



CUMBERLAND COUNTY BOARD OF EDUCATION

Fayetteville, North Carolina

ANNUAL COMPREHENSIVE FINANCIAL REPORT



For the Fiscal Year Ended
June 30, 2021



THE CUMBERLAND COMMITMENT
COLLABORATIVE, COMPETITIVE & SUCCESSFUL STUDENTS

Dr. Marvin Connelly, Jr., Superintendent



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August 31, 2022

LETTER of TRANSMITTAL

Cumberland County Board of Education and the Citizens of Cumberland County

Presented herein is the Annual Comprehensive Financial Report (ACFR) of the Cumberland County Board of Education (Board) for the fiscal year ending June 30, 2021. The Superintendent and Associate Superintendent for Business Operations are responsible for the accuracy, completeness, and clarity of the ACFR. The Finance Department has prepared the ACFR 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 the 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 are found in Chapter 115C of the North Carolina General Statutes. 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. For the fiscal year ending June 30, 2021, fifty-three elementary schools, thirty-five 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, which must comply with the 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.

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 twelve 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 2,500 employees across the County.

Goodyear Tire & Rubber Company, employing approximately 2,000 people, is the sixth largest employer and the largest manufacturer. Farming and agricultural businesses also contribute significantly to the County's economy.

Major Initiatives

In March 2020, our community did the seemingly impossible. Without hesitation, everyone jumped in to help our students, working tirelessly to completely overhaul public education. Continuing into the 2020-2021 school year and due to COVID-19 and school closures: The United States Department of Education (USED) and the North Carolina General Assembly granted the North Carolina Department of Public Instruction a waiver from administering the statewide assessments required by Federal law and from NC School Performance Grade reporting. Based on the waiver from the USED and North Carolina General Assembly, school designations from the 2019–20 school year must remain in effect; therefore, the annual identification of low-performing schools, low-performing districts, Comprehensive Support and Improvement schools, and Targeted Support and Improvement schools, was not applied, and these lists remain the same for the 2020–2021 school year.

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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 2022, 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 Governmental Accounting Standards Board, separate entities called funds are established for recording and summarizing all financial transactions. The Board's funds are divided into two major classifications: governmental and proprietary. 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. 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 funds 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.

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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 the availability of funds prior to issuance of purchase orders or payment of claims. Internal controls include the 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.

Independent Audit

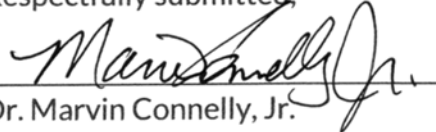
The financial statements have been audited by the independent certified public accounting firm of Cherry Bekaert LLP and their unmodified opinion is expressed herein.

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 the issuance of separate reports.

Acknowledgments

The preparation of the ACFR 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 Connelly, Jr.
Superintendent


Jay C. Toland
Associate Superintendent
Business Operations

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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, 2021, 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 entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board as of June 30, 2021, 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 supplementary 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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*, as listed in the table of contents, 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 August 31, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's 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.

Cherry Bekaert LLP

Raleigh, North Carolina
August 31, 2022



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

Financial Highlights

- Net position for governmental activities increased during the year by more than \$37 million over the previous year.
- The Board's governmental funds reported a combined fund balance of \$52 million, a \$14.5 million increase from the prior year.
- During the year the Board's Long-term Obligations decreased by \$58 million due primarily to a decrease 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 non-major governmental funds and budgetary statements for enterprise funds*

The Basic Financial Statements include two types of statements that present different views of the Board's finances. The first is the Government-wide Statements. The government-wide statements are presented on the full accrual basis of accounting and include the Statement of Net Position and the Statement of Activities. The Statement of Net Position includes all of the Board's assets 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

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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 and proprietary 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 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.
- 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.

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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.

Financial Analysis of the Schools as a Whole

Net position is an indicator of the fiscal health of the Board. Liabilities exceeded assets by \$457 million as of June 30, 2021 as compared to liabilities exceeding assets by \$489 million as of June 30, 2020. This change is primarily due to the impact of OPEB during the year which had the effect of decreasing year over year net position. The largest component of net position is Net Investment in Capital Assets of \$228 million.

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Following is a summary of the Statement of Net Position:

Table 1
Condensed Statement of Net Position
as of June 30, 2021, and 2020
(Amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2020</u>
Current assets	\$ 95,388	\$ 79,804	\$ 8,714	\$ 14,625	\$ 104,103	\$ 94,429
Capital assets	226,668	229,302	4,102	4,361	230,770	233,663
Total assets	<u>322,056</u>	<u>309,106</u>	<u>12,816</u>	<u>18,986</u>	<u>334,873</u>	<u>328,092</u>
Deferred outflows	<u>123,224</u>	<u>122,453</u>	<u>3,020</u>	<u>3,000</u>	<u>126,244</u>	<u>125,453</u>
Current liabilities	34,596	34,845	689	809	35,286	35,654
Long-term liabilities	<u>635,607</u>	<u>692,376</u>	<u>16,791</u>	<u>18,257</u>	<u>652,398</u>	<u>710,633</u>
Total liabilities	<u>670,203</u>	<u>727,221</u>	<u>17,480</u>	<u>19,066</u>	<u>687,684</u>	<u>746,287</u>
Defer inflow resources	<u>225,670</u>	<u>192,270</u>	<u>5,589</u>	<u>4,761</u>	<u>231,260</u>	<u>197,031</u>
Invested cap assets	224,88	225,174	4,102	4,361	228,990	229,535
Restricted net assets	14,090	12,866	18	17	14,109	12,883
Unrestricted net assets	<u>(689,572)</u>	<u>(725,972)</u>	<u>(11,353)</u>	<u>(6,219)</u>	<u>(700,926)</u>	<u>(732,191)</u>
Total net assets	<u>\$ (450,592)</u>	<u>\$ (487,932)</u>	<u>\$ (7,233)</u>	<u>\$ (1,841)</u>	<u>\$ (457,825)</u>	<u>\$ (489,773)</u>

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Table 2
Condensed Statement of Activities
as of June 30, 2021, and 2020
(Amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2020</u>
Revenues						
Program revenue						
Charges for services	\$ 1,757	\$ 7,105	\$ 263	\$ 4,640	\$ 2,020	\$ 11,745
Operating grants and contributions	376,108	353,913	16,007	25,543	392,115	379,456
General revenue						
County	93,488	93,291	0	0	93,488	93,291
State	2,515	1,973	0	0	2,515	1,973
Other revenues	21,172	22,019	32	183	21,204	22,202
Total revenues	<u>495,040</u>	<u>478,301</u>	<u>16,302</u>	<u>30,366</u>	<u>511,342</u>	<u>508,667</u>
Expenses						
Governmental activities						
Instructional programs	379,583	396,636	0	0	379,583	396,636
Support services	72,548	83,636	0	0	72,548	83,636
Ancillary services	1,912	442	0	0	1,912	422
Nonprog. Chgs.	2,516	2,412	0	0	2,516	2,412
Depreciation	3,271	3,298	0	0	3,271	3,298
Business-type activities						
Food service	0	0	20,640	27,791	20,640	27,791
Child care	0	0	1,022	3,161	1,022	3,161
Total expenses	<u>459,834</u>	<u>486,424</u>	<u>21,662</u>	<u>30,952</u>	<u>481,492</u>	<u>517,376</u>
Increase (decrease)						
net position	36,988	(8,123)	(5,392)	(586)	31,596	(8,709)
Transfer In (Out)	0	(945)	0	945	0	0
Beginning net position	(487,932)	(478,864)	(1,841)	(2,200)	(489,773)	(481,064)
Restatement	351	0	0	0	351	0
Beginning net position restated	(487,581)	(478,864)	(1,841)	(2,200)	(489,422)	(481,064)
Ending net position	<u>\$ (450,592)</u>	<u>\$ (487,932)</u>	<u>\$ (7,233)</u>	<u>\$ (1,841)</u>	<u>\$ (457,825)</u>	<u>\$ (489,773)</u>

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Net position for governmental activities increased during the year by more than \$37 million over the previous year. The business-type activities reflect a decrease, in revenues of \$14 million for the year in the School Food Service Fund. Governmental activities expenditures decreased by \$26.5 million while business type operating expenditures decreased by \$9 million.

The district continues to emphasize improvement in instructional outcomes. Instructional expenses comprised 82% of total governmental-type expenses while support services made up 15% 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 19% of total governmental revenue. Much of the remaining 81% of total governmental revenue consisted of restricted state and federal money. Business-type activities generated revenues of \$16 million, down 46% from 2020 and had expenses of \$21 million. Net position shows an increase in the governmental activities and a decrease 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 \$52 million, a \$14.5 million increase from the prior year. The increase resulted from decreased expenditures all throughout the General Fund.

The State Public School Fund revenues and expenditures increased \$15 million and Capital Projects revenues and expenditures increased slightly over 2020.

Proprietary Funds: The Board's business-type funds showed an overall decrease in net position of \$5.4 million. The School Food Service Fund accounted for this decrease. Food sales decreased by \$2 million while operating expenses decreased by \$7 million and federal reimbursements and commodities decreased by \$8.6 million. 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 decrease in net position over from 2020, primarily due to \$2.3 million decrease in operational revenues. Expenses were down slightly in 2021, but not in-line with the decrease in revenue and participation in the program trended downward due to closures brought on by the Coronavirus pandemic.

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Fully Accredited School System

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 other local revenues over fiscal year 2020.

The actual expenditures from the General Fund were 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 \$18 million, a decrease of 20% over expenditures in fiscal year 2020.

Capital Assets

Capital assets are summarized in Table 3 and are reported as net of accumulated depreciation. The capital assets decreased from the previous year. The business-type capital assets showed a slight decrease over the previous year, with an increase in depreciation relative to the acquisition of new capital assets. 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 decreased by \$58 million due primarily to a decrease 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.

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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.

Table 3
Summary of Capital Assets
as of June 30, 2021, and 2020
(Amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2020</u>
Land & construction in process	\$ 9,773	\$ 9,773	\$ 0	\$ 0	\$ 9,773	\$ 9,773
Blds & improvements, net	193,066	200,431	5	7	193,071	200,438
Furniture & equipment	9,557	6,894	4,016	4,301	13,573	11,195
Vehicles, net	14,272	12,204	81	53	14,353	12,257
Total	<u>\$ 226,668</u>	<u>\$ 229,302</u>	<u>\$ 4,102</u>	<u>\$ 4,361</u>	<u>\$ 230,770</u>	<u>\$ 233,663</u>

Requests for Information

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

Jay C. Toland
Associate Superintendent for Business Operations
Cumberland County Board of Education
Post Office Box 2357
Fayetteville, NC 28302

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Basic Financial Statement



Governmental – Wide Financial Statement



Cumberland County Board of Education
Statement of Net Position (Deficit)
June 30, 2021

	Governmental Activities	Business- Type Activities	Total Primary Government
Assets			
Cash and cash equivalents	\$ 76,117,503	\$ 7,328,259	\$ 83,445,762
Due from other governments	17,149,179	372,778	17,521,957
Receivables	934,739	50,251	984,990
Net OPEB asset	711,617	18,806	730,423
Inventories	475,713	944,497	1,420,210
Capital assets:			
Land and construction in progress	9,773,526	-	9,773,526
Other capital assets, net of depreciation	216,894,942	4,102,149	220,997,091
Total capital assets	226,668,468	4,102,149	230,770,617
Total assets	322,057,219	12,816,740	334,873,959
Deferred outflows of resources			
Pension	80,243,991	1,914,324	82,158,315
OPEB	42,980,729	1,105,882	44,086,611
	123,224,720	3,020,206	126,244,926
Liabilities			
Accounts payable	9,782,024	85,114	9,867,138
Cash overdraft	70,932	-	70,932
Accrued salaries and benefits	24,743,671	379,791	25,123,462
Unearned revenue	-	224,321	224,321
Long-term liabilities:			
Due within one year	30,164,383	1,141,693	31,306,076
Due in more than one year	2,074,631	-	2,074,631
Net pension liability	199,436,914	5,215,200	204,652,114
Net OPEB liability	400,732,588	10,434,258	411,166,846
Risk management	3,198,642	-	3,198,642
Total long-term liabilities	635,607,158	16,791,151	652,398,309
Total liabilities	670,203,785	17,480,377	687,684,162
Deferred inflows of resources			
Grants	7,610,856	-	7,610,856
Pension	4,550,306	130,864	4,681,170
OPEB	213,509,430	5,458,728	218,968,158
	225,670,592	5,589,592	231,260,184
Net position (deficit)			
Net investment in capital assets	224,888,813	4,102,149	228,990,962
Restricted for			
Stabilization by state statute	3,087,675	-	3,087,675
School capital outlay	3,284,753	-	3,284,753
Scholarships	464,447	-	464,447
Individual schools	2,791,075	-	2,791,075
Programs	3,751,271	-	3,751,271
DIPNC OPEB plan	711,617	18,806	730,423
Unrestricted (deficit)	(689,572,089)	(11,353,978)	(700,926,067)
Total net position (deficit)	\$ (450,592,438)	\$ (7,233,023)	\$ (457,825,461)

