ 2,126,251</u>	<u>\$ 2,148,766</u>	<u>\$ 2,094,994</u>	<u>\$ 2,058,735</u>	<u>\$ 2,061,629</u>	<u>\$ 1,971,139</u>	<u>\$ 2,041,406</u>	<u>\$ 1,971,425</u>
Total net debt applicable to the limit as a percentage of debt limit	0.18%	0.29%	0.61%	0.91%	1.28%	1.66%	2.03%	2.43%	2.71%	3.23%

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed Property Value	\$ 23,666,617
Plus : Exempt Property	<u>3,925,554</u>
Total Assessed Value	<u>\$ 27,592,171</u>
Debt Limit (8% of total assessed value)	2,207,374
Debt applicable to limit:	
Total Bonded debt	3,959
Revenue Bonds	1,379
Authorized and unissued debt	<u>-</u>
	5,338
Less: Statutory deductions	
Authorized and unissued debt	-
Revenue bonds	<u>1,379</u>
	1,379
Total amount of debt applicable to debt limit	<u>3,959</u>
Legal debt margin	<u>\$ 2,203,415</u>

Source: County of Cumberland, North Carolina, Annual Financial Report for the year ended June 30, 2020.

CUMBERLAND COUNTY BOARD OF EDUCATION
SCHEDULE OF OUTSTANDING DEBT
Last Ten Fiscal Years
Unaudited

Years Ended June 30	Balance Installment Purchases	Minimum Future Payments Year 1	Minimum Future Payments Year 2	Minimum Future Payments Year 3	Minimum Future Payments Year 4	Minimum Future Payments Year 5	Minimum Future Payments Beyond 5 Years	Debt Percentage of Personal Income	Debt Per Capita
2020	\$ 5,208,002	\$ 2,285,916	\$ 1,766,319	\$ 797,367	\$ 250,597	\$ 169,345	\$ -	NA	15.63
2019	5,525,263	2,000,410	1,734,078	1,214,482	245,530	250,597	169,345	NA	16.79
2018	4,257,304	1,684,539	1,026,485	760,153	240,559	245,530	421,453	NA	12.91
2017	4,880,072	1,925,716	980,966	989,715	235,681	240,559	665,473	0.0392%	15.07
2016	2,187,587	2,244,799	1,643,759	709,853	230,899	235,681	906,031	0.0177%	6.65
2015	741,226	818,223	823,340	221,608	226,208	230,899	1,141,713	0.0061%	2.25
2014	580,625	628,049	443,902	443,903	-	-	-	0.0049%	1.75
2013	565,970	628,048	628,049	443,902	443,903	-	-	0.0049%	1.71
2012	3,060,176	1,518,871	443,903	443,903	443,902	443,903	-	0.0265%	9.34
2011	4,489,273	1,518,878	1,518,871	443,903	443,903	443,902	443,903	0.0397%	13.74

(See Demographic and Economic Statistics page).

Note: The Board of Education does not have any overlapping debt.

Minimum future payments include principal and interest amounts.

Installment purchase contracts are authorized for finance energy conservation measures and for the purchase of school buses.

Source: Cumberland County Board of Education financial statement footnote disclosures.

CUMBERLAND COUNTY BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS FOR THE COUNTY OF CUMBERLAND
Current Year and Nine Years Ago
(Amounts Expressed in Thousands)
Unaudited

