



Cumberland County Board of Education Fayetteville, North Carolina

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2022



THE CUMBERLAND COMMITMENT

Collaborative, Competitive & Successful Students

Deanna Jones, Board Chairwoman

Dr. Marvin Connelly, Jr., Superintendent



*Cumberland County Board of Education
Fayetteville, North Carolina*

**Annual Comprehensive
Financial Report
For the Fiscal Year Ended
June 30, 2022**

Prepared by
Jay Toland
and the
Finance Department



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CUMBERLAND COUNTY BOARD OF EDUCATION
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022



INTRODUCTORY SECTION

THE CUMBERLAND COMMITMENT
Collaborative, Competitive & Successful Students

March 30, 2023

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, 2022. 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, 2022, fifty-one elementary schools, thirty-seven secondary schools, a virtual academy 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 14,000 employees over two categories. Cape Fear Valley Health System is the largest non-military employer, employing approximately 7,000 full-time employees. Cumberland County Schools (CCS) employs over 6,500 employees. Wal-Mart, having five local Super Centers and one distribution center, employs over 3,000 employees across the County.

Goodyear Tire & Rubber Company, employing approximately 2,500 people, is the sixth largest employer and the largest manufacturer. Farming and agricultural businesses also contribute significantly to the County's economy.

Major Initiatives/Accomplishments

Three years ago, we made several commitments to the young people in Cumberland County Schools with the development and approval of our Cumberland Commitment Strategic Plan 2024. While we have endured an unimaginable global pandemic, which significantly impacted instruction, our premier professionals, successful students, and committed community partners have risen to the occasion to overcome incredible challenges.

We witnessed more than 3,000 successful students in the Class of 2022 walk across the stage and receive their diplomas. Our graduates are some of the brightest and most hard-working students who overcame incredible odds to graduate and dedicated themselves to serving their community. Following graduation, they have attended top colleges and universities, served in the military or begun their careers!

During the 2021-2022 school year, there were several major accomplishments:

- Fourteen of the 2021-2022 low-performing schools exceeded growth, and two others were within 14 hundredths of a point of also exceeding growth.
- 89% of schools in the district met or exceeded growth for 2021-2022. Twenty-one schools met growth and 55 schools exceeded growth, indicating students are maintaining and increasing student achievement.
- 98.9% of schools in the district increased their composite proficiency scores on state-mandated assessments, and the district composite increased by more than 10 points.
- Since all schools in the district have qualified for the North Carolina Department of Public Instruction's (NCDPI) 2021-2022 Purple Star Award Designation, Cumberland County Schools (CCS) is once again being honored with the State Superintendent's Purple Star District Award.
- For the second consecutive year, CCS was a National School Boards Association (NSBA) 2022 Magna Award winner. The district was recognized for its commitment to equity as a Silver Award winner in the 28th annual Magna Awards program. CCS was one of 18 winning districts across the nation receiving this honor.
- Numerous successful students and premier professionals received local, regional, state and national honors.

The fiscal year ending June 30, 2022, was truly a remarkable year. The state's Data and Accountability results show the tremendous progress being made across the school system. However, the journey continues. The district has created a support structure called PASE which stands for Performance, Accountability, Support, and Empowerment. This is a 5-tier system that district leaders created to designate our schools based on the amount of support needed. Tier 1 schools, which are designated as low-performing by the state, receive increased support in terms of frequency and intensity as they create focused school improvement plans with measurable standards and goals.

While there is still much work to do, the achievements and happenings of the 2021-2022 school year show the district's core values—excellence, innovation, collaboration, equity, integrity and compassion—guiding the work of every successful student, premier professional and committed community member.

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.

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 Anderson Smith and Wike, PLLC 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.

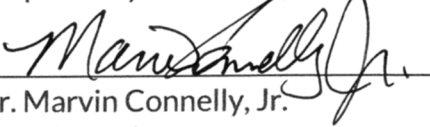
Acknowledgments

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

Our Commitment: Every Student

Collaborative ★ Competitive ★ Successful

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

Fully Accredited School System



CUMBERLAND COUNTY BOARD OF EDUCATION
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022



FINANCIAL SECTION

THE CUMBERLAND COMMITMENT
Collaborative, Competitive & Successful Students



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Cumberland County Board of Education
Fayetteville, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cumberland County Board of Education, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Cumberland County Board of Education's basic financial statements as listed in the table of contents.

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 Cumberland County Board of Education, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General, State Public School, Federal Grants and Special Revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Cumberland County Board of Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cumberland County Board of Education's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Cumberland County Board of Education's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cumberland County Board of Education's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 10 and the Schedules of the Board's Proportionate Share of the Net Pension Liability, OPEB Liability and OPEB Asset and the Schedules of Board Contributions on pages 52 through 57, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cumberland County Board of Education's basic financial statements. The accompanying combining and individual fund statements and schedules and schedule of expenditures of federal and State awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2023, on our consideration of the Cumberland County Board of Education'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 Cumberland County Board of Education'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 Cumberland County Board of Education's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

March 29, 2023
Rockingham, North Carolina

CUMBERLAND COUNTY BOARD OF EDUCATION 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, 2022. This information should be read in conjunction with the audited financial statements included in this report.

Impact of Coronavirus on District

During the fiscal year, the State and nation continued to be affected by the coronavirus (COVID-19) pandemic. Educational services returned to the traditional classroom environment. The Board incurred additional expenses as a result of COVID-19 including: the purchase of personal protective equipment, remote learning educational tools, learning loss remediation due to online learning challenges and increases in salaries due to the Board's expansion of summer school programs. The Board received significant grants from the federal government to assist with these additional expenses incurred due to the pandemic.

Financial Highlights

- For the fiscal year ended June 30, 2022, the Board's total government-wide net position increased by \$74.8 million. Governmental activities net position increased by \$65.1 million while business-type activities net position increased by \$9.7 million over the prior year.
- Governmental activities restricted net position decreased by \$3.9 million from the prior year while unrestricted net position increased by \$75.2 million.
- The Board's total government-wide unrestricted net position at June 30, 2022 increased by \$84.4 million over the prior year.

Overview of the Financial Statements

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

- *Independent Auditor's Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental section that presents the Schedules of the Board's Proportionate Share of Net Pension and OPEB Liabilities (Assets) and the Schedules of Board Contributions.*
- *Supplementary section that presents combining and individual fund statements and schedules for governmental and enterprise funds.*

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

The second set of statements included in the basic financial statements is the *Fund Financial Statements*, which are presented for the Board's governmental funds 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.