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, 2021**

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	\$ 227,134,333	\$ -	\$ 214,625,291	\$ -	\$ (12,509,042)	\$ -	\$ (12,509,042)
Special populations	50,909,029	-	52,476,540	-	1,567,511	-	1,567,511
Alternative programs	26,682,135	-	24,062,371	-	(2,619,764)	-	(2,619,764)
School leadership	35,312,523	-	22,174,087	-	(13,138,436)	-	(13,138,436)
Co-curricular	5,317,924	1,757,431	239,494	-	(3,320,999)	-	(3,320,999)
School-based support	34,227,965	-	29,298,339	-	(4,929,626)	-	(4,929,626)
System-wide support services							
Support and development	8,094,139	-	683,815	-	(7,410,324)	-	(7,410,324)
Special populations support and development	2,349,248	-	2,060,441	-	(288,807)	-	(288,807)
Alternative programs and services support and development	1,373,775	-	1,201,942	-	(171,833)	-	(171,833)
Technology support	2,983,036	-	166,569	-	(2,816,467)	-	(2,816,467)
Operational support	47,295,077	-	25,191,531	1,779,655	(20,323,891)	-	(20,323,891)
Financial and human resource	4,033,622	-	203,310	-	(3,830,312)	-	(3,830,312)
Accountability	750,124	-	69,500	-	(680,624)	-	(680,624)
System-wide pupil support	148,574	-	-	-	(148,574)	-	(148,574)
Policy, leadership, and public relations	5,635,653	-	1,219,966	-	(4,415,687)	-	(4,415,687)
Ancillary services	1,797,999	-	1,797,999	-	-	-	-
Non-programmed charges	2,516,958	-	637,062	-	(1,879,896)	-	(1,879,896)
Unallocated depreciation expense (excludes depreciation allocated to programs)	3,271,944	-	-	-	(3,271,944)	-	(3,271,944)
Total governmental activities	<u>459,834,058</u>	<u>1,757,431</u>	<u>376,108,257</u>	<u>1,779,655</u>	<u>(80,188,715)</u>	<u>-</u>	<u>(80,188,715)</u>
Business-type activities							
School food service	20,640,611	56,565	16,007,691	-	-	(4,576,355)	(4,576,355)
Child care	1,022,261	206,463	-	-	-	(815,798)	(815,798)
Total business-type activities	<u>\$ 21,662,872</u>	<u>\$ 263,028</u>	<u>\$ 16,007,691</u>	<u>\$ -</u>	<u>-</u>	<u>(5,392,153)</u>	<u>(5,392,153)</u>
General revenues							
Unrestricted county appropriations - operating					80,711,700	-	80,711,700
Unrestricted county appropriations - capital					12,777,126	-	12,777,126
Unrestricted State appropriations - capital					2,515,396	-	2,515,396
Investment earnings, unrestricted					239,005	32	239,037
Miscellaneous, unrestricted					20,933,825	-	20,933,825
Total general revenues and transfers					<u>117,177,052</u>	<u>32</u>	<u>117,177,084</u>
Change in net position					<u>36,988,337</u>	<u>(5,392,121)</u>	<u>31,596,216</u>
Net position (deficit), beginning of year					(487,932,411)	(1,840,902)	(489,773,313)
Restatement (See Note IV.)					351,636	-	351,636
Net position (deficit), beginning, restated					<u>(487,580,775)</u>	<u>(1,840,902)</u>	<u>(489,421,677)</u>
Net position (deficit), end of year					<u>\$ (450,592,438)</u>	<u>\$ (7,233,023)</u>	<u>\$ (457,825,461)</u>

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, 2021

	Major Funds						Total
	General	State Public School	Federal Grants	Special Revenue	Capital Outlay	Non-Major Funds	Governmental Funds
Assets							
Cash and cash equivalents	\$ 59,765,612	\$ -	\$ -	\$ 9,860,447	\$ 2,680,377	\$ 3,811,067	\$ 76,117,503
Due from other governments	-	13,779,705	1,361,436	148,443	1,859,595	-	17,149,179
Due from other funds	-	-	-	90,776	-	-	90,776
Accounts receivable	46,474	-	-	888,256	-	9	934,739
Inventory	475,713	-	-	-	-	-	475,713
Total assets	\$ 60,287,799	\$ 13,779,705	\$ 1,361,436	\$ 10,987,922	\$ 4,539,972	\$ 3,811,076	\$ 94,767,910
Liabilities							
Accounts payable and accrued liabilities	\$ 8,444,009	31,985	\$ -	\$ 21,117	\$ 1,255,219	\$ 29,694	\$ 9,782,024
Cash overdraft	-	70,932	-	-	-	-	70,932
Due to other funds	90,776	-	-	-	-	-	90,776
Accrued salaries and benefits payable	9,574,909	13,676,788	1,361,436	130,538	-	-	24,743,671
Total liabilities	18,109,694	13,779,705	1,361,436	151,655	1,255,219	29,694	34,687,403
Deferred inflows of recourses	-	-	-	7,084,996	-	525,860	7,610,856
Fund balances							
Nonspendable:							
Inventories	475,713	-	-	-	-	-	475,713
Restricted:							
Stabilization by state statute	3,087,675	-	-	-	-	-	3,087,675
School capital outlay	-	-	-	-	3,284,753	-	3,284,753
Scholarships	-	-	-	-	-	464,447	464,447
Individual schools	-	-	-	-	-	2,791,075	2,791,075
Programs	-	-	-	3,751,271	-	-	3,751,271
Assigned:							
Designated for subsequent years							
expenditures	8,135,876	-	-	-	-	-	8,135,876
Risk management	3,198,642	-	-	-	-	-	3,198,642
Unassigned	27,280,199	-	-	-	-	-	27,280,199
Total fund balances	42,178,105	-	-	3,751,271	3,284,753	3,255,522	52,469,651
Total liabilities, deferred inflows of resources, and fund balances	\$ 60,287,799	\$ 13,779,705	\$ 1,361,436	\$ 10,987,922	\$ 4,539,972	\$ 3,811,076	

Net OPEB asset	711,617
Capital assets used in governmental activities are not financial resources and therefore are not reported in the	226,668,468
Deferred outflows of resources related to pensions	80,243,991
Deferred outflows of resources related to OPEB	42,980,729
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are	(32,239,014)
Net pension liability	(199,436,914)
Net OPEB liability	(400,732,588)
Risk management liabilities that are not due and payable in the current period and, therefore, are not reported in	(3,198,642)
Deferred inflows of resources related to pensions	(4,550,306)
Deferred inflows of resources related to OPEB	(213,509,430)
Total adjustments	(503,062,089)
Net position of governmental activities	<u>\$ (450,592,438)</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, 2021

	Major Funds					Total Governmental Funds
	General	State Public School	Federal Grants	Special Revenue	Capital Outlay	Non-Major Funds
Revenues						
State of North Carolina	\$ -	\$ 332,745,358	\$ -	\$ 1,387,295	\$ 2,515,396	\$ -
Cumberland County						
Local current expenditures	80,711,700	-	-	-	-	-
Capital outlay	-	-	-	-	12,777,126	-
U.S. Government	282,000	-	43,080,899	12,641,442	-	-
Other	2,849,886	-	-	3,895,449	38,182	2,118,007
Total revenues	83,843,586	332,745,358	43,080,899	17,924,186	15,330,704	2,118,007
Expenditures						
Current						
Instructional services						
Regular instructional	5,014,552	209,435,710	4,907,581	13,399,022	-	-
Special populations	380,168	42,377,180	10,099,360	1,848,155	-	-
Alternative programs	388,131	8,149,417	15,912,954	1,237,501	-	-
School leadership	13,010,479	21,823,250	350,837	127,957	-	-
Co-curricular	1,808,143	-	239,494	37,525	-	2,238,630
School-based support	3,603,585	25,246,165	4,052,174	928,389	-	-
System-wide support services						
Support and development	7,135,915	548,856	134,959	274,409	-	-
Special populations support and development	241,850	1,575,708	484,733	46,957	-	-
Alternative programs and services support and development	146,444	-	1,201,942	25,389	-	-
Technology support	2,816,467	154,652	11,917	-	-	-
Operational support	26,020,494	20,269,954	4,921,577	921	-	8,598
Financial and human resource	3,830,312	146,501	56,809	-	-	-
Accountability	680,624	-	69,500	-	-	-
System-wide pupil support	148,574	-	-	-	-	-
Policy, leadership, and public relations	2,427,425	1,219,966	-	-	-	-
Ancillary services	-	1,797,999	-	-	-	-
Non-programmed charges	1,877,896	-	637,062	2,000	-	-
Debt service						
Principal	-	-	-	-	2,515,396	-
Capital outlay						
Land, buildings, and site improvement	-	-	-	-	10,970,521	-
Furniture and equipment	-	-	-	-	1,656,243	-
Vehicles and other	-	-	-	-	1,930,016	-
Total expenditures	69,531,059	332,745,358	43,080,899	17,928,225	17,072,176	2,247,228
Revenues over (under) expenditures	14,312,527	-	-	(4,039)	(1,741,472)	(129,221)
Other financing sources (uses)						
Installment purchase obligations issued	-	-	-	-	1,779,655	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	1,779,655	-
Net change in fund balances	14,312,527	-	-	(4,039)	38,183	(129,221)
Fund balances, beginning of year	27,865,578	-	-	3,755,310	3,246,570	3,033,107
Restatement (See Note IV)	-	-	-	-	-	351,636
Fund balances, beginning of year, as restated	27,865,578	-	-	3,755,310	3,246,570	3,384,743
Increase in reserve for inventories	-	-	-	-	-	-
Fund balances, end of year	\$ 42,178,105	\$ -	\$ -	\$ 3,751,271	\$ 3,284,753	\$ 3,255,522

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, 2021

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

Net changes in fund balances - total governmental funds	\$ 14,217,450
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.	(2,633,002)
Contributions to the pension plan in the current fiscal year are not included on the statement of activities.	39,467,030
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.	(1,779,655)
Contributions to the OPEB plans in the current fiscal year are not included on the statement of activities.	17,256,758
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 principal payments	2,426,411
Pension expenses	(56,211,311)
OPEB expense	25,449,814
Compensated absences	(936,221)
Risk management	(268,937)
	<hr/>
Total adjustments	22,770,887
	<hr/>
Total changes in net position of governmental activities	\$ 36,988,337
	<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, 2021

	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	\$ -	\$ -	\$ -	\$ -	\$ 339,645,659	\$ 339,751,584	\$ 332,745,358	\$ (7,006,226)
Cumberland County	80,711,000	80,711,000	80,711,700	700	-	-	-	-
U.S. Government	-	282,000	282,000	-	-	-	-	-
Other	2,732,000	2,788,141	2,849,886	61,745	-	-	-	-
Total revenues	<u>83,443,000</u>	<u>83,781,141</u>	<u>83,843,586</u>	<u>62,445</u>	<u>339,645,659</u>	<u>339,751,584</u>	<u>332,745,358</u>	<u>(7,006,226)</u>
Expenditures								
Instructional services	40,248,937	37,436,271	24,205,058	13,231,213	303,996,402	313,765,871	307,031,722	6,734,149
System-wide support services	43,582,063	53,732,870	43,448,105	10,284,765	32,152,802	24,157,064	23,915,637	241,427
Ancillary services	-	-	-	-	3,496,455	1,828,649	1,797,999	30,650
Non-programmed charges	2,500,000	2,500,000	1,877,896	622,104	-	-	-	-
Total expenditures	<u>86,331,000</u>	<u>93,669,141</u>	<u>69,531,059</u>	<u>24,138,082</u>	<u>339,645,659</u>	<u>339,751,584</u>	<u>332,745,358</u>	<u>7,006,226</u>
Revenues over (under) expenditures	(2,888,000)	(9,888,000)	14,312,527	24,200,527	-	-	-	-
Other financing sources (uses)								
Transfers out	-	-	-	-	-	-	-	-
Fund balance appropriated	<u>2,888,000</u>	<u>9,888,000</u>	<u>-</u>	<u>(9,888,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>14,312,527</u>	<u>\$ 14,312,527</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances								
Beginning of year			27,865,578				-	
End of year			<u>\$ 42,178,105</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, 2021

	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	\$ -	\$ -	\$ -	\$ -	\$ 1,350,164	\$ 1,352,481	\$ 1,387,295	\$ 34,814
Cumberland County	-	-	-	-	-	-	-	-
U.S. Government	52,723,382	116,181,971	43,080,899	(73,101,072)	11,527,143	15,934,008	12,641,442	(3,292,566)
Other	-	-	-	-	3,709,263	4,410,780	3,895,449	(515,331)
Total revenues	<u>52,723,382</u>	<u>116,181,971</u>	<u>43,080,899</u>	<u>(73,101,072)</u>	<u>16,586,570</u>	<u>21,697,269</u>	<u>17,924,186</u>	<u>(3,773,083)</u>
Expenditures								
Instructional services	39,833,280	48,709,338	35,562,400	13,146,938	16,310,020	21,346,143	17,578,549	3,767,594
System-wide support services	5,451,431	57,477,218	6,881,437	50,595,781	276,550	345,324	347,676	(2,352)
Ancillary services	520,000	2,369,314	-	2,369,314	-	-	-	-
Non-programmed charges	6,918,671	7,626,101	637,062	6,989,039	-	5,802	2,000	3,802
Total expenditures	<u>52,723,382</u>	<u>116,181,971</u>	<u>43,080,899</u>	<u>73,101,072</u>	<u>16,586,570</u>	<u>21,697,269</u>	<u>17,928,225</u>	<u>3,769,044</u>
Revenues over (under) expenditures	-	-	-	-	-	-	(4,039)	(4,039)
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>(4,039)</u>	<u>\$ (4,039)</u>
Fund balances								
Beginning of year			-				3,755,310	
End of year			<u>\$ -</u>				<u>\$ 3,751,271</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, 2021**

		Enterprise Funds	
	Major Fund School Food Service	Non-Major Fund Child Care	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 6,013,296	\$ 1,314,963	\$ 7,328,259
Due from other governments	372,778	-	372,778
Receivables (net)	46,727	3,524	50,251
Net OPEB asset	18,806	-	18,806
Inventories	944,497	-	944,497
Total current assets	7,396,104	1,318,487	8,714,591
Noncurrent assets			
Capital assets			
Furniture and equipment, net	4,078,209	23,940	4,102,149
Total noncurrent assets	4,078,209	23,940	4,102,149
Total assets	11,474,313	1,342,427	12,816,740
Deferred Outflows of Resources			
Pension	1,914,324	-	1,914,324
OPEB	1,105,882	-	1,105,882
	3,020,206	-	3,020,206
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	85,025	89	85,114
Accrued salaries and benefits payable	379,791	-	379,791
Compensated absences	1,141,693	-	1,141,693
Unearned revenue	224,321	-	224,321
Total current liabilities	1,830,830	89	1,830,919
Noncurrent liabilities			
Net pension liability	5,215,200	-	5,215,200
Net OPEB liability	10,434,258	-	10,434,258
Total noncurrent liabilities	15,649,458	-	15,649,458
Total liabilities	17,480,288	89	17,480,377
Deferred Inflows of Resources			
Pension	130,864	-	130,864
OPEB	5,458,728	-	5,458,728
	5,589,592	-	5,589,592
Net Position (Deficit)			
Investment in capital assets	4,078,209	23,940	4,102,149
Restricted - DIPNC OPEB Plan	18,806	-	18,806
Unrestricted (deficit)	(12,672,376)	1,318,398	(11,353,978)
Total net position (deficit)	\$ (8,575,361)	\$ 1,342,338	\$ (7,233,023)