Taxpayer	Fiscal Year 2020			Fiscal Year 2011		
	2019 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2010 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Goodyear Tire & Rubber Co.	\$ 339,284	1	1.43%	\$ 300,829	1	1.43%
Cross Creek Mall, LLC	164,407	2	0.69%	129,011	2	0.61%
Wal-Mart Stores, Inc.	147,196	3	0.62%	125,395	3	0.60%
Duke Energy Progress, Inc.	111,656	4	0.47%			
Fayetteville, VA Co., LLC	91,132	5	0.39%			
Piedmont Natural Gas Co., Inc.	82,599	6	0.35%	60,024	6	0.29%
Cargill, Inc.	69,038	7	0.29%	32,070	10	0.15%
Mann+Hummel Purolator Filters	67,027	8	0.28%	55,627	7	0.26%
DAK Americas, LLC	63,563	9	0.27%	37,195	9	0.18%
South River EMC	55,969	10	0.24%	41,376	8	0.20%
Carolina Telephone				83,784	4	0.40%
Progress Energy				69,015	5	0.33%
	<u>\$ 1,191,871</u>		<u>5.03%</u>	<u>\$ 934,326</u>		<u>4.45%</u>

Source: County of Cumberland, North Carolina, Annual Financial Report for the year ended June 30, 2020.

CUMBERLAND COUNTY BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS FOR THE COUNTY OF CUMBERLAND
Last Ten Fiscal Years (Amounts Expressed in Thousands)
Unaudited

Fiscal Year Ended June 30	Collected within the Fiscal Year of the Levy			Total Collections to Date		
	Total Tax Levy	Current Tax Collections	Percent of Net Levy Collected	Collections in Subsequent Years (1)	Total Tax Collections	Percent of Total Tax Collections To Net Levy
2020	\$ 189,321,973	\$ 187,188,405	98.87%	NA	\$ 187,188,405	98.87%
2019	187,163,252	185,734,181	99.24%	\$ 604,266	186,338,447	99.56%
2018 ²	183,621,079	182,126,897	99.19%	1,107,120	183,234,017	99.79%
2017	175,933,805	173,906,079	98.85%	1,103,580	175,009,659	99.47%
2016	172,307,349	170,999,219	99.24%	999,879	171,999,098	99.82%
2015	170,223,065	168,914,935	99.23%	1,104,149	170,019,084	99.88%
2014	171,641,426	169,217,802	98.59%	1,871,216	171,089,018	99.68%
2013	164,274,193	160,024,057	97.41%	3,309,898	163,333,955	99.43%
2012	159,824,747	155,867,130	97.52%	3,162,399	159,029,529	99.50%
2011	155,671,269	151,707,302	97.45%	3,180,922	154,888,224	99.50%

Note (1) Collections for FY 2011 include all collections through 9th prior year.
 Collections for FY 2012 include all collections through 8th prior year.
 Collections for FY 2013 include all collections through 7th prior year.
 Collections for FY 2014 include all collections through 6th prior year.
 Collections for FY 2015 include all collections through 5th prior year.
 Collections for FY 2016 include all collections through 4th prior year.
 Collections for FY 2017 include all collections through 3rd prior year.
 Collections for FY 2018 include all collections through 2nd prior year.
 Collections for FY 2019 include all collections through 1st prior year.

Note (2) Denotes the year in which a revaluation was effective on the January 1st preceding the beginning of the fiscal year.

NA - Not Applicable

Source: County of Cumberland, North Carolina, Annual Financial Report for the year ended June 30, 2020.

CUMBERLAND COUNTY BOARD OF EDUCATION
ASSESSED VALUE OF TAXABLE PROPERTY FOR THE COUNTY OF CUMBERLAND
Last Ten Fiscal Years
(Amounts Expressed in Thousands)
Unaudited