CUMBERLAND COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

The fund financial statements focus on the Board's most significant funds. Because a different basis of accounting is used in the government-wide statements, reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statements provide information about the Board as an economic unit while the fund financial statements provide information on each of the financial resources of each of the Board's major funds.

Government-wide Statements

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

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

- Over time, increases or decreases in the Board's net position are an indicator of whether its financial position is improving or deteriorating.
- To assess the Board's overall health, you need to consider additional non-financial factors such as changes in the County's property tax base and the condition of its school buildings and other physical assets.

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

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

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

Fund Financial Statements

The fund financial statements provide more detailed information about the Board's funds, focusing on its most significant or "major" funds - not the unit as a whole. Funds are accounting devices the Board uses to keep track of specific sources of funding and spending on particular programs.

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

Cumberland County Board of Education has two types of funds:

Governmental funds: Most of the Board's basic services are included in the governmental funds, which generally focus on two things – 1) how cash and other assets that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the coming year to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental fund statements, in the form of a reconciliation, explains the relationship (or differences) between the government-wide and the fund financial statements. The Board has several governmental funds: the General Fund, the State Public School Fund, the Individual Schools Fund, the Combined Athletics Fund, the Administrative Fund,

**CUMBERLAND COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

the Capital Outlay Fund, the Special Revenue Fund and the Federal Grants Fund. The governmental fund statements are shown as Exhibits 3, 4, 5 and 6 of this report.

Proprietary funds: Services for which the Board charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same full accrual basis of accounting as the government-wide statements. The Cumberland County Board of Education has two proprietary funds - both enterprise funds – the School Food Service Fund and the Child Care Fund. The proprietary fund statements are shown as Exhibits 7, 8, and 9 of this report.

Financial Analysis of the Board as a Whole

Net position is an indicator of the fiscal health of the Board. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$382.1 million as of June 30, 2022 as compared to \$457.8 million as of June 30, 2021.

Following is a summary of the Statement of Net Position at June 30, 2022 and 2021:

**Table 1
Condensed Statement of Net Position
As of June 30, 2022 and 2021**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/22	6/30/21	6/30/22	6/30/21	6/30/22	6/30/21
Current and other assets	\$ 70,978,998	\$ 95,388,751	\$ 16,848,476	\$ 8,714,591	\$ 87,827,474	\$ 104,103,342
Capital assets	221,917,810	226,668,468	4,586,085	4,102,149	226,503,895	230,770,617
Total assets	292,896,808	322,057,219	21,434,561	12,816,740	314,331,369	334,873,959
Deferred outflows of resources	144,027,971	123,224,720	4,020,555	3,020,206	148,048,526	126,244,926
Current liabilities	31,038,048	64,761,010	1,076,482	1,830,919	32,114,530	66,591,929
Long-term liabilities	545,116,344	605,442,775	15,044,208	15,649,458	560,160,552	621,092,233
Total liabilities	576,154,392	670,203,785	16,120,690	17,480,377	592,275,082	687,684,162
Deferred inflows of resources	245,322,695	225,670,592	6,848,205	5,589,592	252,170,900	231,260,184
Net investment in capital assets	219,641,805	224,888,813	4,586,085	4,102,149	224,227,890	228,990,962
Restricted net position	10,221,543	14,090,838	30,737	18,806	10,252,280	14,109,644
Unrestricted net position (deficit)	(614,415,656)	(689,572,089)	(2,130,601)	(11,353,978)	(616,546,257)	(700,926,067)
Total net position (deficit)	\$ (384,552,308)	\$ (450,592,438)	\$ 2,486,221	\$ (7,233,023)	\$ (382,066,087)	\$ (457,825,461)

Net position is an indicator of the fiscal health of the Board. The net position of the Board's governmental activities increased \$65.1 million during the year to \$(384.6) million at June 30, 2022, indicating an improvement in the financial condition of the Board. Restricted net position decreased by \$3.9 million while unrestricted net position increased \$75.2 million over the prior year. Net investment in capital assets decreased \$5.2 million due to an excess of depreciation expense over capital additions for the year. Deferred outflows and inflows of resources relate entirely to the pension and OPEB plans which the Board participates in. The Board is required to record its proportionate share of these items along with its proportionate share of the plan liabilities. See Note 3 of the financial statements for more details regarding these plans.

Net position of the Board's business-type activities increased \$9.7 million during the year. This is the combined net profit generated by our school food service and child care operations during the 2022 fiscal year.

**CUMBERLAND COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following table shows the revenues and expenses of the Board for the current and prior fiscal years:

Table 2
Condensed Statement of Activities
For the Fiscal Years Ended June 30, 2022 and 2021

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/22	6/30/21	6/30/22	6/30/21	6/30/22	6/30/21
Revenues:						
Program revenues:						
Charges for services	\$ 5,905,512	\$ 1,757,431	\$ 2,011,273	\$ 263,028	\$ 7,916,785	\$ 2,020,459
Operating grants and contributions	440,951,618	362,447,313	36,436,645	16,007,691	477,388,263	378,455,004
Capital grants and contributions	2,263,833	1,779,655	-	-	2,263,833	1,779,655
General revenues:						
County appropriations	93,022,008	93,488,826	-	-	93,022,008	93,488,826
State appropriations	20,795,808	18,904,922	-	-	20,795,808	18,904,922
Federal appropriations	4,118,263	5,728,594	-	-	4,118,263	5,728,594
Other revenues	9,597,791	12,715,654	1,782,524	32	11,380,315	12,715,686
Total revenues	576,654,833	496,822,395	40,230,442	16,270,751	616,885,275	513,093,146
Expenses:						
Governmental activities:						
Instructional services	405,927,494	379,583,909	-	-	405,927,494	379,583,909
System-wide support services	97,212,224	72,663,248	-	-	97,212,224	72,663,248
Ancillary services	2,778,484	1,797,999	-	-	2,778,484	1,797,999
Payments to other governments	2,241,590	2,516,958	-	-	2,241,590	2,516,958
Interest on long-term debt	17,776	-	-	-	17,776	-
Unallocated depreciation	3,369,315	3,271,944	-	-	3,369,315	3,271,944
Business-type activities:						
School food service	-	-	27,664,656	20,640,611	27,664,656	20,640,611
Child care	-	-	2,885,356	1,022,261	2,885,356	1,022,261
Total expenses	511,546,883	459,834,058	30,550,012	21,662,872	542,096,895	481,496,930
Excess (deficiency) before transfers	65,107,950	36,988,337	9,680,430	(5,392,121)	74,788,380	31,596,216
Transfers in (out)	(38,814)	-	38,814	-	-	-
Increase (decrease) in net position	65,069,136	36,988,337	9,719,244	(5,392,121)	74,788,380	31,596,216
Beginning net position (deficit), as previously reported	(450,592,438)	(487,932,411)	(7,233,023)	(1,840,902)	(457,825,461)	(489,773,313)
Restatement	970,994	351,636	-	-	970,994	351,636
Beginning net position (deficit), restated	(449,621,444)	(487,580,775)	(7,233,023)	(1,840,902)	(456,854,467)	(489,421,677)
Ending net position (deficit)	\$ (384,552,308)	\$ (450,592,438)	\$ 2,486,221	\$ (7,233,023)	\$ (382,066,087)	\$ (457,825,461)