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, 2021

		Enterprise Funds	
	Major Fund	Non-Major Fund	
	School Food Service	Child Care	Total
Operating revenues			
Food sales	\$ 56,565	\$ -	\$ 56,565
Child care fees	-	197,575	197,575
Other operating revenues	-	8,888	8,888
Total operating revenues	56,565	206,463	263,028
Operating expenses			
Food cost			
Purchase of food	4,163,575	-	4,163,575
Donated commodities	1,410,790	-	1,410,790
Salaries and benefits	11,075,430	938,628	12,014,058
Indirect costs	1,357,218	-	1,357,218
Materials and supplies	207,562	45,278	252,840
Repairs and maintenance	428,922	-	428,922
Depreciation	488,692	2,696	491,388
Contracted services	758,775	35,659	794,434
Other	749,647	-	749,647
Total operating expenses	20,640,611	1,022,261	21,662,872
Operating loss	(20,584,046)	(815,798)	(21,399,844)
Nonoperating revenues			
Federal reimbursements	14,596,901	-	14,596,901
Federal commodities	1,410,790	-	1,410,790
Interest earned	32	-	32
Total nonoperating revenues	16,007,723	-	16,007,723
Income (loss) before contributions and transfers	(4,576,323)	(815,798)	(5,392,121)
Other financing sources (uses)			
Transfers in	-	-	-
Total other financing sources (uses)	-	-	-
Change in net position	(4,576,323)	(815,798)	(5,392,121)
Net position (deficit), beginning of year	(3,999,038)	2,158,136	(1,840,902)
Net position (deficit), end of year	\$ (8,575,361)	\$ 1,342,338	\$ (7,233,023)

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, 2021

		Enterprise Funds	
	Major Fund	Non-Major Fund	
	School Food Service	Child Care	Total
Cash flows from operating activities			
Cash received from customers	\$ 589,194	\$ 663,396	\$ 1,252,590
Cash paid for goods and services	(7,751,254)	(85,004)	(7,836,258)
Cash paid to employees for services	(11,724,450)	(938,628)	(12,663,078)
Net cash flows from operating activities	(18,886,510)	(360,236)	(19,246,746)
Cash flows from noncapital financing activities			
Federal reimbursements	14,596,901	-	14,596,901
State reimbursements	-	-	-
Sales tax refund	-	-	-
Transfers in	-	-	-
Net cash flows from noncapital financing activities	14,596,901	-	14,596,901
Cash flows from capital and related financing activities			
Acquisition of capital assets	(271,130)	-	(271,130)
Net cash flows from capital and related financing activities	(271,130)	-	(271,130)
Cash flows from investing activities			
Interest on investments	32	-	32
Net cash flows from investing activities	32	-	32
Net decrease in cash and cash equivalents	(4,560,707)	(360,236)	(4,920,943)
Cash and cash equivalents, beginning of year	10,574,003	1,675,199	12,249,202
Cash and cash equivalents, end of year	\$ 6,013,296	\$ 1,314,963	\$ 7,328,259

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, 2021**

	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	\$ (20,584,046)	\$ (21,399,844)
Adjustments to reconcile operating loss to net cash from operating activities		
Depreciation	488,692	491,388
Gain on disposal	38,630	38,295
Donated commodities	1,410,790	1,410,790
Changes in operating assets and liabilities		
Due from other governments	74,554	74,554
Accounts receivable	456,933	913,866
Net OPEB asset	(1,365)	(1,365)
Inventories	2,919	2,919
Accounts payable and accrued liabilities	(117,953)	(121,685)
Unearned revenue	1,142	1,142
Net pension liability	523,769	523,769
Net OPEB liability	(1,999,884)	(1,999,884)
Deferred inflows	828,714	828,714
Deferred outflows	(19,804)	(19,804)
Compensated absences payable	10,399	10,399
Total adjustments	1,697,536	2,153,098
Net cash from operating activities	\$ (18,886,510)	\$ (19,246,746)
Supplemental schedule of noncash activities:		
Donated commodities	\$ 1,410,790	\$ 1,410,790

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, 2021

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. Separate statements for each fund category – *governmental and proprietary* – 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.

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.

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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.

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.

C. Measurement Focus and Basis of Accounting

Government-Wide and Proprietary Fund Financial Statements. The Government-Wide and Proprietary 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 60 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.

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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.

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 Standard & Poor's. 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 Securities and Exchange Commission. 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, 2021 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.

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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.

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.

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 give 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 other postemployment benefits ("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.

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

6. Long-Term Obligations

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

7. Compensated Absences

The Board follows the State's policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board's liability for accumulated earned vacation and the salary-related payments as of June 30, 2021, is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years' records, of the current portion of compensated absences.

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

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.

The governmental fund types classify fund balances are 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].

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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

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

Restricted for Scholarships – This classification includes scholarship money under the control of the Board for the benefit of students in the district.

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.

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.

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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 \$(503,062,089) 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):	\$ 494,085,916
Less accumulated depreciation	(267,417,448)
Net Capital Assets	226,668,468
Net OPEB asset	711,617
Pension-related deferred outflows of resources	80,243,991
OPEB-related deferred outflows of resources	42,980,729
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	(4,561,246)
Compensated absences	(27,677,768)
Net pension liability	(199,436,914)
Net OPEB liability	(400,732,588)
Risk management	(3,198,642)
Deferred inflows of resources related to pensions	(4,550,306)
Deferred inflows of resources related to OPEB	(213,509,430)
Total Adjustment	<u>\$ (503,062,089)</u>

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

b. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes 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 \$22,770,887 as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements, but capitalized as assets in the statement of activities.	\$ 8,276,877
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.	(10,906,475)
Other capital asset activity.	(3,404)
Contributions to the pension plan in the current fiscal year are not included in the statement of activities.	39,467,030
Contributions to the OPEB plans in the current fiscal year are not included on the statement of activities.	17,256,758
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.	(1,779,655)
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.	2,426,411
Pension expense	25,449,814
OPEB expense	(56,211,311)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(936,221)
Risk management expenses are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(268,937)
Total Adjustment	<u>\$ 22,770,887</u>

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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, 2021, the Board had deposits with banks and savings and loans with a carrying amount of \$37,154,597. The bank balances with the financial institutions were \$32,937,558. Of these balances, \$1,175,623 was covered by federal depository insurance and \$34,113,182 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2021, the Board's investment balances were as follows:

Investment	Valuation Measurement	Fair Value	Maturity	Rating
	Method			
NC Capital Management Trust – Government Portfolio	Fair Value – Level 1	\$ 11,912,172	N/A	AAAm
Department of State Treasurer Short Term Investment Fund (STIF)	Fair Value – Level 2	28,850,152	Duration of 1.3 years	Unrated
U.S. Government Agencies	Fair Value – Level 1	5,457,910	1-2 years	AA+/A-1+
Total		<u>\$ 46,220,234</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 investments. 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 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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For the Fiscal Year Ended June 30, 2021

3. Accounts Receivable

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

	Due from Other Governments	Other
Governmental activities:		
General fund	\$ -	\$ 46,474
Other governmental activities	17,149,179	888,265
Total	<u>\$ 17,149,179</u>	<u>\$ 934,739</u>
Business-type activities:		
School food service	\$ 372,778	\$ 46,727
Child care	-	3,524
Total	<u>\$ 372,778</u>	<u>\$ 50,251</u>

Due from other governments consists of the following:

Governmental activities:	
State Public School Fund	\$ 13,779,705
Federal Grants Fund	1,361,436
Special Revenue Fund	148,443
Capital Outlay Fund	1,859,595
Total	<u>\$ 17,149,179</u>
Business-type activities:	
School food service	372,778
Total	<u>\$ 17,521,957</u>

All amounts are considered collectible within the next fiscal year.

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
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For the Fiscal Year Ended June 30, 2021

4. Capital Assets

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

Category	Beginning Balances	Increases	Decreases	Ending Balances
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	391,350,127	85,202	80,917	391,354,412
Furniture and equipment	32,253,322	4,271,626	178,219	36,346,729
Vehicles	52,793,764	3,920,049	102,564	56,611,249
Total Capital Assets Begin Depreciated	476,397,213	8,276,877	361,700	484,312,390
Less accumulated depreciation for:				
Buildings and improvements	190,920,479	7,450,088	80,917	198,289,650
Furniture and equipment	25,359,441	1,604,771	174,815	26,789,397
Vehicles	40,589,349	1,851,616	102,564	42,338,401
Total Accumulated Depreciation	256,869,269	\$ 10,906,475	\$ 358,296	267,417,448
Total Capital Assets Being Depreciated, Net	219,527,944			216,894,942
Governmental Activity Capital Assets				
Depreciated, Net	\$ 229,301,470			\$ 226,668,468

Depreciation was charged to governmental functions as follows:

Instructional services – regular	\$ 5,016,978
Instructional services – special populations	218,129
Instructional services – alternative programs	545,324
Instructional services – co-curricular	545,324
Instructional services – school based support services	218,129
Instructional services – school leadership services	1,090,647
Unallocated depreciation	3,271,944
Total	\$ 10,906,475

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

<u>Category</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases and adjustments</u>	<u>Ending Balances</u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Furniture and equipment	\$ 15,347,833	\$ 237,469	\$ 105,626	\$ 15,479,676
Vehicles	206,807	33,661	-	(173,146)
Total Capital Assets Being Depreciated	15,554,640	271,130	105,626	15,720,144
Less accumulated depreciation for:				
Furniture and equipment	11,104,769	477,173	98,560	11,483,382
Vehicles	150,019	8,534	-	158,553
Total Accumulated Depreciation	11,254,788	485,707	98,560	11,641,935
School Food Service Capital Assets, Net	4,299,852			4,078,209
Before and After School Care Fund:				
Capital assets being depreciated:				
Buildings and improvements	24,701	-	-	24,701
Furniture and equipment	236,482	-	20,880	257,362
Vehicles	15,645	-	-	15,645
Total Accumulated Depreciation	276,828	-	20,880	297,708
Less accumulated depreciation for:				
Buildings and improvements	17,976	1,405	-	19,381
Furniture and equipment	216,906	499	21,337	238,742
Vehicles	15,645	-	-	15,645
Total Accumulated Depreciation	250,527	\$ 1,904	\$ 21,337	273,768
Before and After School Care Fund				
Capital Assets, Net	26,301			23,940
Business-Type Activities Capital				
Assets, Net	\$ 4,326,153			\$ 4,102,149

Construction commitments

The Board has no active construction projects as of June 30, 2021.

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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 TSERS is included in the Annual Comprehensive Financial Report ("ACFR") for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for TSERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, 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 postretirement 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 6% 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, 2021 were \$39,886,661 equal to the required contributions for this year.

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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

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

At June 30, 2021, the Board reported a liability of \$204,652,114 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020, utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2020 and 2019, the Board's proportion was 1.694% and 1.772%, respectively.

For the year ended June 30, 2021, the Board recognized a pension expense of \$57,061,904. At June 30, 2021, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,277,432	\$ -
Changes of assumptions	6,935,086	-
Net difference between projected and actual earnings on pension plan investments	22,632,426	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	1,426,710	4,681,170
Board contributions subsequent to the measurement date	39,886,661	-
Total	<u>\$ 82,158,315</u>	<u>\$ 4,681,170</u>

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
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For the Fiscal Year Ended June 30, 2021

\$39,886,661 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending June 30,</u>	
2022	\$ 13,183,544
2023	10,175,979
2024	7,488,568
2025	6,742,393
Total	<u>\$ 37,590,484</u>

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

Inflation:	3.00%
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, 2019, 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 percentage and by adding expected inflation.

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
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The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	6.0%	4.0%
Total	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.

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 net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Board's proportionate share of the net pension liability	\$368,325,741	\$204,652,114	\$67,363,813

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

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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 percentage of payroll contribution from participating employing units. Each year the percentage is set in legislation, as are the maximum per retiree contributions from RHBF to the State Health Plan. The State Treasurer, with the approval of the State Health Plan Board of Trustees, then sets the employer contributions (subject to the legislative cap) and the premiums to be paid by retirees, as well as the health benefits to be provided through the State Health Plan.

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

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.

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 postretirement benefit increases.

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
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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 6.68% of covered payroll which amounted to \$18,027,260.

At June 30, 2021, Board reported a liability of \$411,166,846 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. The total OPEB liability was then rolled forward to the measurement date of June 30, 2020, utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2020 and 2019, the Board's proportion was 1.482% and 1.551%, respectively.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 372,487	\$ 16,085,353
Changes of assumptions	18,032,013	166,857,998
Net difference between projected and actual earnings on pension plan investments	866,167	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	5,885,760	35,797,191
Board contributions subsequent to the measurement date	18,027,260	-
Total	<u>\$ 43,183,687</u>	<u>\$ 218,740,542</u>

\$18,027,260 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years Ending June 30.</u>	
2022	\$ (65,704,514)
2023	(65,659,363)
2024	(31,553,868)
2025	(12,459,369)
2026	(18,207,001)
Total	<u>\$ (193,584,115)</u>

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
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For the Fiscal Year Ended June 30, 2021

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:	6.50% grading down to 5.00% by 2024 for non-MA and MA coverage
Healthcare cost trend rate – prescription drug:	9.50% grading down to 5.00% by 2028
Healthcare cost trend rate – administrative:	3.00%

Discount Rate. The discount rate used to measure the total OPEB liability for the RHBF was 2.21% at June 30, 2020 compared to 3.5% at June 30, 2019. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 2.21% was used as the discount rate used to measure the total OPEB liability and is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2020.

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

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Net OPEB liability	\$487,617,862	\$411,166,846	\$349,572,810

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 or 1-percentage point higher than the current healthcare cost trend rates:

	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	\$331,474,822	\$411,166,846	\$517,685,965

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

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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 ACFR, which can be found at <https://www.osc.nc.gov/public-information/reports>.

Benefits Provided. Long-term disability benefits are payable as an OPEB from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. An employee is eligible to receive long-term disability benefits provided 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 postretirement 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, 2020, 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 \$242,882 for the year ended June 30, 2021.

The contributions cannot be separated between the amounts that relate to other postemployment benefits and employment benefits for active employees. Those individuals who are receiving extended short-term disability benefit payments cannot be separated from the number of members currently eligible to receive disability benefits as an OPEB.

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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

At June 30, 2021, Board reported an asset of \$730,423 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019. The total OPEB asset was then rolled forward to the measurement date of June 30, 2020, utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB asset was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2020 and 2019, the Board's proportion was 1.485% and 1.567%, respectively.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 529,131	\$ -
Changes of assumptions	56,793	57,520
Net difference between projected and actual earnings on pension plan investments	-	123,742
Changes in proportion and differences between Board contributions and proportionate share of contributions	74,118	46,354
Board contributions subsequent to the measurement date	242,882	-
Total	<u>\$ 902,924</u>	<u>\$ 227,616</u>

\$242,882 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, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30.