Fiscal Year Ended June 30	Real Property	Public Service ¹	Personal Property		Less: Tax Exempt Property	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value ²	Assessed Value as a Percentage of Actual Value ³
			Motor Vehicle	Other					
2020	\$ 22,548,622	\$ 461,428	\$ 2,547,297	\$ 2,034,824	\$ 3,925,554	\$ 23,666,617	\$ 0.9990	\$ 24,655,294	95.99%
2019	22,237,380	456,289	2,550,041	2,015,067	3,842,536	23,416,241	0.9615	23,683,869	98.87%
⁴ 2018	22,057,995	439,286	2,395,619	1,847,541	3,747,353	22,993,088	0.9615	23,099,345	99.54%
2017	22,590,259	429,243	2,374,525	1,712,686	3,356,676	23,750,037	0.9025	22,601,863	105.08%
2016	22,340,806	429,285	2,296,048	1,461,372	3,272,888	23,254,623	0.9025	22,241,399	104.56%
2015	22,096,679	365,032	2,203,857	1,504,336	3,225,523	22,944,381	0.9025	22,064,505	103.99%
2014	21,692,891	367,912	2,813,072	1,430,381	3,157,526	23,146,730	0.9025	22,368,904	103.48%
2013	21,274,270	375,488	2,233,690	1,369,721	3,104,069	22,149,100	0.9025	22,115,926	100.15%
2012	22,414,175	369,870	2,132,938	1,310,970	4,670,700	21,557,253	0.9025	21,542,173	100.07%
2011	21,827,755	348,880	2,050,229	1,239,005	4,463,684	21,002,185	0.9025	21,035,842	99.84%

¹ Public service companies' property includes real and personal property of utilities, railroad and buslines, etc. These assessments are made by the North Carolina Department of Revenue with no distinction between real and personal property.

² Estimated actual taxable value reflects an increase in real and exempt property. Estimated Actual Taxable Value was computed by using Real Estate Assessment Sales Ratio Study Percentages from the North Carolina Department of Revenue.

³ Estimated actual values and the ratio of total assessed value to total estimated actual value has been adjusted to reflect updated sales assessment ratio percentages from the North Carolina Department of Revenue.

⁴ Denotes the year in which a revaluation was effective on the January 1st preceding the beginning of the fiscal year.

Note: A revaluation of real property is required by North Carolina General Statutes at least every eight years. Assessed valuations are established by the Board of Commissioners at 100% of market value as of the year of the revaluation. The last revaluation was effective January 1, 2017 and is reflected beginning in Fiscal Year 2018.

Source: County of Cumberland, North Carolina, Annual Financial Report for the year ended June 30, 2020.

CUMBERLAND COUNTY BOARD OF EDUCATION
PROPERTY TAX RATES
DIRECT GOVERNMENTS FOR THE COUNTY OF CUMBERLAND
Last Ten Fiscal Years
(Per \$100 of Assessed Value)
Unaudited

Taxes Levied By Cumberland County					
Year Ended June 30	County Direct Rate	County Recreation Rate	Fire Protection Districts (1)	Special Fire District (2)	Total Direct Rate
2020	0.799	0.050	\$ 0.150	\$ -	\$ 0.9990
2019	0.799	0.050	0.100	0.0125	0.9615
2018	0.799	0.050	0.100	0.0125	0.9615
2017	0.740	0.050	0.100	0.0125	0.9025
2016	0.740	0.050	0.100	0.0125	0.9025
2015	0.740	0.050	0.100	0.0125	0.9025
2014	0.740	0.050	0.100	0.0125	0.9025
2013	0.740	0.050	0.100	0.0125	0.9025
2012	0.740	0.050	0.100	0.0125	0.9025
2011	0.740	0.050	0.100	0.0125	0.9025

Note (1) Cumberland County has eighteen fire protection districts. In FY2020, the fire tax was set at 15 cents, with 10 cents allocated to all fire districts, 1.25 cents allocated to low wealth fire districts, and the remaining 3.75 cents distributed through supplements, incentives and grants.

Note (2) Eliminated in FY2020.

Source: County of Cumberland, North Carolina, Annual Financial Report for the year ended June 30, 2020.