Total governmental activities generated revenues of \$576.7 million while expenses in this category totaled \$511.5 million for the year ended June 30, 2022, resulting in an increase in net position of \$65.1 million (including transfers out to business-type activities of \$39,000). Comparatively, revenues were \$496.8 million and expenses totaled \$459.8 million for the year ended June 30, 2021, resulting in an increase in net position of \$37.0 million. In comparing the two years, revenues increased \$79.8 million, or 16.1%, while expenses increased \$51.7 million, or 11.2%. The increases in revenues and expenses were primarily due to COVID-19 federal grants received and expended during the year. Expenses were

CUMBERLAND COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

also significantly impacted by a year-over-year decrease of \$37.4 million in pension and OPEB expense due to changes in actuarial valuations and allocation percentages.

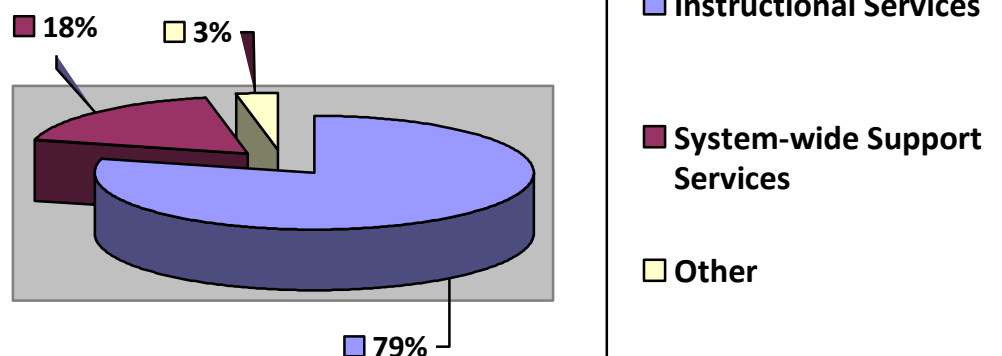
The Board's primary sources of revenues were funding from the State of North Carolina, Cumberland County, and the United States Government, which respectively comprised 60.1%, 16.1% and 20.1% of our total revenues. As would be expected, the major component of our expenses was instructional services which accounted for 79.4% of our total expenses during the most recent fiscal year. Of the remaining 20.6% of our total expenses, 19.0% was attributable to system-wide support services.

Our business-type activities generated revenues of \$40.2 million while expenses in this category totaled \$30.6 million for the year ended June 30, 2022. For the year, net position increased by \$9.7 million (including transfers in of \$39,000). Comparatively, revenues were \$16.3 million and expenses totaled \$21.7 million for the year ended June 30, 2021, resulting in a decrease in net position of \$5.4 million. In comparing the two periods, revenues increased \$24.0 million while expenses increased \$8.9 million, or 41.0%. With students returning to the classroom in the 2022 year, the number of meals served in the child nutrition program increased to a more normal, pre-pandemic level. As would be expected with the increase in meals served, revenues, food and food supply costs and salaries and benefits all increased significantly. The child care program also experienced significant increases in both revenues and expenses with students returning to the classroom in 2022.

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.

Categorization of Expenditures for Governmental Funds



Expenditures presented on modified accrual basis of accounting.

The Board's governmental funds reported a combined fund balance of \$51.7 million at June 30, 2022, a decrease of \$1.8 from the restated amount reported for June 30, 2021. The Board's General Fund reported a decrease in fund balance of \$4.9 million (including the change in reserve for inventories) while the Special Revenue and Capital Outlay funds each reported increases in fund balance for the year of \$2.7 million and \$303,000, respectively. Total governmental funds reported an increase in revenues of \$81.9 million, or 16.5%, over the prior year while expenditures increased by \$98.0 million, or 20.3%.

For the year, the Board's General Fund reported a decrease in fund balance of \$4.9 million compared to an increase of \$14.3 million in the prior year. Revenues increased by \$4.7 million, or 5.6%, over the prior year primarily due to increased funding from County appropriations and fines and forfeitures. Expenditures reported an increase of \$25.6 million, or 36.8%. An increase in instructional services and system-wide support services costs accounted for the majority of the overall increase in expenditures.

**CUMBERLAND COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The State Public School Fund and Federal Grants Fund do not carry fund balance. All revenues in these two funds are required to be expended in the year received. Combined revenues and expenditures in these two funds increased \$79.4 million over the previous year, or 21.1%. The district received various federal COVID-19 grants through these two funds which were used to pay for specific costs incurred by the district in response to the pandemic.

The Special Revenue Fund reported fund balance of \$5.6 million at June 30, 2022, an increase for the year of \$2.7 million compared to a decrease of \$4,000 in the 2021 year. Revenues decreased \$3.1 million from the previous year. Federal Impact Aid revenue declined \$1.6 million, accounting for the majority of the overall decrease in revenues. Expenditures decreased \$5.8 million from the prior year, due almost entirely to a \$5.8 million decline in instructional service expenditures in the fund.

The Capital Outlay Fund reported fund balance of \$3.6 million at June 30, 2022, an increase of \$303,000 over the prior year. The most significant revenue reported in the Capital Outlay Fund was \$10.0 million from Cumberland County appropriations.

Proprietary Funds: The Board's business-type funds, the School Food Service Fund and the Child Care Fund, reported a combined increase in net position of \$9.7 million for the fiscal year ended June 30, 2022 compared to a decrease of \$5.4 million for the same 2021 period. See the discussion above under "Financial Analysis of the Board as a Whole" for further details regarding the year-over-year change in operating results for these two funds.