2022	\$ 150,937
2023	101,256
2024	50,744
2025	82,902
2026	9,643
Thereafter	36,944
Total	<u>\$ 432,426</u>

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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

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

Sensitivity of the Board's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate. The following presents the Board's proportionate share of the net OPEB asset, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage point lower (2.75%) 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	\$630,824	\$730,423	\$827,127

Common Actuarial Assumptions for Both OPEB Plans. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2019, using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB asset was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

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

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

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:

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

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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:

	RHBF	DIPNC	Total
OPEB expense	\$ (19,054,281)	\$ 561,597	\$ (18,492,684)
OPEB liability (asset)	411,166,846	(730,423)	410,436,423
Proportionate share of the net OPEB liability (asset)	1.482%	1.485%	
Deferred of Outflows of Resources:			
Differences between expected and actual experience	\$ 372,487	\$ 529,131	\$ 901,618
Changes of assumptions	18,032,013	56,793	18,088,806
Net difference between projected and actual earnings on plan investments	866,167	-	866,167
Changes in proportion and differences between Board contributions and proportionate share of contributions	5,885,760	74,118	5,959,878
Board contributions subsequent to the measurement date	18,027,260	242,882	18,270,142
	<u>\$ 43,183,687</u>	<u>\$ 902,924</u>	<u>\$ 44,086,611</u>
Deferred of Inflows of Resources:			
Differences between expected and actual experience	\$ 16,085,353	\$ -	\$ 16,085,353
Changes of assumptions	166,857,998	57,520	166,915,518
Net difference between projected and actual earnings on plan investments	-	123,742	123,742
Changes in proportion and differences between Board contributions and proportionate share of contributions	35,797,191	46,354	35,843,545
	<u>\$ 218,740,542</u>	<u>\$ 227,616</u>	<u>\$ 218,968,158</u>

2. Other Employment Benefits

In addition to providing pension and postemployment 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
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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 \$7,610,856 has been presented as a deferred inflow on the statement of net position because all eligibility requirements other than time requirements have been met.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience - TSERS	\$ 11,277,432	\$ -
Changes of assumptions - TSERS	6,935,086	-
Net difference between projected and actual earnings on pension plan investments - TSERS	22,632,426	-
Changes in proportion and differences between Board contributions and proportionate share of contributions - TSERS	1,426,710	4,681,170
Board contributions subsequent to the measurement date	39,886,661	-
Differences between expected and actual experience - OPEB	901,618	16,085,353
Changes of assumptions - OPEB	18,088,806	166,915,518
Net difference between projected and actual earnings on pension plan investments - OPEB	866,167	123,742
Changes in proportion and differences between Board contributions and proportionate share of contributions - OPEB	5,959,878	-
Board contributions subsequent to the measurement date - OPEB	18,270,142	35,843,545
Grants	-	7,610,856
Total	<u>\$ 126,244,926</u>	<u>\$ 231,260,184</u>

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

4. Accounts Payable and Accrued Salaries and Benefits

Accounts payable and accrued salaries and benefits as of June 30, 2021 are as follows:

	Vendor	Salaries and Benefits
Governmental Activities:		
General	\$ 8,534,785	\$ 9,574,909
Other Governmental	1,338,015	15,168,762
Total Governmental Activities	<u>\$ 9,872,800</u>	<u>\$ 24,743,671</u>
Business-Type Activities:		
School Food Service	\$ 85,025	\$ 379,791
Child Care	89	-
Total Business-Type Activities	<u>\$ 85,114</u>	<u>\$ 379,791</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 risk management (claims) liability of \$3,198,642 at June 30, 2021, is based on the requirements of Governmental Accounting Standards Board 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 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 2021 and 2020 are as follows:

	Balance Beginning of Fiscal Year	Claims Net Changes in Estimates	Claims Payments	Balance End of Fiscal Year
2020-2021	\$ 2,929,705	\$ (7,050,095)	\$ 7,319,032	\$ 3,198,642
2019-2020	3,091,167	7,964,343	(8,125,805)	2,929,705

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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 General Statute 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.

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

6. Contingent Liabilities

At June 30, 2021, 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, 2021 for this contract totals \$867,311.

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, 2021 for these equipment purchases total \$3,693,935.

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

In 2020, the Board entered 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, 2021 are as follows:

<u>Years Ending June 30,</u>	Government Activities	
	Principal	Interest
2022	\$ 2,486,615	\$ 17,777
2023	1,341,255	12,499
2024	565,494	6,981
2025	167,882	1,464
Total	<u>\$ 4,561,246</u>	<u>\$ 38,721</u>

b. Long-Term Obligation Activity

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2021:

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

	Balance 7/1/2020	Increases	Decreases	Balance 6/30/2021	Current Portion
Governmental Activities:					
Direct placement installment purchases	\$ 5,208,002	\$ 1,779,655	\$ 2,426,411	\$ 4,561,246	\$ 2,486,615
Compensated absences	26,741,547	25,561,939	24,625,718	27,677,768	27,677,768
Net pension liability	179,086,726	20,350,188	-	199,436,914	-
Net OPEB liability	478,409,340	-	77,676,752	400,732,588	-
Risk Management	2,929,705	(7,050,095)	7,319,032	3,198,642	-
Total	<u>\$ 692,375,320</u>	<u>\$ 40,641,687</u>	<u>\$ 112,047,913</u>	<u>\$ 635,607,158</u>	<u>\$ 30,164,383</u>
Business-Type Activities:					
Compensated absences	\$ 1,131,294	\$ 1,096,756	\$ 1,086,357	\$ 1,141,693	\$ 1,141,693
Net pension liability	4,691,431	523,769	-	5,215,200	-
Net OPEB liability	12,434,142	-	1,999,884	10,434,258	-
Total	<u>\$ 18,256,867</u>	<u>\$ 1,620,525</u>	<u>\$ 3,086,241</u>	<u>\$ 16,791,151</u>	<u>\$ 1,141,693</u>

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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	\$ 42,178,105
Less:	
Inventories	475,713
Stabilization by State Statute	3,087,675
Appropriated fund balance in 2022 budget	8,135,876
Risk management	3,198,642
Remaining fund balance	<u>\$ 27,280,199</u>

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

Encumbrances:	
General Fund	\$ 3,041,201

III. Interfund Receivables

Due to/from other funds at June 30, 2021 consist of the following:

	Due from General Fund
Due to Special Revenue	<u>\$ 90,776</u>

CUMBERLAND COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

IV. Change in Accounting Principle

The Board implemented Governmental Accounting Standards Board Statement 84, *Fiduciary Activities*, effective July 1, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments and provides guidance on how to report fiduciary activities within the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. As part of implementing the statement, the Board performed a comprehensive review of its fiduciary relationships and applied the criteria within the guidance. The Administrative Fund was reclassified from a private-purpose trust fund to a special revenue fund, since it is not a separate legal entity and a trust agreement is not in place. As a result, fund balance and net position were restated by \$351,636.

	Nonmajor Special Revenue Fund Balance	Governmental Activities Net Deficit
Previous fund balance/net deficit	\$ 3,033,107	\$ (487,932,411)
Restatement	351,636	351,636
Restated fund balance/net deficit	<u>\$ 3,384,743</u>	<u>\$ (487,580,775)</u>

V. 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 any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

VI. Stewardship, Compliance, and Accountability

Establishing Annual Budgets

During the fiscal year ended June 30, 2021, the Board did not establish a budget for the Administrative Fund which was reclassified to a special revenue fund in the fiscal year ended June 30, 2021.

VII. Subsequent Events

The Board has evaluated subsequent events through August 31, 2022, 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 Eight Fiscal Years *

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net pension liability (asset) %	1.694%	1.772%	1.720%	1.720%	1.776%
Board's proportionate share of the net pension liability (asset) \$	\$ 204,652,114	\$ 183,778,157	\$ 170,769,825	\$ 136,772,307	\$ 163,160,106
Board's covered payroll	\$ 271,124,791	\$ 266,681,812	\$ 254,284,904	\$ 248,783,034	\$ 241,587,903
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	75.48%	68.91%	67.16%	54.98%	67.54%
Plan fiduciary net position as a percentage of the total pension liability	92.01%	91.89%	89.51%	87.32%	94.64%
	<u>2016</u>	<u>2015</u>	<u>2014</u>		
Board's proportion of the net pension liability (asset) %	1.861%	1.885%	1.941%		
Board's proportionate share of the net pension liability (asset) \$	\$ 68,577,452	\$ 22,097,439	\$ 117,814,195		
Board's covered payroll	\$ 253,094,029	\$ 244,937,120	\$ 275,544,982		
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	27.10%	9.02%	42.76%		
Plan fiduciary net position as a percentage of the total pension liability	98.24%	90.60%	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 Eight Fiscal Years**

	2021	2020	2019	2018	2017
Contractually required contribution	\$ 39,886,661	\$ 34,952,765	\$ 32,775,195	\$ 27,411,913	\$ 24,828,547
Contributions in relation to the contractually required contribution	39,886,661	34,952,765	32,775,195	27,411,913	24,828,547
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 269,548,344	\$ 271,124,791	\$ 266,681,812	\$ 254,284,904	\$ 248,783,034
Contributions as a percentage of covered payroll	14.80%	12.89%	12.29%	10.78%	9.98%
	2016	2015	2014		
Contractually required contribution	\$ 21,670,435	\$ 22,702,534	\$ 22,044,341		
Contributions in relation to the contractually required contribution	21,670,435	22,702,534	22,044,341		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Board's covered payroll	\$ 241,587,903	\$ 253,094,029	\$ 244,937,120		
Contributions as a percentage of covered payroll	8.97%	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 Five Fiscal Years ***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability (asset)	1.482%	1.551%	1.530%	1.581%	1.585%
Board's proportionate share of the net OPEB liability (asset)	\$ 411,166,846	\$ 490,843,482	\$ 435,814,176	\$ 518,296,049	\$ 689,415,246
Board's covered payroll	\$ 271,124,791	\$ 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	151.65%	184.06%	171.39%	208.33%	285.37%
Plan fiduciary net position as a percentage of the total pension liability	4.40%	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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 18,027,260	\$ 17,435,959	\$ 16,720,950	\$ 15,384,237	\$ 13,931,850
Contributions in relation to the					
contractually required contribution	18,027,260	17,435,959	16,720,950	15,384,237	13,931,850
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 269,548,344	\$ 271,124,791	\$ 266,681,812	\$ 254,284,904	\$ 248,783,034
Contributions as a percentage of covered payroll	6.688%	6.431%	6.270%	6.050%	5.600%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 15,143,344	\$ 15,175,685	\$ 14,457,345	\$ 14,603,884	\$ 13,129,129
Contributions in relation to the					
contractually required contribution	15,143,344	15,175,685	14,457,345	14,603,884	13,129,129
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 241,587,903	\$ 253,094,029	\$ 244,937,120	\$ 275,544,981	\$ 262,582,580
Contributions as a percentage of covered payroll	6.268%	5.996%	5.902%	5.300%	5.000%

**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 Five Fiscal Years ***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB asset	1.485%	1.567%	1.523%	1.523%	1.584%
Board's proportionate share of the net OPEB asset	\$ 730,423	\$ 676,022	\$ 462,572	\$ 931,157	\$ 983,664
Board's covered payroll	\$ 271,124,791	\$ 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	0.27%	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%	117.06%

* 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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 242,882	\$ 269,489	\$ 373,355	\$ 355,999	\$ 928,130
Contributions in relation to the					
contractually required contribution	242,882	269,489	373,355	355,999	928,130
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 269,548,344	\$ 271,124,791	\$ 266,681,812	\$ 254,284,904	\$ 248,783,034
Contributions as a percentage of covered payroll	0.090%	0.099%	0.140%	0.140%	0.373%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 1,133,339	\$ 1,216,266	\$ 1,178,006	\$ 1,213,398	\$ 1,365,429
Contributions in relation to the					
contractually required contribution	1,133,339	1,216,266	1,178,006	1,213,398	1,365,429
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 241,587,903	\$ 253,094,029	\$ 244,937,120	\$ 275,772,273	\$ 262,582,500
Contributions as a percentage of covered payroll	0.469%	0.481%	0.481%	0.440%	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, 2021**

	Budget	Actual	Positive (Negative) Variance
Revenues			
Cumberland County appropriation	\$ 80,711,000	\$ 80,711,700	\$ 700
Other			
Fines and forfeitures	1,800,000	1,665,068	(134,932)
Interest earned on investments	500,000	239,005	(260,995)
Rental of school property	32,000	-	(32,000)
Insurance settlement	32,133	32,133	-
Miscellaneous	424,008	913,680	489,672
Total other	2,788,141	2,849,886	61,745
Total revenues	83,781,141	83,843,586	62,445
Expenditures			
Instructional services:			
Regular instructional			
Regular instructional services:			
Regular curricular services		4,670,501	
CTE curricular services		305,255	
Program enhancement		38,796	
Special populations services:			
Children with disabilities curricular services		291,519	
Pre-K children with disabilities curricular services		13,041	
Speech and language pathology services		9,915	
Academically/intellectually gifted curricular services		3,381	
Limited English proficiency services		62,312	
Alternative programs services:			
Attendance and social work services		275,615	
Alternative Instructional Services K-12		3,659	
Remedial and supplemental K-12 services		65,088	
Pre-K readiness/remedial and supplemental services		43,769	
School leadership services		13,010,479	
Co-curricular services		1,808,143	
School-based support services:			
Educational media services		199,996	

**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, 2021**

	Budget	Actual	Positive (Negative) Variance
Guidance services		495,576	
Health support services		\$ 685,548	
Safety and security support services		203,460	
Instructional technology services		1,930,927	
Staff development unallocated		73,689	
Parent involvement services		14,389	
Total instructional services	<u>\$ 37,436,271</u>	<u>24,205,058</u>	<u>\$ 13,231,213</u>
System-wide support services:			
Support and development services:			
Regular curricular support and development services		7,158,978	
CTE curricular support and development services		(23,063)	
Special populations support and development services		241,850	
Alternative programs and services support and development services		146,444	
Technology support services		2,816,467	
Operational support services:			
Printing and copying services		841,972	
Public utility and energy services		7,897,196	
Custodial/housekeeping services		1,602,849	
Transportation services		3,842,478	
Warehouse and delivery services		1,060,177	
Facilities planning, acquisition, and construction services		318,765	
Maintenance services		10,457,057	
Financial and human resource services:			
Financial services		1,486,417	
Human resources services		2,343,895	
Accountability services:			
Student testing services		660,624	
Planning, research development and program evaluation		20,000	
System-wide pupil support:			
Health support services		138,639	
Safety and security support services		9,935	
Policy, leadership, and public relations services:			
Board of education		162,038	
Legal services		403,282	
Audit services		308,596	