CUMBERLAND COUNTY BOARD OF EDUCATION
PROPERTY TAX RATES
OVERLAPPING GOVERNMENTS FOR THE COUNTY OF CUMBERLAND
Last Ten Fiscal Years
(Per \$100 of Assessed Value)
Unaudited

Year Ended June 30	City of Fayetteville (1)	Fayetteville Revitalization District	Town of Hope Mills	Town of Spring Lake (1)	Town of Eastover (2)	Town of Falcon	Town of Godwin	Town of Linden (1)	Town of Stedman	Town of Wade
2020	0.4995	0.100	0.460	0.700	0.205	0.150	0.240	0.300	0.320	0.260
2019	0.4995	0.100	0.460	0.700	0.205	0.150	0.240	0.300	0.320	0.250
2018	0.4995	0.100	0.460	0.700	0.205	0.150	0.240	0.300	0.320	0.250
2017	0.4995	0.100	0.460	0.700	0.205	0.150	0.240	0.250	0.320	0.250
2016	0.4860	0.100	0.460	0.700	0.205	0.150	0.240	0.250	0.320	0.250
2015	0.4860	0.100	0.460	0.700	0.205	0.150	0.240	0.200	0.320	0.250
2014	0.4560	0.100	0.420	0.660	0.205	0.150	0.195	0.200	0.320	0.240
2013	0.4560	0.100	0.420	0.660	0.205	0.150	0.195	0.150	0.320	0.240
2012	0.4560	0.100	0.420	0.660	0.205	0.150	0.195	0.150	0.320	0.240
2011	0.4560	0.100	0.420	0.660	0.205	0.150	0.195	0.150	0.320	0.240

Note (1) Municipalities that are excluded from paying the County Recreation Tax

Note (2) Town of Eastover was incorporated in FY 2008

Source: County of Cumberland, North Carolina, Annual Financial Report for the year ended June 30, 2020.

CUMBERLAND COUNTY BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS FOR THE COUNTY OF CUMBERLAND
Last Ten Fiscal Years
Unaudited

Years Ended June 30	Population (1)	Personal Income	Per Capita Income (2)	Median Age (1)	Unemployment Rate (3)
2020	333,209	NA	NA	NA	9.9%
2019	329,017	NA	NA	NA	5.8%
2018	329,824	\$ 12,887,624,000	\$ 38,780	31.5	5.4%
2017	323,838	12,439,189,000	37,406	31.0	5.3%
2016	328,860	12,376,828,000	37,835	31.5	6.1%
2015	329,411	12,179,768,000	37,611	NA	6.7%
2014	332,553	11,780,298,000	36,157	NA	6.4%
2013	331,279	11,567,254,000	35,444	NA	8.2%
2012	327,643	11,563,587,000	35,785	NA	10.2%
2011	326,673	11,306,461,000	34,911	NA	10.2%

NA: Information not available

Note (1) North Carolina State Office of Demographics.

Note (2) Bureau of Economic Analysis.

Note (3) Bureau of Labor Statistics.

Source: County of Cumberland, North Carolina, Annual Financial Report for the year ended June 30, 2020.

**CUMBERLAND COUNTY BOARD OF EDUCATION
 PRINCIPAL EMPLOYERS FOR THE COUNTY OF CUMBERLAND
 Current Year and Nine Years Ago
 Unaudited**

Employer	Fiscal Year 2020				Fiscal Year 2011		
	Employees	Rank	Percentage of Total County Employment		Employees	Rank	Percentage of Total County Employment
U.S. Department of Defense-Civilians	14,000	+	1	11.65%	6,111	2	4.90%
Cape Fear Valley Health System	7,000	+	2	5.89%	5,200	4	4.17%
Cumberland County Schools	6,500	+	3	5.64%	6,807	1	5.46%
Wal-Mart Associates Inc.	3,000	+	4	2.20%			
Goodyear Tire & Rubber Co.	2,500	+	5	2.07%	3,570	5	2.86%
Cumberland County Government	2,000	+	6	1.78%	2,920	6	2.34%
Veterans Administration	1,500	+	7	1.66%	1,500	8	1.20%
City of Fayetteville	1,500	+	8	1.46%	2,416	7	1.94%
Fayetteville Technical Community College	1,000	+	9	1.15%			
Manm & Hummel (Purolator)	1,000	+	10	1.08%	1,309	10	1.05%
U.S. Department of Defense-Other Civilians					5,780	3	4.64%
U.S. Postal Services					1,312	9	1.05%
	40,000			34.58%	36,925		29.61%

Source: County of Cumberland, North Carolina, Annual Financial Report for the year ended June 30, 2020.