General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget several times to account for various changes in revenue and expenditure expectations. Since several revenue sources are either unknown or uncertain at the beginning of the fiscal year when the original budget is adopted, budget revisions are necessary throughout the year to recognize these adjustments. For the year, budgeted revenues and expenditures were increased by \$9.4 million. Total actual expenditures for the year were \$8.3 million less than the final budgeted amounts. The Board budgeted to use \$8.1 million of fund balance for the year. District practice has been to spend all State allotments first and General Fund last. Variances between actual expenditures and final budget amounts primarily relate to conservative budgeting practices and cost containment strategies employed by the district.

Capital Assets

Total primary government capital assets were \$226.5 million at June 30, 2022 compared to \$230.8 million at June 30, 2021, a decrease of 1.8%. More detailed information about the Board's capital assets is contained in Note 3 to the financial statements.

The following is a summary of the Board's capital assets, net of depreciation, at June 30, 2022 and 2021:

**Table 3
Summary of Capital Assets
As of June 30, 2022 and 2021**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/22	6/30/21	6/30/22	6/30/21	6/30/22	6/30/21
Land	\$ 10,166,926	\$ 9,773,526	\$ -	\$ -	\$ 10,166,926	\$ 9,773,526
Buildings and improvements	186,804,295	193,064,762	21,260	5,320	186,825,555	193,070,082
Equipment and furniture	12,087,000	9,557,332	4,494,527	4,014,914	16,581,527	13,572,246
Vehicles	12,859,589	14,272,848	70,298	81,915	12,929,887	14,354,763
Total	<u>\$ 221,917,810</u>	<u>\$ 226,668,468</u>	<u>\$ 4,586,085</u>	<u>\$ 4,102,149</u>	<u>\$ 226,503,895</u>	<u>\$ 230,770,617</u>

CUMBERLAND COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt Outstanding

During the year, the Board's long-term debt decreased by \$2.3 million to a balance of \$2.3 million at June 30, 2022. The Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used. The County holds virtually all debt issued for school capital construction. More detailed information about the Board's outstanding debt is contained in the Note 3 to the financial statements.

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 should be considered when viewing the Board's current economic outlook:

- 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.
- The unemployment rate in Cumberland County at June 30, 2022 was 5.4% compared to 7.7% at June 30, 2021. The County's unemployment rate is currently higher than the June 30, 2022 N.C. statewide and national unemployment rates which were 4.0% and 3.8%, respectively.

Requests for Information

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CUMBERLAND COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
June 30, 2022

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 63,036,762	\$ 16,025,384	\$ 79,062,146
Investments	1,859,110	-	1,859,110
Due from other governments	1,848,640	269,780	2,118,420
Receivables	70,845	4,812	75,657
Internal balances	24,782	(24,782)	-
Net OPEB asset	237,857	6,640	244,497
Inventories	424,868	566,642	991,510
Prepaid expenses	3,476,134	-	3,476,134
Capital assets:			
Land	10,166,926	-	10,166,926
Other capital assets, net of depreciation	211,750,884	4,586,085	216,336,969
Total capital assets	221,917,810	4,586,085	226,503,895
Total assets	292,896,808	21,434,561	314,331,369
Deferred Outflows of Resources	144,027,971	4,020,555	148,048,526
Liabilities			
Accounts payable and accrued expenses	12,717,742	386,842	13,104,584
Unearned revenue	6,351,249	245,128	6,596,377
Long-term liabilities:			
Due within one year	11,969,057	444,512	12,413,569
Due in more than one year	545,116,344	15,044,208	560,160,552
Total liabilities	576,154,392	16,120,690	592,275,082
Deferred Inflows of Resources	245,322,695	6,848,205	252,170,900
Net position			
Net investment in capital assets	219,641,805	4,586,085	224,227,890
Restricted for:			
Stabilization by State statute	1,515,311	-	1,515,311
School capital outlay	3,587,414	-	3,587,414
Scholarships	498,769	-	498,769
Individual schools activities	3,518,990	-	3,518,990
DIPNC OPEB plan	1,101,059	30,737	1,131,796
Unrestricted (deficit)	(614,415,656)	(2,130,601)	(616,546,257)
Total net position (deficit)	<u>\$ (384,552,308)</u>	<u>\$ 2,486,221</u>	<u>\$ (382,066,087)</u>

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

CUMBERLAND COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2022

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Instructional services:							
Regular instructional	\$ 225,387,570	\$ -	\$ 227,477,809	\$ -	\$ 2,090,239	\$ -	\$ 2,090,239
Special populations	53,116,035	-	61,796,822	-	8,680,787	-	8,680,787
Alternative programs	39,510,317	-	40,928,857	-	1,418,540	-	1,418,540
School leadership	37,990,338	-	19,401,585	-	(18,588,753)	-	(18,588,753)
Co-curricular	8,643,894	5,905,512	23,032	-	(2,715,350)	-	(2,715,350)
School-based support	41,279,340	-	32,655,714	-	(8,623,626)	-	(8,623,626)
System-wide support services:							
Support and development	9,756,121	-	826,081	-	(8,930,040)	-	(8,930,040)
Special population support and development	2,466,379	-	2,551,380	-	85,001	-	85,001
Alternative programs and services							
support and development	1,146,128	-	1,327,579	-	181,451	-	181,451
Technology support	3,799,680	-	855,177	-	(2,944,503)	-	(2,944,503)
Operational support	70,173,629	-	44,272,539	2,263,833	(23,637,257)	-	(23,637,257)
Financial and human resource services	5,711,377	-	2,331,438	-	(3,379,939)	-	(3,379,939)
Accountability	679,969	-	129,307	-	(550,662)	-	(550,662)
System-wide pupil support	146,283	-	3,687	-	(142,596)	-	(142,596)
Policy, leadership and public relations	3,332,658	-	1,460,910	-	(1,871,748)	-	(1,871,748)
Ancillary services	2,778,484	-	2,921,039	-	142,555	-	142,555
Payments to other governments	2,241,590	-	1,988,662	-	(252,928)	-	(252,928)
Interest on long-term debt	17,776	-	-	-	(17,776)	-	(17,776)
Unallocated depreciation expense**	3,369,315	-	-	-	(3,369,315)	-	(3,369,315)
Total governmental activities	511,546,883	5,905,512	440,951,618	2,263,833	(62,425,920)	-	(62,425,920)
Business-type activities:							
School food service	27,664,656	479,291	36,436,645	-	-	9,251,280	9,251,280
Child care	2,885,356	1,531,982	-	-	-	(1,353,374)	(1,353,374)
Total business-type activities	30,550,012	2,011,273	36,436,645	-	-	7,897,906	7,897,906
Total primary government	\$ 542,096,895	\$ 7,916,785	\$ 477,388,263	\$ 2,263,833	(62,425,920)	7,897,906	(54,528,014)
General revenues:							
Unrestricted county appropriations - operating					83,033,918	-	83,033,918
Unrestricted county appropriations - capital					9,988,090	-	9,988,090
Unrestricted State appropriations - operating					20,584,421	-	20,584,421
Unrestricted Federal appropriations - operating					4,118,263	-	4,118,263
Unrestricted State appropriations - capital					211,387	-	211,387
Investment earnings, unrestricted					88,665	53	88,718
Miscellaneous, unrestricted					9,509,126	1,782,471	11,291,597
Transfers					(38,814)	38,814	-
Total general revenues and transfers					127,495,056	1,821,338	129,316,394
Change in net position					65,069,136	9,719,244	74,788,380
Net position (deficit) - beginning, as previously reported					(450,592,438)	(7,233,023)	(457,825,461)
Restatement (Note 5)					970,994	-	970,994
Net position (deficit) - beginning, as restated					(449,621,444)	(7,233,023)	(456,854,467)
Net position (deficit) - ending					\$ (384,552,308)	\$ 2,486,221	\$ (382,066,087)