**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, 2021**

	Budget	Actual	Positive (Negative) Variance
Leadership services		\$ 718,876	
Public relations		834,633	
Total support services	<u>\$ 53,732,870</u>	<u>43,448,105</u>	<u>\$ 10,284,765</u>
Non-programmed charges:			
Payments to other governments	<u>2,500,000</u>	<u>1,877,896</u>	<u>622,104</u>
Total expenditures	<u>93,669,141</u>	<u>69,531,059</u>	<u>24,138,082</u>
Revenues over (under) expenditures	(9,888,000)	14,312,527	24,200,527
Fund balance appropriated	<u>9,888,000</u>	<u>-</u>	<u>(9,888,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>14,312,527</u>	<u>\$ 14,312,527</u>
Fund balance, beginning of year		<u>27,865,578</u>	
Fund balance, end of year		<u><u>\$ 42,178,105</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, 2021**

	Budget	Actual	Variance Positive (Negative)
Revenues			
U.S. Government			
U.S. Department of Education	\$ 116,181,971	\$ 43,080,899	\$ (73,101,072)
Total revenues	<u>116,181,971</u>	<u>43,080,899</u>	<u>(73,101,072)</u>
Expenditures			
Instructional services	48,709,338	35,562,400	13,146,938
System-wide supporting services	57,477,218	6,881,437	50,595,781
Non-programmed charges	7,626,101	637,062	6,989,039
Total expenditures	<u>116,181,971</u>	<u>43,080,899</u>	<u>73,101,072</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, 2021**

	Budget	Actual	Positive (Negative) Variance
Revenues			
State of North Carolina	\$ 1,352,481	\$ 1,387,295	\$ 34,814
U.S. Government	15,934,008	12,641,442	(3,292,566)
Other	4,410,780	3,895,449	(515,331)
Total revenues	21,697,269	17,924,186	(3,773,083)
Expenditures			
Instructional services			
Regular instructional		13,399,022	
Special populations		1,848,155	
Alternative programs		1,237,501	
School leadership		127,957	
Co-curricular		37,525	
School-based support		928,389	
Total instructional services	21,346,143	17,578,549	3,767,594
System-wide support services			
Support and development		274,409	
Special populations support and development		46,957	
Alternative programs and services support and development		25,389	
Operational support		921	
Total support services	345,324	347,676	(2,352)
Non-program charges	5,802	2,000	3,802
Total expenditures	21,697,269	17,928,225	3,769,044
Revenues over (under) expenditures	-	(4,039)	(4,039)
Fund balance appropriated	-	-	-
Net change in fund balance	\$ -	(4,039)	\$ (4,039)
Fund balance, beginning of year		3,755,310	
Fund balance, end of year		\$ 3,751,271	

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, 2021**

	Budget	Actual	Positive (Negative) Variance
Revenues			
State of North Carolina			
State appropriations - buses	\$ 2,515,396	\$ 2,515,396	\$ -
Total State of North Carolina	<u>2,515,396</u>	<u>2,515,396</u>	<u>-</u>
Cumberland County			
General county revenues	19,199,200	12,777,126	(6,422,074)
Total Cumberland County	<u>19,199,200</u>	<u>12,777,126</u>	<u>(6,422,074)</u>
Other			
Miscellaneous	-	38,182	38,182
Total other	<u>-</u>	<u>38,182</u>	<u>38,182</u>
Total revenues	<u>21,714,596</u>	<u>15,330,704</u>	<u>(6,383,892)</u>
Expenditures			
Capital Outlay			
Land, buildings, and site improvement		10,970,521	
Furnishings and equipment		1,656,243	
Vehicles and other		150,361	
Total capital outlay	<u>21,199,200</u>	<u>12,777,125</u>	<u>8,422,075</u>
Debt services			
Principal	<u>2,515,396</u>	<u>2,515,396</u>	<u>-</u>
Total expenditures	<u>23,714,596</u>	<u>15,292,521</u>	<u>8,422,075</u>
Revenues over (under) expenditures	<u>(2,000,000)</u>	<u>38,183</u>	<u>2,038,183</u>
Revenues and other financing sources			
Fund balance appropriated	<u>2,000,000</u>	<u>-</u>	<u>(2,000,000)</u>
Total other financing sources (uses)	<u>2,000,000</u>	<u>-</u>	<u>(2,000,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>38,183</u>	<u>\$ 38,183</u>
Fund balance, beginning of year		<u>3,246,570</u>	
Fund balance, end of year		<u>\$ 3,284,753</u>	

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, 2021**

	Individual Schools Fund	Combined Athletics Fund	Administrative Fund	Combined Totals
Assets				
Cash and cash equivalents	\$ 2,836,816	\$ 509,804	\$ 464,447	\$ 3,811,067
Accounts receivable	-	9	-	9
Total assets	<u>\$ 2,836,816</u>	<u>\$ 509,813</u>	<u>\$ 464,447</u>	<u>\$ 3,811,076</u>
Liabilities				
Accounts payable	\$ 28,613	\$ 1,081	\$ -	\$ 29,694
Unearned revenue	-	525,860	-	525,860
Total liabilities	<u>28,613</u>	<u>526,941</u>	<u>-</u>	<u>555,554</u>
Fund balances				
Fund balance - restricted	<u>2,808,203</u>	<u>(17,128)</u>	<u>464,447</u>	<u>3,255,522</u>
Total liabilities and fund balance	<u>\$ 2,836,816</u>	<u>\$ 509,813</u>	<u>\$ 464,447</u>	<u>\$ 3,811,076</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, 2021**

	Individual Schools Fund	Combined Athletics Fund	Administrative Fund	Totals
Revenues				
Other	\$ 1,757,431	\$ 177,343	\$ 183,233	\$ 2,118,007
Total revenues	<u>1,757,431</u>	<u>177,343</u>	<u>183,233</u>	<u>2,118,007</u>
Expenditures				
Instructional services and costs				
Co-curricular	2,007,312	160,896	70,422	2,238,630
System-wide supporting services				
Operational support services	-	8,598	-	8,598
Total expenditures	<u>2,007,312</u>	<u>169,494</u>	<u>70,422</u>	<u>2,247,228</u>
Revenues over expenditures	<u>(249,881)</u>	<u>7,849</u>	<u>112,811</u>	<u>(129,221)</u>
Other financing sources				
Transfers in	-	-	-	-
Net change in fund balance	<u>(249,881)</u>	<u>7,849</u>	<u>112,811</u>	<u>(129,221)</u>
Fund balance, beginning of year	3,058,084	(24,977)	-	3,033,107
Restatement	-	-	351,636	351,636
Fund balance, beginning of year, as restated	<u>3,058,084</u>	<u>(24,977)</u>	<u>351,636</u>	<u>3,384,743</u>
Fund balance, end of year	<u>\$ 2,808,203</u>	<u>\$ (17,128)</u>	<u>\$ 464,447</u>	<u>\$ 3,255,522</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, 2021

	Budget	Actual	Variance Positive (Negative)
Operating revenues, food sales	\$ 1,938,753	\$ 56,565	\$ (1,882,188)
Operating expenditures			
Business support services			
Purchase of food		4,166,494	
Donated commodities		1,410,790	
Salaries and benefits		11,733,601	
Indirect costs		1,357,218	
Repairs and maintenance		428,922	
Materials and supplies		207,562	
Contracted services		758,775	
Other		749,647	
Equipment purchases		271,130	
Total operating expenditures	<u>29,073,810</u>	<u>21,084,139</u>	<u>7,989,671</u>
Operating loss	<u>(27,135,057)</u>	<u>(21,027,574)</u>	<u>6,107,483</u>
Nonoperating revenues (expenses)			
Federal reimbursements	25,565,557	14,596,901	(10,968,656)
Federal commodities	1,545,000	1,410,790	(134,210)
Interest earned	-	32	32
Sales tax refund	24,500	-	(24,500)
Total nonoperating revenues	<u>27,135,057</u>	<u>16,007,723</u>	<u>(11,127,334)</u>
Excess of expenditures over revenue	<u>\$ -</u>	<u>(5,019,851)</u>	<u>\$ (5,019,851)</u>
Reconciliation of modified accrual to full accrual basis			
Revenues and fund balance appropriated under expenditures		(5,019,851)	
Reconciling items			
Depreciation		(488,692)	
Equipment purchases, net of contributions		271,130	
Net OPEB asset		1,365	
Net pension liability		(523,769)	
Net OPEB liability		1,999,884	
Deferred inflows		(828,714)	
Deferred outflows		19,804	
Compensated absences payable		(10,399)	
Decrease in inventories		2,919	
Change in net position (full accrual)		<u>\$ (4,576,323)</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, 2021**

	Budget	Actual	Variance Positive (Negative)
Operating revenues			
Child care fees	\$ 3,429,594	\$ 197,575	\$ (3,232,019)
Other operating revenue	118,000	8,888	(109,112)
Total operating revenues	<u>3,547,594</u>	<u>206,463</u>	<u>(3,341,131)</u>
Operating expenditures			
Regular community service			
Salaries and benefits		938,628	
Materials and supplies		45,278	
Contracted services		35,659	
Total operating expenditures	<u>4,347,594</u>	<u>1,019,565</u>	<u>3,328,029</u>
Operating loss	(800,000)	(813,102)	13,102
Nonoperating revenues			
Interest income	-	-	-
Excess of expenditures under revenues before other financing sources	<u>(800,000)</u>	<u>(813,102)</u>	<u>13,102</u>
Other financing sources			
Transfers in	800,000	-	800,000
Excess expenditures under revenues and other sources	<u>\$ -</u>	<u>(813,102)</u>	<u>\$ 813,102</u>
Reconciliation of modified accrual to full accrual basis			
Revenues and fund balance appropriated under expenditures		(813,102)	
Reconciling items			
Depreciation		(2,696)	
Change in net position (full accrual)		<u>\$ (815,798)</u>	

Statistical Section





CUMBERLAND COUNTY BOARD OF EDUCATION
STATISTICAL SECTION
Introduction
June 30, 2021

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

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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities										
Net investment in capital assets	\$ 224,888,813	\$ 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
Restricted	14,090,838	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
Unrestricted	<u>(689,572,089)</u>	<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>
Total governmental activities net position	<u>\$ (450,592,438)</u>	<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>
Business-type activities										
Net investment in capital assets	\$ 4,102,149	\$ 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
Restricted	18,806	17,441	12,083	23,443	-	-	-	-	-	-
Unrestricted	<u>(11,353,978)</u>	<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>
Total business-type activities net position	<u>\$ (7,233,023)</u>	<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>
Primary Government										
Net investment in capital assets	\$ 228,990,962	\$ 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
Restricted	14,109,644	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
Unrestricted	<u>(700,926,067)</u>	<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>
Total primary government net position	<u>\$ (457,825,461)</u>	<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>

Source: Information taken from the Board'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,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental Activities:										
Instructional services:										
Regular instructional	\$ 227,134,333	\$ 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
Special populations	50,909,029	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
Alternative programs	26,682,135	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
School leadership	35,312,523	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
Co-curricular	5,317,924	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
School-based support	34,227,965	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
System-wide support services:										
Support and development	8,094,139	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
Special populations support and development	2,349,248	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
Alternative programs, services support & development	1,373,775	1,478,356	1,295,850	1,005,964	588,262	586,537	585,469	567,106	608,945	691,729
Technology support	2,983,036	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
Operational support	47,295,077	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
Financial and human services	4,124,681	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
Accountability	750,124	852,210	826,875	634,110	684,169	620,478	615,629	636,182	621,771	667,398
System-wide pupil support	148,574	1,966,506	330,666	1,147,540	913,413	588,906	61,163	68,825	1,408	62,096
Policy, leadership and public relations	5,429,642	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
Ancillary services	1,912,951	442,056	478,168	90,331	96,557	101,931	62,468	58,137	70,955	211,378
Nonprogram charges	2,516,958	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
Unallocated depreciation expense *	3,271,944	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
Interest expense	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses (1)	\$ 459,834,058	\$ 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
Business-type activities:										
School food service	20,640,611	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
Child care	1,022,261	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
Total business-type activities	21,662,872	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
Total primary government	481,496,930	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
Program Revenues:										
Governmental activities:										
Charges for services										
Instruction	1,757,431	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
Supporting services										
Operating grants and contributions	376,108,257	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
Capital grants and contributions	1,779,655	2,161,100	3,612,057	2,097,887	2,333,024	-	504,421	-	-	-
Total governmental activities program revenue	\$ 379,645,343	\$ 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

* This amount excludes the depreciation that is included in the direct expenses of the various programs.
Source: Information taken from the Board'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,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Program revenues (continued):										
Business-type activities										
Charges for services										
School food service	\$ 56,565	\$ 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
Child care	206,463	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
Operating grants and contributions	16,007,691	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
Capital grants and contributions		-	-	-	-	-	-	-	-	-
Total business-type activities program revenue	16,270,719	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
Total primary government program revenue	395,916,062	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
Net (expense)/revenue										
Governmental activities	(80,188,715)	(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)
Business-type activities	(5,392,153)	(767,964)	1,177,817	740,124	1,108,478	1,979,414	(296,859)	(694,899)	(430,576)	153,295
Total primary government net expense	(85,580,868)	(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)
General revenues and other changes in net assets:										
Governmental activities:										
Unrestricted county appropriations - operating	80,711,700	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
Unrestricted county appropriations - capital	12,777,126	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
Unrestricted State appropriations - operating	-	-	-	-	-	-	-	-	-	-
Unrestricted State appropriations - capital	2,515,396	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	-	-	-	-	-	-	-	-	-	-
Investment earnings, unrestricted	239,005	1,064,289	1,207,247	386,588	224,522	207,692	166,939	175,568	112,276	402,790
Miscellaneous, unrestricted	20,933,825	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
Transfers	-	(945,851)	-	-	-	-	-	-	-	-
Total governmental activities	117,177,052	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
Business-type activities:										
Investment earnings, unrestricted	32	182,511	176,605	54,992	72,521	46,504	-	37,682	38,183	62,605
Transfers	-	945,851	-	-	-	-	-	-	-	-
Total business-type activities	32	1,128,362	176,605	54,992	72,521	46,504	-	37,682	38,183	62,605
Total primary government general revenues	117,177,084	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
Change in net position, governmental activities	36,988,337	(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
Change in net position, business-type activities	(5,392,121)	360,398	1,354,422	795,116	1,180,999	2,025,918	(296,859)	(657,217)	(392,393)	215,900
Total primary government	\$ 31,596,216	\$ (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