**CUMBERLAND COUNTY BOARD OF EDUCATION
FULL -TIME SCHOOL EMPLOYEES BY FUNCTION
Last Ten Fiscal Years
Unaudited**

Position	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Officials, Adm., Mgrs.	11	12	6	8	8	8	8	8	9	9
Principals	85	85	86	86	85	86	86	85	83	85
Asst. Principals, Teaching	-	-	-	-	-	8	7	9	6	10
Asst. Principals, Nonteaching	130	127	126	118	119	116	115	116	114	110
Elementary Teachers	1,621	1,616	1,604	1,613	1,633	1,772	1,852	1,886	1,866	1,847
Secondary Teachers	550	539	559	565	596	621	644	682	652	654
Other Teachers	884	888	883	849	851	938	943	932	952	1,032
Guidance	143	141	137	136	132	133	130	131	135	134
Psychological	26	24	30	26	27	28	30	31	30	33
Librarian, Audiovisual	81	77	77	77	80	80	78	85	85	96
Consultant, Supervisor	71	65	62	56	49	54	53	57	52	52
Other Professional	186	196	196	191	180	191	191	196	196	198
Teacher Assistants	806	834	860	845	847	819	817	939	891	1,036
Technicians	20	22	18	17	15	19	22	22	24	55
Clerical, Secretarial	412	417	407	405	410	410	427	436	435	450
Service Workers	727	748	736	732	734	763	780	738	728	729
Skilled Crafts	172	169	171	175	170	179	182	186	183	188
Laborers, Unskilled	87	86	84	85	86	89	88	86	90	89
Total	6,012	6,046	6,042	5,984	6,022	6,314	6,453	6,625	6,531	6,807

Source: NC Department of Public Instruction SS-200 Report - Public School System Full-Time Personnel Report for Cumberland County Board of Education

**CUMBERLAND COUNTY BOARD OF EDUCATION
 SCHOOLS AND STUDENT PROGRAMS
 Last Ten Fiscal Years
 Unaudited**

Schools / Program	Years Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Number of schools										
Elementary	52	52	52	52	52	52	52	53	53	53
Middle	16	16	16	16	16	16	16	16	15	15
Grades 6-12	1	1	1	1	1	1	1	1	1	1
High	15	15	15	15	15	15	15	14	14	13
Alternative	1	1	1	1	1	1	1	2	2	2
Special	1	1	1	1	1	1	1	1	1	1
Total	86	86	86	86	86	86	86	87	86	85
Average Student Teacher Ratio	16:1	16:1	16:1	16:1	16:1	17:1	15:1	15:1	15:1	15:1
Child Nutrition										
Average breakfasts served daily	22,200	19,427	18,096	17,212	16,766	15,840	15,903	16,234	16,320	15,522
Average lunches served daily	34,104	33,812	32,607	33,097	32,433	32,760	32,416	34,599	37,066	35,698
Free & Reduced Lunch percentage (1)	NA	NA	NA	NA	58.49%	61.36%	58.50%	58.45%	57.88%	55.23%
Before and After School Care										
Number of sites	30	30	30	33	33	33	38	41	43	43
Number of participants	1,427	1,373	1,370	1,349	1,282	1,304	1,301	1,465	1,394	2,273
Exceptional Children's Program										
Number of disabled students	7,496	7,429	7,343	7,339	7,331	7,273	7,270	7,325	7,335	7,343
Number of academically/ Intellectually gifted students	5,058	5,146	5,061	5,084	5,060	5,058	5,168	4,970	4,706	4,946
English as a Second Language Program (ESL)										
Number of students served	1,497	1,516	1,417	1,186	1,123	1,104	1,001	1,022	964	1,080
Number of schools with ESL	85	84	86	85	85	85	85	83	79	75
Number of languages spoken	84	92	85	100	85	82	57	46	52	42
Athletic Programs										
Middle Schools										
Men's sports	6	6	6	6	6	6	6	6	6	6
Women's sports	5	5	5	5	5	5	5	5	5	5
High Schools										
Men's sports	17	17	17	17	17	17	17	17	17	17
Women's sports	16	16	16	16	16	16	16	16	16	16