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

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

FUND FINANCIAL STATEMENTS

CUMBERLAND COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

Exhibit 3

	Major Funds						Total Governmental Funds
	General	State Public School	Federal Grants	Special Revenue	Capital Outlay	Non-Major Funds	
Assets							
Cash and cash equivalents	\$ 43,918,730	\$ 832,637	\$ 62,179	\$ 11,727,234	\$ 2,422,974	\$ 4,073,008	\$ 63,036,762
Investments	1,859,110	-	-	-	-	-	1,859,110
Due from other governments	229,192	-	-	183,747	1,435,701	-	1,848,640
Accounts receivable	70,824	-	-	-	-	21	70,845
Due from other funds	927,212	-	-	90,776	-	-	1,017,988
Inventories	424,868	-	-	-	-	-	424,868
Prepaid expenditures	3,476,134	-	-	-	-	-	3,476,134
Total assets	<u>\$ 50,906,070</u>	<u>\$ 832,637</u>	<u>\$ 62,179</u>	<u>\$ 12,001,757</u>	<u>\$ 3,858,675</u>	<u>\$ 4,073,029</u>	<u>\$ 71,734,347</u>
Liabilities and fund balances							
Liabilities:							
Accounts payable and accrued liabilities	\$ 12,382,747	\$ -	\$ -	\$ 8,485	\$ 271,261	\$ 55,249	\$ 12,717,742
Due to other funds	90,776	832,637	62,179	7,614	-	-	993,206
Unearned revenue	-	-	-	6,351,249	-	-	6,351,249
Total liabilities	<u>12,473,523</u>	<u>832,637</u>	<u>62,179</u>	<u>6,367,348</u>	<u>271,261</u>	<u>55,249</u>	<u>20,062,197</u>
Fund balances:							
Nonspendable:							
Inventories	424,868	-	-	-	-	-	424,868
Prepaid expenditures	3,476,134	-	-	-	-	-	3,476,134
Restricted:							
Stabilization by State statute	1,240,767	-	-	274,523	-	21	1,515,311
School capital outlay	-	-	-	-	3,587,414	-	3,587,414
Scholarships	-	-	-	-	-	498,769	498,769
Individual schools	-	-	-	-	-	3,518,990	3,518,990
Assigned:							
Subsequent year's expenditures	8,713,882	-	-	-	-	-	8,713,882
Risk management	2,863,416	-	-	-	-	-	2,863,416
Special revenues	-	-	-	5,359,886	-	-	5,359,886
Unassigned	21,713,480	-	-	-	-	-	21,713,480
Total fund balances	<u>38,432,547</u>	<u>-</u>	<u>-</u>	<u>5,634,409</u>	<u>3,587,414</u>	<u>4,017,780</u>	<u>51,672,150</u>
Total liabilities and fund balances	<u>\$ 50,906,070</u>	<u>\$ 832,637</u>	<u>\$ 62,179</u>	<u>\$ 12,001,757</u>	<u>\$ 3,858,675</u>	<u>\$ 4,073,029</u>	<u>\$ 71,734,347</u>

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

CUMBERLAND COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

Exhibit 3 (continued)

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

Total fund balances of governmental funds	\$ 51,672,150
Net OPEB asset	237,857
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	221,917,810
Deferred outflows of resources related to pensions	81,556,939
Deferred outflows of resources related to OPEB	62,471,032
Some liabilities, including those for compensated absences, installment purchases and risk management liabilities are not due and payable in the current period and therefore are not reported in the funds.	(36,759,302)
Net pension liability	(76,982,762)
Net OPEB liability	(443,343,337)
Deferred inflows of resources related to pensions	(100,375,912)
Deferred inflows of resources related to OPEB	<u>(144,946,783)</u>
Net position of governmental activities	<u>\$ (384,552,308)</u>