Source: Information taken from the Board'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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund										
Nonspendable:										
Inventories	\$ 475,713	\$ 475,713	\$ 475,713	\$ 475,713	\$ 475,713	\$ 475,713	\$ 475,713	\$ 475,713	\$ 372,375	\$ 372,375
Restricted:										
Stabilization by State Statute	3,087,675	2,172,517	503,377	312,832	301,645	636,484	108,002	203,464	273,333	395,741
Assigned:										
Subsequent year's expenditures	8,135,876	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
Risk Management	3,198,642	2,929,705	3,091,167	3,088,684	3,425,315	3,308,992	3,736,285	3,742,844		
Unassigned:	27,280,199	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
Total General Fund	<u>\$ 42,178,105</u>	<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>
All other governmental funds										
Restricted:										
Stabilization by State Statute								2,080,441	1,271,774	
School capital outlay	3,284,753	3,246,570	3,446,905	3,045,040	2,992,787	2,356,587	2,322,850	-	720,079	2,070,130
Scholarships	464,447	-	-	-	-	-	-	-	-	-
Individual Schools	2,791,075	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
Programs	3,751,271	3,755,310	2,871,813	3,100,856	3,127,036	3,685,177	3,127,720	287,152	255,096	
Unassigned:										
Total all other governmental funds	<u>\$ 10,291,546</u>	<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>
Total all governmental funds	<u>\$ 52,469,651</u>	<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>

Source: Information taken from the Board'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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
State of North Carolina	\$ 336,648,049	\$ 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
Cumberland County	93,488,826	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
U. S. Government	56,004,341	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
Other	8,901,524	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
Total revenues	<u>495,042,740</u>	<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>
Expenditures (1)										
Instructional programs	386,616,359	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
Supporting services	74,486,501	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
Ancillary services	1,912,951	442,056	478,168	90,331	96,557	101,931	62,468	58,137	70,955	211,378
Nonprogram charges	2,516,958	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
Capital outlay	14,556,780	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
Debt Service										
Principal	2,515,396	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
Interest and fees	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>482,604,945</u>	<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>
Revenues over (under) expenditures	12,437,795	(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
Other financing sources (uses)										
Installment purchase obligations issued	1,779,655	2,161,100	3,812,057	2,097,887	2,333,024	-	504,421	-	-	-
Transfers	-	(945,851)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,779,655</u>	<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>
Net change in fund balances	<u>\$ 14,217,450</u>	<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>
Debt service as a percentage of noncapital expenditures	<u>0.54%</u>	<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>

Note: Excludes changes in reserve for inventory

Source: Information taken from the Board'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	COPS & Limited Obligation Bonds	Capital Leases	Installment Purchase	General Obligation Bonds	Revenue Bonds	COPS & Limited Obligation Bonds	Capital Leases	Installment Purchase			
2021	\$ 713,102	\$ 71,605,519	\$ -	\$ 550,000	\$ 985,000	\$ 1,354,000	\$ 16,929,400	-	\$ 59,946	\$ 92,196,967	NA	\$ 276
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	0.70%	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	0.84%	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	1.59%	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	1.82%	636
2012	60,755,177	128,414,197	2,437,416	-	1,172,000	-	34,052,849	-	2,494,400	248,846,088	1.98%	700

Source: County of Cumberland, North Carolina, Annual Financial Report for the year ended June 30, 2021.

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)
2021	\$ 1,698,102	NA	0.01%	\$5
2020	4,065,994	NA	0.02%	12
2019	6,712,376	0.05%	0.03%	20
2018	13,527,758	0.10%	0.06%	41
2017	20,533,140	0.17%	0.09%	63
2016	28,286,102	0.23%	0.13%	86
2015	36,323,484	0.30%	0.16%	110
2014	44,564,866	0.38%	0.20%	134
2013	53,594,072	0.46%	0.24%	162
2012	61,927,177	0.54%	0.29%	189

Source: County of Cumberland, North Carolina, Annual Financial Report for the year ended June 30, 2021.

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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Debt Limit	\$ 2,255,569	\$ 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
Total net debt applicable to limit	1,650	3,959	6,387	12,984	19,771	27,207	34,857	42,711	49,115	56,830
Legal debt margin	<u>\$ 2,253,919</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	0.07%	0.18%	0.29%	0.61%	0.91%	1.28%	1.66%	2.03%	2.43%	2.71%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed Property Value	\$ 24,256,151
Plus : Exempt Property	3,938,460
Total Assessed Value	<u>\$ 28,194,611</u>
Debt Limit (8% of total assessed value)	2,255,569
Debt applicable to limit:	
Total Bonded debt	1,650
Revenue Bonds	1,354
Authorized and unissued debt	-
	<u>3,004</u>
Less: Statutory deductions	
Authorized and unissued debt	-
Revenue bonds	1,354
	<u>1,354</u>
Total amount of debt applicable to debt limit	1,650
Legal debt margin	<u>\$ 2,253,919</u>

Source: County of Cumberland, North Carolina, Annual Financial Report for the year ended June 30, 2021.

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
2021	\$ 4,561,246	\$ 2,504,392	\$ 1,353,754	\$ 572,475	\$ 169,346	\$ -	\$ -	NA	13.68
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	0.0409%	16.79
2018	4,257,304	1,684,539	1,026,485	760,153	240,559	245,530	421,453	0.0330%	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

(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 2021			Fiscal Year 2012		
	2020 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2011 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Goodyear Tire & Rubber Co.	\$ 346,591	1	1.43%	\$ 319,815	1	1.48%
Cross Creek Mall, LLC	170,610	2	0.70%	129,325	2	0.60%
Wal-Mart Stores, Inc.	160,987	3	0.66%	123,563	3	0.57%
Duke Energy Progress, Inc.	113,222	4	0.47%			
Fayetteville, VA Co., LLC	91,132	5	0.38%			
Cargill, Inc.	83,282	6	0.34%	33,548	10	0.16%
Mann+Hummel Purolator Filters	76,306	7	0.31%	59,177	7	0.27%
Piedmont Natural Gas Co., Inc.	69,938	8	0.29%	64,429	6	0.30%
DAK Americas, LLC	64,363	9	0.27%	37,532	9	0.17%
South River EMC	58,446	10	0.24%	42,275	8	0.20%
Carolina Telephone				79,613	4	0.37%
Progress Energy				78,721	5	0.37%
	<u>\$ 1,234,877</u>		<u>5.09%</u>	<u>\$ 967,998</u>		<u>4.49%</u>

Source: County of Cumberland, North Carolina, Annual Financial Report for the year ended June 30, 2021.

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
2021	\$ 193,917,047	\$ 192,228,162	99.13%	NA	\$ 192,228,162	99.13%
2020	189,321,973	187,188,405	98.87%	\$ 1,368,608	188,557,013	99.60%
2019	187,163,252	185,734,181	99.24%	793,634	186,527,815	99.66%
2018 ²	183,621,079	182,126,897	99.19%	1,177,475	183,304,372	99.83%
2017	175,933,805	173,906,079	98.85%	1,122,372	175,028,451	99.49%
2016	172,307,349	170,999,219	99.24%	1,009,802	172,009,021	99.83%
2015	170,223,065	168,914,935	99.23%	1,111,956	170,026,891	99.88%
2014	171,641,426	169,217,802	98.59%	1,879,302	171,097,104	99.68%
2013	164,274,193	160,024,057	97.41%	3,316,460	163,340,517	99.43%
2012	159,824,747	155,867,130	97.52%	3,166,853	159,033,983	99.51%

Note (1) Collections for FY 2012 include all collections through 9th prior year.
 Collections for FY 2013 include all collections through 8th prior year.
 Collections for FY 2014 include all collections through 7th prior year.
 Collections for FY 2015 include all collections through 6th prior year.
 Collections for FY 2016 include all collections through 5th prior year.
 Collections for FY 2017 include all collections through 4th prior year.
 Collections for FY 2018 include all collections through 3rd prior year.
 Collections for FY 2019 include all collections through 2nd prior year.
 Collections for FY 2020 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, 2021.

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 Assesed Value	Total Direct Tax Rate	Estimated Actual Taxable Value ²	Assessed Value as a Percentage of Actual Value ³
			Motor Vehicle	Other					
2021	\$ 23,098,956	\$ 457,112	\$ 2,888,786	\$ 1,749,757	\$ 3,938,460	\$ 24,256,151	\$ 0.9990	\$ 25,738,700	94.24%
2020	22,548,622	461,428	2,547,297	2,034,824	3,925,554	23,666,617	0.9990	24,655,293	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%

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, 2021.

**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 Basic Rate	County Recreation Rate	Fire Protection Districts (1)	Special Fire District (2)	Total Direct Rate
2021	0.799	0.050	\$ 0.150	\$ -	\$ 0.9990
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

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, 2021.

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
2021	0.4995	0.100	0.460	0.700	0.205	0.220	0.240	0.300	0.320	0.320
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

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, 2021.

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)
2021	333,531	NA	NA	NA	6.9%
2020	333,209	NA	NA	NA	9.9%
2019	329,017	\$ 13,498,407,000	\$ 40,233	31.5	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%

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, 2021.



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

Employer	Fiscal Year 2021				Fiscal Year 2012			
	Employees	Rank	Percentage of Total County Employment		Employees	Rank	Percentage of Total County Employment	
U.S. Department of Defense-Civilians	12,000	+	1	10.13%	14,125	1	9.48%	
Cape Fear Valley Health System	7,000	+	2	5.91%	5,200	4	3.49%	
Cumberland County Schools	6,500	+	3	5.49%	6,807	3	4.57%	
Womack Army Hospitals	4,500	+	4	3.80%				
Wal-Mart Associates Inc.	2,500	+	5	2.11%	3,570	5	2.52%	
Goodyear Tire & Rubber Co.	2,000	+	6	1.69%	2,750	6	1.85%	
Cumberland County Government	2,000	+	7	1.69%	2,382	7	1.60%	
Veterans Administration	1,500	+	8	1.27%				
City of Fayetteville	1,500	+	9	1.27%	1,500	8	1.01%	
Fayetteville Technical Community College	1,000	+	10	0.84%	1,297	10	0.87%	
U.S. Department of Defense-Other Civilians					7,655	2	5.14%	
U.S. Postal Services					1,250	9	0.84%	
	40,500			34.20%	46,536		31.37%	

Source: County of Cumberland, North Carolina, Annual Financial Report for the year ended June 30, 2021.

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

Position	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Officials, Adm., Mgrs.	11	11	12	6	8	8	8	8	8	9
Principals	88	85	85	86	86	85	86	86	85	83
Asst. Principals, Teaching	-	-	-	-	-	-	8	7	9	6
Asst. Principals, Nonteaching	125	130	127	126	118	119	116	115	116	114
Elementary Teachers	1,684	1,621	1,616	1,604	1,613	1,633	1,772	1,852	1,886	1,866
Secondary Teachers	538	550	539	559	565	596	621	644	682	652
Other Teachers	908	884	888	883	849	851	938	943	932	952
Guidance	149	143	141	137	136	132	133	130	131	135
Psychological	28	26	24	30	26	27	28	30	31	30
Librarian, Audiovisual	83	81	77	77	77	80	80	78	85	85
Consultant, Supervisor	70	71	65	62	56	49	54	53	57	52
Other Professional	204	186	196	196	191	180	191	191	196	196
Teacher Assistants	770	806	834	860	845	847	819	817	939	891
Technicians	21	20	22	18	17	15	19	22	22	24
Clerical, Secretarial	421	412	417	407	405	410	410	427	436	435
Service Workers	718	727	748	736	732	734	763	780	738	728
Skilled Crafts	163	172	169	171	175	170	179	182	186	183
Laborers, Unskilled	89	87	86	84	85	86	89	88	86	90
Total	6,070	6,012	6,046	6,042	5,984	6,022	6,314	6,453	6,625	6,531

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,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Number of schools										
Elementary	52	52	52	52	52	52	52	52	53	53
Middle	16	16	16	16	16	16	16	16	16	15
Grades 6-12	1	1	1	1	1	1	1	1	1	1
High	15	15	15	15	15	15	15	15	14	14
Alternative	1	1	1	1	1	1	1	1	2	2
Special	1	1	1	1	1	1	1	1	1	1
Total	86	86	86	86	86	86	86	86	87	86
Average Student Teacher Ratio	15:1	16:1	16:1	16:1	16:1	16:1	17:1	15:1	15:1	15:1
Child Nutrition										
Average breakfasts served daily	11,637	22,200	19,427	18,096	17,212	16,766	15,840	15,903	16,234	16,320
Average lunches served daily	12,817	34,104	33,812	32,607	33,097	32,433	32,760	32,416	34,599	37,066
Free & Reduced Lunch percentage (1)	NA	NA	NA	NA	NA	58.49%	61.36%	58.50%	58.45%	57.88%
Before and After School Care										
Number of sites	16	30	30	30	33	33	33	38	41	43
Number of participants	200	1,427	1,373	1,370	1,349	1,282	1,304	1,301	1,465	1,394
Exceptional Children's Program										
Number of disabled students	7,090	7,496	7,429	7,343	7,339	7,331	7,273	7,270	7,325	7,335
Number of academically/ Intellectually gifted students	4,312	5,058	5,146	5,061	5,084	5,060	5,058	5,168	4,970	4,706
English as a Second Language Program (ESL)										
Number of students served	1,553	1,497	1,516	1,417	1,186	1,123	1,104	1,001	1,022	964
Number of schools with ESL	85	85	84	86	85	85	85	85	83	79
Number of languages spoken	79	84	92	85	100	85	82	57	46	52
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,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
School Buildings										
<u>Elementary Schools</u>										
Number	53	52	52	52	52	52	52	52	53	53
Square feet	3,465,347	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
Acres	909	909	908	908	908	908	908	920	940	923
Portables	137	137	136	134	138	140	140	138	139	134
Enrollment	21,793	23,675	23,827	23,964	23,968	23,623	23,360	23,828	24,593	24,715
<u>Middle Schools</u>										
Number	19	18	18	18	18	18	18	18	18	17
Square feet	2,025,777	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
Acres	365	365	365	365	365	372	380	380	370	384
Portables	15	15	16	18	24	27	27	27	27	35
Enrollment	11,500	11,600	11,108	10,650	10,695	10,838	11,420	11,563	11,820	11,771
<u>High Schools</u>										
Number	16	16	16	16	16	16	16	16	16	16
Square feet	2,593,811	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
Acres	728	728	728	728	728	721	722	711	712	712
Portables	28	28	31	32	32	33	33	32	31	31
Enrollment	14,391	14,339	14,450	14,849	14,934	15,160	15,088	15,200	15,134	15,199
<u>Totals</u>										
Number	88	86	86	86	86	86	86	86	87	86
Square feet	8,084,935	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
Acres	2,002	2,002	2,001	2,001	2,001	2,001	2,010	2,011	2,022	2,019
Portables	180	180	183	184	194	200	200	197	197	200
Enrollment	47,684	49,614	49,385	49,463	49,597	49,621	49,868	50,591	51,547	51,685
Number of Buses:	444	444	434	434	435	440	444	444	439	444

Source: Information taken from the Board'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, 2021, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated August 31, 2022.