Source: Information taken from the District's unaudited data provided from various departments.

(1) Community Eligibility Provision fully implemented in 2019.

CUMBERLAND COUNTY SCHOOLS
CAPITAL ASSET INFORMATION
Last Ten Fiscal Years
Unaudited

	Years Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
School Buildings										
<u>Elementary Schools</u>										
Number	52	52	52	52	52	52	52	53	53	53
Square feet	3,465,347	3,465,347	3,465,347	3,465,347	3,465,082	3,267,613	3,267,613	3,331,675	3,423,155	3,200,223
Acres	909	908	908	908	908	908	920	940	923	912
Portables	137	136	134	138	140	140	138	139	134	149
Enrollment	23,675	23,827	23,964	23,968	23,623	23,360	23,828	24,593	24,715	24,943
<u>Middle Schools</u>										
Number	18	18	18	18	18	18	18	18	17	17
Square feet	2,025,777	2,025,777	2,025,777	2,025,777	2,090,751	1,854,045	1,896,265	1,811,716	1,636,435	1,845,826
Acres	365	365	365	365	372	380	380	370	384	384
Portables	15	16	18	24	27	27	27	27	35	30
Enrollment	11,600	11,108	10,650	10,695	10,838	11,420	11,563	11,820	11,771	11,963
<u>High Schools</u>										
Number	16	16	16	16	16	16	16	16	16	15
Square feet	2,593,811	2,593,811	2,593,811	2,593,811	2,528,113	2,552,510	2,510,290	2,558,452	2,527,354	2,526,508
Acres	728	728	728	728	721	722	711	712	712	712
Portables	28	31	32	32	33	33	32	31	31	25
Enrollment	14,339	14,450	14,849	14,934	15,160	15,088	15,200	15,134	15,199	15,098
<u>Totals</u>										
Number	86	86	86	86	86	86	86	87	86	85
Square feet	8,084,935	8,084,935	8,084,935	8,084,935	8,083,946	7,674,168	7,674,168	7,701,843	7,586,944	7,572,557
Acres	2,002	2,001	2,001	2,001	2,001	2,010	2,011	2,022	2,019	2,008
Portables	180	183	184	194	200	200	197	197	200	204
Enrollment	49,614	49,385	49,463	49,597	49,621	49,868	50,591	51,547	51,685	52,004
Number of Buses:	444	434	434	435	440	444	444	439	444	463

Source: Information taken from the District's unaudited data provided from various departments.
NA: Information not available.

Compliance Statement

**Report of Independent Auditor 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***

Cumberland County Board of Education
Fayetteville, 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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cumberland County Board of Education (the "Board") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated January 27, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 Board's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant* deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 Board'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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Fayetteville, North Carolina
January 27, 2021

**Report of Independent Auditor on Compliance for Each Major Federal Program and
Internal Control over Compliance in Accordance with OMB Uniform Guidance and the
State Single Audit Implementation Act**

Cumberland County Board of Education
Fayetteville, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Cumberland County Board of Education (the “Board”), 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, 2020. The Board’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Board’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* 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 Board’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 Board’s compliance.

Opinion on Each Major Federal Program

In our opinion, the Board complied, in all material respects, with the types of 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, 2020.

Report on Internal Control over Compliance

Management of the Board 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 Board's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Board'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 that we consider to be material weaknesses. However, material weaknesses may exist that have not 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.