CUMBERLAND COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2022

Exhibit 4

	Major Funds					Non-Major Funds	Total Governmental Funds
	General	State Public School	Federal Grants	Special Revenue	Capital Outlay		
Revenues:							
State of North Carolina	\$ -	\$ 344,296,881	\$ -	\$ -	\$ 2,475,220	\$ -	\$ 346,772,101
Cumberland County:							
Local current expense	83,033,918	-	-	-	-	-	83,033,918
Other	-	-	-	-	9,988,090	-	9,988,090
U.S. Government	-	10,880,894	100,008,039	5,096,204	-	-	115,985,137
Other	5,522,403	-	-	9,727,925	3	5,905,512	21,155,843
Total revenues	88,556,321	355,177,775	100,008,039	14,824,129	12,463,313	5,905,512	576,935,089
Expenditures:							
Current:							
Instructional services:							
Regular instructional	2,452,832	219,994,554	23,186,594	8,490,206	-	-	254,124,186
Special populations	2,605,257	44,581,435	13,806,466	1,503,019	-	-	62,496,177
Alternative programs	966,694	10,582,209	30,462,618	1,257,928	-	-	43,269,449
School leadership	21,759,328	19,385,725	2,446,175	107,267	-	-	43,698,495
Co-curricular	2,424,683	-	23,032	20,069	117,444	5,700,265	8,285,493
School-based support	12,340,183	24,584,458	7,571,101	349,080	1,076,122	-	45,920,944
System-wide support services:							
Support and development	9,709,705	546,599	279,482	230,931	-	-	10,766,717
Special population support and development	239,588	2,015,280	536,100	129,488	-	-	2,920,456
Alternative programs and services support and development	23,147	14,748	1,312,831	18,097	-	-	1,368,823
Technology support	2,946,712	620,155	235,022	-	84,760	-	3,886,649
Operational support	29,632,624	30,502,461	13,770,078	7,431	201,374	53,418	74,167,386
Financial and human resource services	4,312,747	237,853	2,093,585	-	-	-	6,644,185
Accountability	666,160	10,227	119,080	-	-	-	795,467
System-wide pupil support	168,931	1,076	2,611	-	-	-	172,618
Policy, leadership and public relations	2,412,080	1,395,919	64,991	-	-	-	3,872,990
Ancillary services	2,611	705,076	2,109,611	-	-	-	2,817,298
Non-programmed charges	2,179,412	-	1,988,662	1,200	-	60,978	4,230,252
Debt service:							
Principal retirement	222,782	-	-	-	2,263,833	-	2,486,615
Interest and fees	17,776	-	-	-	-	-	17,776
Capital outlay	-	-	-	-	8,709,140	-	8,709,140
Total expenditures	95,083,252	355,177,775	100,008,039	12,114,716	12,452,673	5,814,661	580,651,116
Revenues over (under) expenditures	(6,526,931)	-	-	2,709,413	10,640	90,851	(3,716,027)
Other financing sources:							
Proceeds from disposal of capital assets	-	-	-	-	88,597	-	88,597
Insurance proceeds	1,706,356	-	-	-	2,050	-	1,708,406
Installment purchase obligations issued	-	-	-	-	201,374	-	201,374
Total other financing sources	1,706,356	-	-	-	292,021	-	1,998,377
Net change in fund balance	(4,820,575)	-	-	2,709,413	302,661	90,851	(1,717,650)
Fund balances:							
Beginning of year, as previously reported	42,178,105	-	-	3,751,271	3,284,753	3,255,522	52,469,651
Restatement (Note 5)	1,125,862	-	-	(826,275)	-	671,407	970,994
Beginning of year, as restated	43,303,967	-	-	2,924,996	3,284,753	3,926,929	53,440,645
Change in reserve for inventories	(50,845)	-	-	-	-	-	(50,845)
End of year	\$ 38,432,547	\$ -	\$ -	\$ 5,634,409	\$ 3,587,414	\$ 4,017,780	\$ 51,672,150

The notes to the basic 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, 2022

Exhibit 5

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

Net changes in fund balances - total governmental funds	\$ (1,717,650)
Change in fund balance due to change in reserve for inventory	(50,845)
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 outlays in the current period.	(4,677,184)
Proceeds from the sale of capital assets are recorded as revenues in the fund statements but not in the statement of activities.	(88,597)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	47,658,603
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	18,562,993
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	2,681,663
Gain on disposal of capital assets	15,123
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	2,285,241
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Pension (expense) benefit	(19,717,101)
OPEB (expense) benefit	23,723,777
Compensated absences	(3,942,113)
Risk management	<u>335,226</u>
Total changes in net position of governmental activities	<u>\$ 65,069,136</u>

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

CUMBERLAND COUNTY BOARD OF EDUCATION**Exhibit 6****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS****For the Fiscal Year Ended June 30, 2022**

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Cumberland County	83,033,918	83,033,918	83,033,918	-
U.S. Government	-	-	-	-
Other	2,857,000	10,528,915	5,522,403	(5,006,512)
Total revenues	85,890,918	93,562,833	88,556,321	(5,006,512)
Expenditures:				
Current:				
Instructional services	41,088,330	48,742,919	42,548,977	6,193,942
System-wide support services	51,038,464	52,500,389	50,111,694	2,388,695
Ancillary services	-	2,000	2,611	(611)
Nonprogrammed charges	1,900,000	1,900,000	2,179,412	(279,412)
Debt service	-	240,558	240,558	-
Total expenditures	94,026,794	103,385,866	95,083,252	8,302,614
Revenues over (under) expenditures	(8,135,876)	(9,823,033)	(6,526,931)	3,296,102
Other financing sources:				
Insurance proceeds	-	1,687,157	1,706,356	19,199
Fund balance appropriated	8,135,876	8,135,876	-	(8,135,876)
Net change in fund balance	\$ -	\$ -	(4,820,575)	\$ (4,820,575)
Fund balances:				
Beginning of year, as previously reported			42,178,105	
Restatement (Note 5)			1,125,862	
Beginning of year, as restated			43,303,967	
Change in reserve for inventories			(50,845)	
End of year			\$ 38,432,547	

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

CUMBERLAND COUNTY BOARD OF EDUCATION**Exhibit 6 (continued)****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS****For the Fiscal Year Ended June 30, 2022**

	State Public School Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina	\$ 367,803,392	\$ 357,148,751	\$ 344,296,881	\$ (12,851,870)
Cumberland County	-	-	-	-
U.S. Government	-	10,691,049	10,880,894	189,845
Other	-	-	-	-
Total revenues	367,803,392	367,839,800	355,177,775	(12,662,025)
Expenditures:				
Current:				
Instructional services	334,835,831	329,035,954	319,128,381	9,907,573
System-wide support services	32,870,715	38,081,066	35,344,318	2,736,748
Ancillary services	96,846	722,780	705,076	17,704
Nonprogrammed charges	-	-	-	-
Total expenditures	367,803,392	367,839,800	355,177,775	12,662,025
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balances:				
Beginning of year			-	
End of year			\$ -	

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

CUMBERLAND COUNTY BOARD OF EDUCATION**Exhibit 6 (continued)****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL****GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS****For the Fiscal Year Ended June 30, 2022**

	Federal Grants Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Cumberland County	-	-	-	-
U.S. Government	237,919,892	249,686,059	100,008,039	(149,678,020)
Other	-	-	-	-
Total revenues	237,919,892	249,686,059	100,008,039	(149,678,020)
Expenditures:				
Current:				
Instructional services	156,114,674	168,524,743	77,495,986	91,028,757
System-wide support services	49,718,417	50,325,247	18,413,780	31,911,467
Ancillary services	2,815,574	2,850,619	2,109,611	741,008
Nonprogrammed charges	29,271,227	27,985,450	1,988,662	25,996,788
Total expenditures	237,919,892	249,686,059	100,008,039	149,678,020
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balances:				
Beginning of year			-	
End of year			\$ -	