Report on 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as 2021-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2021-004 to be a significant deficiency.

Report on 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2021-002 and 2021-003.

Board's Response to Findings

The Board's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. *Government Auditing Standards* requires the auditor to perform limited procedures on the Board's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

Raleigh, North Carolina
August 31, 2022

**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, 2021. 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, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-005, 2021-006, 2021-007, 2021-008 and 2021-009. Our opinion on each major federal program is not modified with respect to these matters.

Board's Response to Findings

The Board's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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. However, we did identify deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2021-007 and 2021-008, that we consider to be significant deficiencies.

Board's Response to Findings

The Board's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Raleigh, North Carolina
August 31, 2022

**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, 2021. 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, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with applicable sections of section the Uniform Guidance as described in the *Audit Manual for Governmental Auditors in North Carolina* and which are described in the accompanying schedule of findings and questioned costs as items 2021-010, 2021-011 and 2021-012. Our opinion on each major federal program is not modified with respect to these matters.

Board's Response to Findings

The Board's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-013, that we consider to be a significant deficiency.

Board's Response to Findings

The Board's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

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Cherry Bekaert LLP

Raleigh, North Carolina
August 31, 2022

**Cumberland County Board of Education
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s opinion issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes X no
- Significant Deficiency(s) identified that are not considered to be material weaknesses X 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, 2021**

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)?

 X yes no

Identification of major federal programs:

Assistance Listing Numbers

Names of Federal Program or Cluster

21.019

Coronavirus Relief Fund

10.553

Child Nutrition Cluster

10.555

School Breakfast Program

10.556

National School Lunch Program

10.559

Special Milk Program for Children

Summer Food Service Program for Children

84.041

Impact Aid

84.425-CL

COVID-19 Education Stabilization Fund Cluster

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

\$2,341,277

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, 2021**

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)? X yes 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

 X yes no

Identification of major State programs:

Program Name

State Public School Fund
State Public School Bus Appropriations

**Cumberland County Board of Education
Schedule of Findings and Questioned Costs (continued)
For the Fiscal Year Ended June 30, 2021**

Section II – Financial Statement Findings

Finding: 2021-001

Material Weakness over Bank Reconciliations

Criteria: A well designed and operating accounting process ensures transactions are recorded timely and properly; resulting in financial information and data that is timely and available to management to aid in the decision-making process.

Condition: The year-end closing process for the year ended June 30, 2021 extended over a prolonged period due to important routine accounting procedures such as the bank reconciliation process that were not able to be completed during and shortly after the end of the fiscal year. While Finance staff was attempting to reconcile the bank statements to the accounting records during this time, there were unidentified reconciling items that were not resolved/cleared in a timely manner. With the assistance of consultants, the Finance staff completed a project to reconcile the bank statements as of June 30, 2021 and resolve unidentified differences and reconciling items to correct the accounting records. Although none of the adjustments required restating prior periods, numerous adjusting entries were recorded at year-end to correct balances at June 30, 2021. The Finance staff resolved all material differences.

Questioned Costs: None.

Cause: Reconciliations were not completed accurately and in a timely manner resulting in the need for corrections at year-end.

Effect: Errors could be made and not detected on a timely basis and therefore monthly and/or quarterly financial statements may contain errors.

Recommendation: We recommend reconciliations between the general ledger and the bank statements be performed each month. Bank statements should be reconciled with the cash balances presented in the accounting records (general ledger). Reconciling items identified should also be investigated timely and adjustments recorded to properly state balances in the general ledger. Bank reconciliations should be prepared within 30 days after the bank statements are received from the bank. Each month, a management level employee should review the bank statements and the related reconciliations to determine that they are accurate, and all activity is authorized and properly recorded. Evidence of performance and review of these monthly reconciliations should also be maintained.

Management Response: Management will take the necessary actions as described in the Corrective Action Plan.

Finding: 2021-002

Noncompliance with Laws and Regulations

Criteria: North Carolina General Statute 159-34 requires each unit of local government and public authority to have its accounts audited each fiscal year and to submit a copy of the audit report to the Secretary of the Local Government Commission (LGC) as soon as possible after the close of the fiscal year. Audit reports for local governments are typically due by October 31st based on the terms of the local government's contract with its auditor. The LGC offers units a one-month grace period, after which a report is considered late.

Condition: The audit report for the year ended June 30, 2021 will be issued at the conclusion of the audit in August 2022. The year-end closing process for the year ended June 30, 2021 extended over a prolonged period.

Questioned Costs: None.

Cause: The Finance staff was involved in a software implementation project, which limited the time/resources to devote to completing the information for the audit. The Board also experienced issues in reconciling bank accounts, which took additional time to complete.

Effect: The Board was not in compliance with North Carolina General Statute 159-34. Financial information and data that was not available to management to aid in the decision-making process.

Recommendation: We recommend management address the timeliness of the accounting processes surrounding the close-out process in future years.

Management Response: Management will take the necessary actions as described in the Corrective Action Plan.

Finding: 2021-003
Noncompliance with Laws and Regulations

Criteria: North Carolina General Statute 115C Article 31, the School Budget and Fiscal Control Act requires each local school administrative unit to operate under an annual budget resolution for the General Fund and each special revenue fund.

Condition: A budget was not adopted for the Administrative Fund for the year ended June 30, 2021. With the implementation of Government Accounting Board Statement No. 84, *Fiduciary Activities*, (GASB 84) during the fiscal year ended June 30, 2021, the Administrative Fund was reclassified from a Private-Purpose Trust Fund (Fiduciary Fund), which does not require a budget, to a Special Revenue Fund type which does require an annual budget.

Questioned Costs: None.

Cause: The GASB 84 determination to reclassify the fund was made subsequent to June 30, 2021.

Effect: Noncompliance with statutes.

Recommendation: Management should evaluate new accounting standards upon issuance in order to provide adequate time to implement procedures to ensure compliance.

Management Response: Management will take the necessary actions as described in the Corrective Action Plan.

Finding: 2021-004
Internal Control
Significant Deficiency – Journal Entries

Criteria: An effective system of internal controls contemplates that transactions are recorded properly and in a timely manner.

Condition: There was no documentation evidencing the review and approval of several journal entries selected for testing during year ended June 30, 2021. The established accounting policy is to send the monthly journal entry listing to management for review and approval. The documentation of the review for the months in which the selected entries occurred could not be located and not substantiated that it occurred.

Questioned Costs: None.

Cause: Documentation of the review of the monthly entries could not be located.

Effect: Errors could be made and not detected on a timely basis and therefore monthly and/or quarterly financial statements may contain errors.

Recommendation: Evidence of performance of the review of these monthly procedures should also be documented and maintained.

Management Response: Management will take the necessary actions as described in the Corrective Action Plan.

Section III – Federal Award Findings and Questioned Costs

Finding 2021-005

Non-material noncompliance – Activities

U.S. Department of Agriculture

Program Name: Child Nutrition Cluster

Federal Assistance Listing # 10.553-CL (10.553, 10.555, 10.559)

Criteria: In accordance with program requirements, the Board is required to maintain documentation supporting the expenditures, which includes evidence of approval, of the program.

Condition: For one of fifteen payroll expenditures tested, the employee's approved timecard could not be located to support the information obtained in the payroll records for the \$39 expenditure and, therefore, the employee's time could not be substantiated.

Questioned Costs: None.

Cause: Documentation of the employee's timecard could not be located.

Effect: Employees may be paid incorrectly and time may be charged to the program incorrectly.

Recommendation: Management should ensure that supporting documentation for expenditures is properly documented, approved and maintained.

Management Response: Management will take the necessary actions as described in the Corrective Action Plan.

Finding 2021-006

Non-material noncompliance – Reporting

U.S. Department of Agriculture

Program Name: Child Nutrition Cluster

Federal Assistance Listing # 10.553-CL (10.553, 10.555, 10.559)

Criteria: In accordance with program requirements, the Board is required to report quarterly year-to-date data via the SFS-FC-1A report on the use of program funds. These reports are due on March 1st, November 15th, April 30th, and October 1st. The Board is also required to file monthly SFSP Claim Reimbursement Summary report on a monthly basis, due on the 10th of the next month.

Condition: The SFS-FC-1A report for the second quarter ending December 31, 2020, was not submitted until March 26, 2021. The SFSP Claim Reimbursement Summary report for December 2020 was filed on January 12, 2021. An extension request was not filed for either report.

Questioned Costs: None, as the noncompliance identified related to a reporting deadline and not a reimbursement.

Cause: Lack of oversight regarding the required deadline.

Effect: Reports were filed after the deadlines.

Recommendation: Management should create a process to track due dates and create a work plan that enables them to submit the reports timely. Management should ensure that timely extension requests are being filed in case a due date cannot be met.

Management Response: Management will take the necessary actions as described in the Corrective Action Plan.

Finding 2021-007

**Non-material noncompliance – Activities
Significant Deficiency**

**U.S. Department of Education
Program Name: Education Stabilization Fund
Federal Assistance Listing # 84.425**

Criteria: In accordance with program requirements, the Board is required to maintain documentation supporting the expenditures, which includes evidence of approval, of the program.

Condition: We reviewed 20 payroll expenditures and noted the following:

- One timecard from the payroll period was missing.
- Six timecards selected contained no sign off from related supervisor.
- Employee timecard was not signed by the employee or the supervisor.

Questioned Costs: None.

Cause: Documentation could not be located.

Effect: Employees may be paid incorrectly and time may be charged to the program incorrectly.

Recommendation: COVID protocols created situations where timecards were not properly completed, approved or maintained. Management should ensure that supporting documentation for expenditures is properly documented, approved and maintained on file.

Management Response: Management will take the necessary actions as described in the Corrective Action Plan.

Finding 2021-008

**Non-material noncompliance – Activities
Significant Deficiency**

**U.S. Department of Education
Program Name: Coronavirus Relief Fund
Federal Assistance Listing # 21.019**

Criteria: In accordance with program requirements, the Board is required to maintain documentation supporting the expenditures, which includes evidence of approval, of the program.

Condition: For nine of fifteen payroll expenditures tested, the employee's approved timecard could not be located to support the information obtained in the payroll records and therefore the employee's time could not be substantiated.

Questioned Costs: None.

Cause: Documentation could not be located.

Effect: Employees may be paid incorrectly and time charged to the program incorrectly.

Recommendation: COVID protocols created situations where timecards were not properly completed, approved or maintained. Management should ensure that supporting documentation for expenditures is properly documented, approved and maintained.

Management Response: Management will take the necessary actions as described in the Corrective Action Plan.

Finding 2021-009
Non-Material Non-compliance – Special Tests and Provisions

U.S. Department of Education
Passed through the N.C. Department of Public Instruction
Program Name: Department of Education Cross-Cutting

State Public School Fund

Title I, Part A Cluster Federal Assistance Listing # 84.010 Title I Grants to Local Education Agencies; Title I Grants to Location Education Agencies (Title I, Part A of ESEA) – School Improvement

U.S. Department of Agriculture
Child Nutrition Cluster Federal Assistance Listing # 10.553-CL (10.553, 10.555, 10.559)

Criteria: On an annual basis, sales tax refunds should be filed with the state in order to properly recoup and offset those expenditures.

Condition: The sales tax refund for the fiscal year ended June 30, 2021 has not been prepared and filed. The Board records purchases including sales tax paid as expenditures. Part of recording the sales tax refund includes an adjusting journal entry to offset the tax from the expenditures and record an accounts receivable in anticipation of receiving the refund from the state. Those journal entries have not been posted and are included in the expenditures.

Cause: Management oversight of the year-end close out procedures.

Effect: Sales tax costs were not reimbursed to federal programs and were inappropriately included in the expenditures of each program.

Questioned costs: Programs affected included:

<u>Federal Assistance Listing</u>	<u>Program</u>	<u>Amount</u>
N/A	State Public School Fund	\$ 143,189
10.555	Child Nutrition	\$ 48,218
84.010	Title I	\$ 27,299

Recommendation: Management should review the process for ensuring sales tax refunds are filed and that the journal entry to reimburse federal programs occurs within the proper fiscal year. Alternatively, management may consider changing the process for recording sales tax on invoices by recording them in a sales tax receivable rather than directly charging program expenditures.

Management Response: Management will take the necessary actions as described in the Corrective Action Plan.

Section IV – State Award Findings and Questioned Costs

Finding: 2021-010
State Public School Fund
Nonmaterial Noncompliance – Activities Allowed

Criteria: North Carolina General Statutes require unclaimed property to be escheated to the state. The state provides guidelines on the time frame for submitting funds. According to North Carolina guidelines, the Payroll and Wage Checks category includes wages, payroll, employee commissions, returnable garnishments, deferred compensation, payroll services and bonuses. Unclaimed property that represents wages or payroll is presumed abandoned one year from the date payable to the employee.

Condition: As of June 30, 2021, unclaimed payroll checks totaling approximately \$72,000 have not been escheated in accordance with the state's requirements.

Questioned Costs: None.

Cause: Lack of oversight of the year-end close out procedures.

Effect: Noncompliance with statutes.

Recommendation: Management should implement procedures to ensure unclaimed wages are escheated in a timely manner in accordance with state requirements.

Management Response: Management will take the necessary actions as described in the Corrective Action Plan.

Finding: 2021-011
State Public School Fund
Nonmaterial Noncompliance – Activities Allowed

Criteria: In accordance with program requirements, the Board is required to maintain documentation supporting the expenditures, which includes evidence of approval, of the program.

Condition: For one of forty payroll expenditures tested, one longevity payment was calculated incorrectly. One longevity calculation was made using a 3.25% longevity rate. The individual had service with the Board for 24 years and 2 months. Per review of the State Policy Manual, if an employee as a fraction of a year remaining and is separating from the school, the payment would be based on the higher rate, which would be 4.5% and resulted in a \$27 correction.