Cherry Bekaert LLP

Fayetteville, North Carolina
January 27, 2021

**Report of Independent Auditor on Compliance for Each Major State Program and
Internal Control over Compliance in Accordance with OMB Uniform Guidance and the
State Single Audit Implementation Act**

Cumberland County Board of Education
Fayetteville, North Carolina

Report on Compliance for Each Major State Program

We have audited the Cumberland County Board of Education (the “Board”), 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, 2020. The Board’s major State programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of State statutes, regulations, contracts, and the terms and conditions of its State awards applicable to its State programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Board’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; applicable sections of Title 2 US *Code of Federal Regulations 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 Board’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 on the Board’s compliance.

Opinion on Each Major State Program

In our opinion, the Board complied, in all material respects, with the types of 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, 2020.

Report on Internal Control over Compliance

Management of the Board 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 Board'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 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 Board'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 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 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.

Cherry Bekaert LLP

Fayetteville, North Carolina
January 27, 2021

**Cumberland County Board of Education
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s opinion issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant Deficiency(s) identified
that are not considered to be
material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial
statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant Deficiency(s) identified
that are not considered to be
material weaknesses ☐ yes ☒ none reported

Type of auditor’s report issued on compliance for
major programs: *Unmodified*

**Cumberland County Board of Education
Schedule of Findings and Questioned Costs (continued)
For the Fiscal Year Ended June 30, 2020**

Section I – Summary of Auditor’s Results (Continued)

Any audit findings disclosed that are
required to be reported in accordance
with 2 CFR 200.516(a)?

_____yes X no

Identification of major federal programs:

CFDA Numbers

Names of Federal Program or Cluster

84.010

Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish
between Type A and Type B Programs

\$1,985,819

Auditee qualified as low-risk auditee?

 X yes ___ no

**Cumberland County Board of Education
Schedule of Findings and Questioned Costs (continued)
For the Fiscal Year Ended June 30, 2020**

Section I – Summary of Auditor’s Results (Continued)

State Awards

Internal control over major State programs:

- Material weakness(es) identified? yes X no

- Significant Deficiency(s) identified
that are not considered to be
material weakness(es)? yes X none reported

Type of auditor’s report issued on compliance for
major State programs:

Unmodified

Any audit findings disclosed that are required
to be reported in accordance with the State
Single Audit Implementation Act

 yes X no

Identification of major State programs:

Program Name

State Public School Fund
State Coronavirus Relief Fund

**Cumberland County Board of Education
Schedule of Findings and Questioned Costs (continued)
For the Fiscal Year Ended June 30, 2020**

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.

**Cumberland County Board of Education
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2020**

Section II – Financial Statement Findings

None reported

Section III – Federal Award Findings and Questioned Costs

Finding 2019-001
Status: Corrected

Section IV – State Award Findings and Questioned Costs

Finding 2019-001
Status: Corrected

Cumberland County Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Expenditures
Federal Grants:			
<u>U.S. Department of Treasurer</u>			
Passed-through the Office of State Budget and Management:			
NC Pandemic Recovery Office			
Passed-through the N.C. Department of Public Instruction:			
Coronavirus Relief Fund			
School Nutrition	21.019	PRC 125	\$ 114,399
Total Coronavirus Relief Fund			114,399
Total U. S. Department of Treasurer			114,399
<u>U.S. Department of Agriculture</u>			
School Nutrition Program (Note 3)			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities)			
Passed-through the N.C. Department of Agriculture:			
National School Lunch Program	10.555	PRC 035	1,950,117
Non-Cash Assistance			1,950,117
Cash Assistance			
Passed-through the N.C. Department of Public Instruction:			
School Breakfast Program	10.553	PRC 035	5,581,913
National School Lunch Program	10.555	PRC 035	13,429,199
Summer Food Service Program for Children	10.559	PRC 035	4,184,752
Total Cash Assistance			23,195,864
Total Child Nutrition Cluster:			25,145,981
Fresh Fruit and Vegetable Program	10.582	PRC 035	331,612
Total School Nutrition Program (Note 3)			25,477,593
Total U. S. Department of Agriculture			25,477,593
<u>U.S. Department of Education</u>			
Cash Assistance			
Direct Programs:			
Impact Aid (School Assistance in Federally Affected Areas)	84.041	PRC 308	5,270,240
Indian Education - Title IX	84.060	PRC 310	223,332