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

CUMBERLAND COUNTY BOARD OF EDUCATION**Exhibit 6 (continued)****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS****For the Fiscal Year Ended June 30, 2022**

	Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Cumberland County	-	-	-	-
U.S. Government	5,114,152	5,394,267	5,096,204	(298,063)
Other	10,719,151	13,322,553	9,727,925	(3,594,628)
Total revenues	15,833,303	18,716,820	14,824,129	(3,892,691)
Expenditures:				
Current:				
Instructional services	15,539,676	18,236,979	11,727,569	6,509,410
System-wide support services	288,458	473,472	385,947	87,525
Total ancillary services	1,367	1,367	-	1,367
Nonprogrammed charges	3,802	5,002	1,200	3,802
Total expenditures	15,833,303	18,716,820	12,114,716	6,602,104
Revenues over (under) expenditures	-	-	2,709,413	2,709,413
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	\$ -	\$ -	2,709,413	\$ 2,709,413
Fund balances:				
Beginning of year, as previously reported			3,751,271	
Restatement (Note 5)			(826,275)	
Beginning of year, as restated			2,924,996	
End of year			\$ 5,634,409	

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

CUMBERLAND COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPES
June 30, 2022

Exhibit 7

	Enterprise		
	Major Funds		
	School Food Service	Child Care	Totals
Assets			
Current assets:			
Cash and cash equivalents	\$ 12,881,746	\$ 3,143,638	\$ 16,025,384
Due from other governments	269,780	-	269,780
Receivables	1,288	3,524	4,812
Inventories	566,642	-	566,642
Total current assets	<u>13,719,456</u>	<u>3,147,162</u>	<u>16,866,618</u>
Noncurrent assets:			
Capital assets:			
Net OPEB asset	6,133	507	6,640
Furniture and equipment, net	4,564,825	21,260	4,586,085
Total noncurrent assets	<u>4,570,958</u>	<u>21,767</u>	<u>4,592,725</u>
Total assets	<u>18,290,414</u>	<u>3,168,929</u>	<u>21,459,343</u>
Deferred Outflows of Resources	<u>3,713,799</u>	<u>306,756</u>	<u>4,020,555</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	382,737	4,105	386,842
Due to other funds	24,782	-	24,782
Compensated absences	444,512	-	444,512
Unearned revenue	245,128	-	245,128
Total current liabilities	<u>1,097,159</u>	<u>4,105</u>	<u>1,101,264</u>
Noncurrent liabilities:			
Net pension liability	1,985,020	163,961	2,148,981
Net OPEB liability	11,431,719	944,250	12,375,969
Compensated absences	415,278	103,980	519,258
Total noncurrent liabilities	<u>13,832,017</u>	<u>1,212,191</u>	<u>15,044,208</u>
Total liabilities	<u>14,929,176</u>	<u>1,216,296</u>	<u>16,145,472</u>
Deferred Inflows of Resources	<u>6,325,706</u>	<u>522,499</u>	<u>6,848,205</u>
Net position			
Investment in capital assets	4,564,825	21,260	4,586,085
Restricted for DIPNC OPEB plan	28,392	2,345	30,737
Unrestricted (deficit)	<u>(3,843,886)</u>	<u>1,713,285</u>	<u>(2,130,601)</u>
Total net position (deficit)	<u>\$ 749,331</u>	<u>\$ 1,736,890</u>	<u>\$ 2,486,221</u>

The notes to the basic 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 FUND TYPES
For the Fiscal Year Ended June 30, 2022

Exhibit 8

	Enterprise		
	Major Funds		
	School Food Service	Child Care	Totals
Operating revenues:			
Food sales	\$ 479,291	\$ -	\$ 479,291
Child care fees	-	1,531,982	1,531,982
Other	53,316	63,360	116,676
Total operating revenues	532,607	1,595,342	2,127,949
Operating expenses:			
Food cost:			
Purchase of food	11,546,770	5,206	11,551,976
Donated commodities	1,917,904	-	1,917,904
Salaries and benefits	11,875,459	2,773,738	14,649,197
Materials and supplies	87,618	11,313	98,931
Repairs and maintenance	482,658	4,164	486,822
Depreciation	532,889	2,680	535,569
Contracted services	1,135,732	5,839	1,141,571
Other	85,626	82,416	168,042
Total operating expenses	27,664,656	2,885,356	30,550,012
Operating income (loss)	(27,132,049)	(1,290,014)	(28,422,063)
Nonoperating revenues:			
Federal grants and reimbursements	34,518,741	-	34,518,741
Federal commodities	1,917,904	-	1,917,904
Contracted service revenue	-	1,684,566	1,684,566
Interest earned	53	-	53
Loss on disposal of capital assets	(18,771)	-	(18,771)
Total nonoperating revenues	36,417,927	1,684,566	38,102,493
Income before contributions	9,285,878	394,552	9,680,430
Capital contributions	38,814	-	38,814
Change in net position	9,324,692	394,552	9,719,244
Net position (deficit), beginning of year	(8,575,361)	1,342,338	(7,233,023)
Net position, end of year	\$ 749,331	\$ 1,736,890	\$ 2,486,221