Questioned Costs: None.

Cause: Error was made in applying the policy manual.

Effect: Employee was paid incorrectly.

Recommendation: Management should implement a process to ensure are longevity payments are properly calculated.

Management Response: Management will take the necessary actions as described in the Corrective Action Plan.

Finding: 2021-012
State Public School Fund
Nonmaterial Noncompliance – Eligibility

Criteria: The child count data is North Carolina's counts of children ages 3 through 21 (grouped by ages 3-5 and 6-21) receiving special education and related services under Individuals with Disabilities Act, Part B on December 1 of each year. This data provides a measure of the extent to which students with disabilities are educated with their non-disabled peers. The Board is required to update this data on an annual basis as of December 1st.

Condition: For one of forty students tested, one student had a withdrawal date of November 15, 2020 yet appeared on the December 1, 2020 head count report. As of January 1, 2021 the student was listed in PowerSchool as being enrolled in Cumberland County Schools. During that time frame, Cumberland County Schools were still operating on Place C with no in-person learning. Upon return to the in-person learning in March 2021, students were contacted and, in some situations, students were withdrawn at that point with a roll-back date to the last known date of assignment submission or last known virtual contact.

Questioned Costs: None.

Cause: The Data Managers were not informed of the student's withdrawal. The Exceptional Children's Department (EC) was not made aware of the roll-back that occurred months after the child count certification. A plan was in place to catch these situations, which was for the PowerSchool Data manager at the school to notify the EC Case teacher of withdrawals, which goes to the Central Services EC data manager and then to the EC Compliance Specialist & Data Analyst.

Effect: Inaccurate data is reported.

Recommendation: Management should implement procedures to ensure students are properly included or excluded from the head count certification and that changes in policies are communicated to all parties.

Management Response: Management will take the necessary actions as described in the Corrective Action Plan.

Finding: 2021-013
State Public School Fund
Nonmaterial Noncompliance – Activities Allowed
Internal Control – Special Tests and Provisions
Significant Deficiency

Criteria: An effective system of internal controls contemplates that reconciliations are prepared, reviewed and documented in a timely manner.

Condition: The Allotment Balance Reconciliation Report (JHA351EG) is transmitted electronically monthly by the Division of School Business of the North Carolina Department of Public Instruction. The Finance department should adjust and reconcile their account records to the "Allotment Balance Reconciliation Report." Any necessary adjustments should be made in a timely manner.

Context: There was no documentation evidencing the review and approval of Allotment Balance Reconciliation Report and reconciliations to the records that were prepared for December 2020, February 2020 and the 13th period.

Questioned Costs: None.

Cause: There was no documentation on the reconciliations prepared that evidenced they were reviewed.

Effect: Errors could be made and not detected or adjusted on a timely basis.

Recommendation: Evidence of performance and review of these monthly procedures should also be documented and maintained.

Management Response: Management will take the necessary actions as described in the Corrective Action Plan.

Corrective Action Plan

Section II - Financial Statement Findings

Finding # 2021 - 001 **Material Weakness Over Bank Reconciliations**

Name of Contact Person: Jay Toland, Associate Superintendent of Business Operations

Corrective Action Plan: This finding resulted from severe turnover within the Finance Department. While this is a serious finding it is important to note that this finding did not result in a prior period adjustment nor was it a result of fraud or deception.

The Finance Department has contracted with two third party consultants with extensive North Carolina public school finance knowledge to work with the department to identify and correctly classify specific financial transactions, which will lead to timely reconciliations in the future. Going forward, the Finance department will also strive to keep key positions filled at all times and ensure that staff receives appropriate training regarding reconciliations.

Proposed Completion: October 31, 2022

Finding # 2021 - 002	Noncompliance with Laws and Regulations
Name of Contact Person:	Jay Toland, Associate Superintendent of Business Operations
Corrective Action Plan:	<p>This finding was a direct result of the lack of timeliness of the bank reconciliations, which was due to severe turnover within the department.</p> <p>Finance will implement a monthly balance sheet reconciliation process and staff training, which will substantially reduce the time needed to generate the trial balances for the creation of financial statements. Finance will also strive to keep key positions filled at all times</p>
Proposed Completion:	June 30, 2023
Finding # 2021 - 003	Noncompliance with Laws and Regulations
Name of Contact Person:	Jay Toland, Associate Superintendent of Business Operations
Corrective Action Plan:	<p>This finding is due to GASB Statement 84 and the requirement under that Statement for the fiduciary fund to be treated as a special revenue fund, which requires a budget.</p> <p>In the future, a budget will be created for this fund</p>
Proposed Completion:	September 15, 2022

Finding # 2021 - 004 Significant Deficiency – Journal Entries

Name of Contact Person: Jay Toland, Associate Superintendent of Business Operations

Corrective Action Plan: The Finance department will implement a review process for all Journal Entries to ensure the appropriateness and accuracy of the entries. This review process will include the initialing of the entry, which would indicate the review of the actual entry and the backup provided.

Proposed Completion: September 15, 2022

Section III - Federal Award Findings and Questioned Costs

Finding # 2021 - 005 Nonmaterial Noncompliance – Activities Allowed

**U.S. Department of Agriculture
Program Name: Child Nutrition Cluster
Federal Assistance Listing # 10.553-CL (10.553, 10.555, 10.559)**

Name of Contact Person: Beth Maynard, Executive Director of Child Nutrition Services

Corrective Action Plan: Due to a fire at the central services building a large quantity of records was moved and the district believes that this was an isolated incident and that but for the force majeure of the fire, the timesheet would have been located.

Proposed Completion: July 1, 2022

Our Commitment: Every Student
Collaborative ★ Competitive ★ Successful

P.O. Box 2357 | FAYETTEVILLE, NORTH CAROLINA 28302 | 910-678-2300

Finding # 2021 - 006

Nonmaterial Noncompliance – Reporting

U.S. Department of Agriculture

Program Name: Child Nutrition Cluster

Federal Assistance Listing # 10.553-CL (10.553, 10.555, 10.559)

Name of Contact Person: Beth Maynard, Executive Director of Child Nutrition Services

Corrective Action Plan: There will be a process implemented in the 3rd quarter of every fiscal year to ensure the timely completion or the filing of an appropriate extension for the SFS-FC-1A report.

Proposed Completion: September 15, 2022

Finding # 2021 - 007

**Non-material noncompliance – Activities
Significant Deficiency**

U.S. Department of Education

Program Name: Education Stabilization Fund

Federal Assistance Listing # 84.425

Name of Contact Person: Jay Toland, Associate Superintendent of Business Operations

Corrective Action Plan: This finding is due to COVID restrictions and limited face-to-face interactions, which limited the proper approval of pen and pencil timesheets. Since COVID restrictions have been eased, the proper process has been implemented to ensure the proper approvals are in place.

Our Commitment: Every Student

Collaborative ★ Competitive ★ Successful

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Finding # 2021 - 008	Non-material noncompliance – Activities Significant Deficiency U.S. Department of Education Program Name: Coronavirus Relief Fund Federal Assistance Listing # 21.019
Name of Contact Person:	Jay Toland, Associate Superintendent of Business Operations
Corrective Action Plan:	This finding is due to COVID restrictions and limited face-to-face interactions, which limited the proper approval of pen and pencil timesheets. Since COVID restrictions have been eased, the proper process has been implemented to ensure the proper approvals are in place.
Proposed Completion:	September 15, 2022

Finding # 2021 - 009	Non-Material Non-compliance – Allowable Costs U.S. Department of Education Passed through the N.C. Department of Public Instruction Program Name: Department of Education Cross-Cutting
Name of Contact Person:	Jay Toland, Associate Superintendent of Business Operations
Corrective Action Plan:	A monthly process will be created and implemented to ensure timely and accurate sales tax refund filings. This will also be included in a yearly reconciliation process to ensure the monthly process is being completed. Requisite staff training will be provided.
Proposed Completion:	September 15, 2022

Section IV – State Award Findings and Questioned Costs

Finding # 2021 - 010	Non-material noncompliance - Activities State Public School Fund
Name of Contact Person:	Jay Toland, Associate Superintendent of Business Operations
Corrective Action Plan:	An annual escheat process will be implemented along with requisite staff training. A monitoring process will be implemented in the 4th quarter of the Fiscal Year as a second check and balance to ensure that this process is completed.
Proposed Completion:	September 15, 2022

Finding # 2021 - 011	Non-material noncompliance – Activities Allowed State Public School Fund
Name of Contact Person:	Jay Toland, Associate Superintendent of Business Operations
Corrective Action Plan:	A process will be created to test a sample of employees to ensure the correct calculation of longevity is used.
Proposed Completion:	September 15, 2022

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Finding # 2021 - 012 Non-material noncompliance – Eligibility

State Public School Fund

Name of Contact Person: Jay Toland, Associate Superintendent of Business Operations

Corrective Action Plan: This was an isolated incident and there is a plan in place to ensure the documentation is communicated through the proper channels (data managers to the EC department) for withdrawals (or roll-back) in order to accurately communicate headcount to avoid any repetition or over/under counting of students in the future.

Proposed Completion: September 15, 2022

**Finding # 2021 - 013 Non-material noncompliance – Activities Allowed
Internal Control – Special Tests and Provisions
Significant Deficiency**

State Public School Fund

Name of Contact Person: Jay Toland, Associate Superintendent of Business Operations

Corrective Action Plan: A monthly review process of the DBS/MFR file will be created, implemented, and completed in a timely fashion, along with requisite staff training.

Proposed Completion: September 15, 2022

Our Commitment: Every Student
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**Cumberland County Board of Education
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2021**

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 Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing 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:			
Summer Learning Program		PRC 121	\$ 477,568
Nondigital Resources		PRC 123	201,028
Student Computers and Devices		PRC 124	1,031,894
School Nutrition		PRC 125	1,740,586
Personnel Computers and Devices		PRC 126	161,802
Bus WiFi		PRC 127	28,693
Home and Community WiFi		PRC 128	333,679
Learning Management System		PRC 129	223,833
Exceptional Children		PRC 132	1,340,729
Low Wealth Supplement		PRC 134	5,233,656
Cybersecurity		PRC 135	111,973
Personnal Protective Equipment		PRC 137	603,407
Total Coronavirus Relief Fund ~	21.019		<u>11,488,848</u>
Subrecipient Coronavirus Special Grant	21.019	2PRC 349	<u>282,000</u>
Total Coronavirus Relief Fund			<u>11,770,848</u>
Total U. S. Department of Treasurer			<u>11,770,848</u>
<u>U.S. Department of Agriculture</u>			
School Nutrition Program (Note 3)			
<u>Child Nutrition Cluster:</u>			
Non-Cash Assistance (Commodities)			
Passed-through the N.C. Department of Agriculture:			
National School Lunch Program	10.555	PRC 035	<u>1,252,826</u>
Non-Cash Assistance			<u>1,252,826</u>
Cash Assistance			
Passed-through the N.C. Department of Public Instruction:			
National School Lunch Program	10.555	PRC 035	8,596
Summer Food Service Program for Children	10.559	PRC 035	14,588,303
Total Cash Assistance			<u>14,596,899</u>
Total Child Nutrition Cluster:			<u>15,849,725</u>

Cumberland County Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2021

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>State/ Pass-Through Grantor's Number</u>	<u>Expenditures</u>
Fresh Fruit and Vegetable Program	10.582	PRC 035	\$ 157,964
Total School Nutrition Program (Note 3)			16,007,689
Total U. S. Department of Agriculture			16,007,689
<u>U.S. Department of Education</u>			
Cash Assistance			
Direct Programs:			
Impact Aid (School Assistance in Federally Affected Areas)	84.041	PRC 308	5,728,594
Indian Education - Title IX	84.060	PRC 310	252,898
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	16,896,516
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA) - School Improvements	84.010	PRC 105	75,788
Title I Grant - School Impr. - Targeted Support & Improvement (TSI)	84.010	PRC 115	510,534
Total Title I Grants to Local Educational Agencies (Title I)			17,482,838
Title IV, Part A	84.424A	PRC 108	897,639
<u>Special Education Cluster:</u>			
Special Education - Grants to States (IDEA, Part B) - Education of the Handicapped	84.027	PRC 060 & 114	10,252,689
Special Education - Preschool Grants (IDEA Preschool) - Preschool Handicapped	84.173	PRC 049	271,935
IDEA - Targeted Assistance for Preschool Federal Grants	84.173A	PRC 119	827
Special Needs Targeted Assistance	84.027A	PRC 118	194,797
Total Special Education Cluster:			10,720,248

Cumberland County Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-Through Grantor's Number	Expenditures
Career and Technical Education -- Capacity Building Grant	84.048	PRC 017	\$ 890,688
Education for Homeless Children and Youth Cluster Education for Homeless Children and Youth	84.196	PRC 026	32,476
English Language Acquisition Grants	84.365	PRC 104, 111	55,925
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	PRC 103	1,606,962
COVID-19 Education Stabilization Fund			
CARES ACT - K-12 Emergency Relief Fund, State Reserve	84.425	PRC 163	11,295,435
Digital Curricula	84.425	PRC 165	1,035
Exceptional Children's Grants	84.425	PRC 167	7,752
ICARES	84.425	PRC 170	46,425
			<u>11,350,647</u>
Total U. S. Department of Education			<u>49,018,915</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	43,475
<u>U.S. Department of Defense</u>			
Direct Program:			
ROTC	12.XXX	PRC 301	554,411
		PRC 371, 374	
Support for Student Achievement at Military Connected Schools/SPED	12.556	& 375	<u>647,230</u>
Total federal assistance			<u>78,042,568</u>
State Grants:			
State Public School Fund			306,065,806
Driver Training - SPSF		PRC 012	491
School Technology Fund - SPSF		PRC 015	49,733
Vocational Education			
- State Months of Employment		PRC 013	14,046,408
- Program Support Funds		PRC 014	1,169,061
Lateral Entry		PRC 440	113,252

Cumberland County Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-Through Grantor's Number	Expenditures
<u>N.C. Department of Health and Human Services:</u>			
Division of Child Development and Early Education			
NC Pre-Kindergarten Program		PRC 413	\$ 1,274,043
Non-Cash Assistance			
<u>N.C. Department of Public Instruction:</u>			
School Buses Appropriation		PRC 120	2,515,396
Total State assistance			325,234,190
Total federal and State assistance			<u>\$ 403,276,758</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, 2021. 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.