Cumberland County Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Expenditures
Passed-through the N.C. Department of Public Instruction: Title I Grants to Local Educational Agencies (Title I, Part A of ESEA)	84.010	PRC 050	\$ 15,619,412
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA) - School Improvements	84.010	PRC 105	63,015
Title I Grant - School Impr. - Targeted Support & Improvement (TSI)	84.010	PRC 115	<u>411,409</u>
Total Title I Grants to Local Educational Agencies (Title I)			<u>16,093,836</u>
Title IV, Part A	84.424A	PRC 108	<u>1,292,957</u>
<u>Special Education Cluster:</u>			
Special Education - Grants to States (IDEA, Part B) - Education of the Handicapped	84.027	PRC 060 & 114	13,235,748
Special Education - Preschool Grants (IDEA Preschool) - Preschool Handicapped	84.173	PRC 049	230,808
IDEA - Targeted Assistance for Preschool Federal Grants	84.173A	PRC 119	784
Special Needs Targeted Assistance	84.027A	PRC 118	<u>272,534</u>
Total Special Education Cluster:			<u>13,739,874</u>
Career and Technical Education -- Capacity Building Grant	84.048	PRC 017	<u>827,421</u>
Education for Homeless Children and Youth Cluster Education for Homeless Children and Youth	84.196	PRC 026	79,996
English Language Acquisition Grants	84.365	PRC 104, 111	150,084
State Improvement Grant	84.323A	PRC 082	4,985

Cumberland County Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Expenditures
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	PRC 103	\$ 1,533,619
CARES Act	84.184C	PRC 163	2,191
Total U. S. Department of Education			<u>39,218,535</u>
<u>U.S. Department of Health and Human Services</u>			
Passed-through the N.C. Department of Public Instruction: Abstinence Education Program Title V	93.235	PRC 101	37,115
<u>U.S. Department of Defense</u>			
Direct Program: ROTC	12.XXX	PRC 301	553,067
Support for Student Achievement at Military Connected Schools/SPED	12.556	PRC 371, 374 & 375	<u>793,255</u>
Total federal assistance			<u>66,193,964</u>
State Grants:			
Cash Assistance			
<u>N.C. Department of Public Instruction:</u>			
State COVID-19 Supplement Funds		PRC 154	1,892,397
State Public School Fund			299,427,149
Driver Training - SPSF		PRC 012	805,103
School Technology Fund - SPSF		PRC 015	778,581
Vocational Education			
- State Months of Employment		PRC 013	14,376,433
- Program Support Funds		PRC 014	584,401
Breakfast Program		PRC 035	14,822
Lateral Entry		PRC 440	93,508
<u>N.C. Department of Health and Human Services:</u>			
Division of Child Development and Early Education NC Pre-Kindergarten Program		PRC 413	1,540,209

Cumberland County Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Expenditures
Non-Cash Assistance			
<u>N.C. Department of Public Instruction:</u>			
School Buses Appropriation		PRC 120	\$ 1,973,255
Total State assistance			<u>321,485,858</u>
Total federal and State assistance			<u>\$ 387,679,822</u>

Notes to the Schedule of Expenditures of Federal and State Financial 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 the Cumberland County Schools under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations 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 Cumberland County Schools, it is not intended to and does not present the financial position, changes in net position, or cash flows of Cumberland County Schools.

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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Cumberland County Schools 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 following are clustered by the NC Department of Public Instruction and are treated separately for state audit requirement purposes: School Nutrition Program.