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

CUMBERLAND COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2022

Exhibit 9

	Enterprise		
	Major Funds		
	School Food Service	Child Care	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 545,537	\$ 1,531,982	\$ 2,077,519
Cash paid for goods and services	(12,662,837)	(104,922)	(12,767,759)
Cash paid to employees for services	(14,714,678)	(1,346,311)	(16,060,989)
Other operating revenue	53,316	63,360	116,676
Net cash provided (used) by operating activities	(26,778,662)	144,109	(26,634,553)
Cash flows from noncapital financing activities:			
Due to other funds	24,782	-	24,782
Federal grants and reimbursements	34,621,739	-	34,621,739
Contracted service revenue	-	1,684,566	1,684,566
Net cash provided by noncapital financing activities	34,646,521	1,684,566	36,331,087
Cash flows from investing activities:			
Interest earned on investments	53	-	53
Net increase in cash and cash equivalents	6,868,450	1,828,675	8,697,125
Cash and cash equivalents, beginning of year	6,013,296	1,314,963	7,328,259
Cash and cash equivalents, end of year	\$ 12,881,746	\$ 3,143,638	\$ 16,025,384
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (27,132,049)	\$ (1,290,014)	\$ (28,422,063)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	532,889	2,680	535,569
Donated commodities	1,917,904	-	1,917,904
Changes in assets and liabilities:			
Decrease in accounts receivable	45,439	-	45,439
(Increase) decrease in net OPEB asset	12,673	(507)	12,166
Decrease in inventories	377,855	-	377,855
Increase in accounts payable and accrued liabilities	297,712	4,016	301,728
Decrease in accrued salaries and wages payable	(379,791)	-	(379,791)
Increase in unearned revenue	20,807	-	20,807
Increase (decrease) in net pension liability	(3,230,180)	163,961	(3,066,219)
Increase in net OPEB liability	997,461	944,250	1,941,711
Increase in deferred outflows	(693,593)	(306,756)	(1,000,349)
Increase in deferred inflows	736,114	522,499	1,258,613
Increase (decrease) in compensated absences payable	(281,903)	103,980	(177,923)
Total adjustments	353,387	1,434,123	1,787,510
Net cash provided (used) by operating activities	\$ (26,778,662)	\$ 144,109	\$ (26,634,553)

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

CUMBERLAND COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2022

Exhibit 9 (continued)

NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:

The School Food Service Fund received donated commodities with a value of \$1,917,904 during the fiscal year. The receipt of these commodities is reflected as a nonoperating revenue on Exhibit 8. The consumption of these commodities is recorded as an operating expense.

School Food Service Fund capital assets with values of \$38,814 were purchased during the year by the Federal Grants Fund. The value of these assets is reflected as a capital contribution on Exhibit 8.

The School Service Fund reported a loss on disposal of capital assets of \$18,771.

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

CUMBERLAND COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of 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. The Board has no component units.

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. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. These statements distinguish between the *governmental* and *business-type activities* of the Board. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Board and for each function of the Board's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Board's funds. 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. All expenses are considered to be operating expenses.

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 accounted for in another fund.

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

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

CUMBERLAND COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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

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 county debt 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.

Child Care Fund. The Child Care Fund is used to account for the afterschool care program at the elementary schools within the school system. The costs associated with these programs are recovered by user charges.

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

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

D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the purpose level for all annually budgeted funds. The Board has authorized the Superintendent to move moneys (up to \$50,000) within a purpose. Amounts in excess of \$50,000 will be reported to the Board at the next regular meeting. The Superintendent may transfer amounts between purposes without limitations and report to the Board at the

CUMBERLAND COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

next regular meeting. Amendments are required for any revisions that alter total expenditures of any fund. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Fund Equity

1. Deposits and Investments

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

State law [G.S. 115C-443] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a-7) money market mutual fund; and the North Carolina State Treasurer's Short Term Investment Fund (STIF). The STIF is managed by the staff of the Department of State Treasurer and operated in accordance with State laws and regulations. It is not registered with the SEC. The STIF consists of an internal portion and an external portion in which the Board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

The Board's investments are reported at amortized cost or at fair value determined by either quoted market prices or a matrix pricing model. Bank deposits are measured at amortized cost. The NCCMT is reported at fair value. Ownership interest of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

2. Cash and Cash Equivalents

The Board pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments with original maturities of three months or less are essentially demand deposits and are considered cash and cash equivalents.

3. Inventories

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

4. Prepaid Expenditures

Prepaid expenditures represent amounts paid to vendors for goods or services in one period that benefit a future period. The Board utilizes the consumption method of accounting and recognizes prepaid items as expenditures in the period consumed.

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5. Capital Assets

Donated assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 1, 1987 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

For capital assets utilized in governmental activities, it is the policy of the Board to capitalize those assets costing more than \$2,500 with an estimated useful life of two or more years, while for capital assets utilized in business-type activities, it is the policy of the Board to capitalize those assets costing more than \$500 with an estimated useful life of two or more years. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives is not capitalized.

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

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

	<u>Years</u>
Buildings and improvements	10 - 50
Equipment and furniture	5 - 10
Vehicles	5 - 12

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

7. Long-term Obligations

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

8. Compensated Absences

The Board follows the State's policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Board, the

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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, 2022 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.

9. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

Restricted fund balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

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

Restricted for school capital outlay - portion of fund balance that can only be used for school capital outlay [G.S. 159-18 through 22].

Restricted for individual schools – revenue sources restricted for expenditures for the various clubs and organizations, athletic events, and various fundraising activities for which they were collected.

Restricted for scholarships – scholarship money under the control of the Board for the benefit of students in the district.

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

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted. The Board of Education approves the appropriation.

Risk management – Portion of fund balance that will be used for covered workers' compensation claims.

Special revenues – portion of fund balance that represents the residual amount of revenues from certain grants, reimbursements, indirect costs and other financial resources in excess of related expenditures that the Board of Education has assigned to be expended for educational services. This amount can be expended on instructional services, system-wide support services, ancillary services or non-programmed charges.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. A negative unassigned fund balance may be reported in other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes.

The 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 from 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.

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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 a reconciliation between *fund balance - total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. The net adjustment of \$436,224,458 consists of the following elements:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 499,737,870
Less accumulated depreciation	<u>(277,820,060)</u>
Net capital assets	221,917,810
Net OPEB asset	237,857
Deferred outflows of resources related to pensions	81,556,939
Deferred outflows of resources related to OPEB	62,471,032
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	(2,276,005)
Compensated absences	(31,619,881)
Risk management	(2,863,416)
Net pension liability	(76,982,762)
Net OPEB liability	(443,343,337)
Deferred inflows of resources related to pensions	(100,375,912)
Deferred inflows of resources related to OPEB	<u>(144,946,783)</u>
Total adjustment	<u>\$ (436,224,458)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$66,786,786 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 6,553,867
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	(11,231,051)
Proceeds from the sale of capital assets are recorded as revenues in the fund statements but not in the statement of activities.	(88,597)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position	(201,374)
Principal payments on debt owed are recorded as a use of funds on the fund statements but affect only the statement of net position on the government-wide statements	2,486,615
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	47,658,603
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	18,562,993
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	2,681,663
Gain on disposal of capital assets	15,123
Expenses reported in the Statement of Activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements	
Pension (expense) benefit	(19,717,101)
OPEB (expense) benefit	23,723,777
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(3,942,113)
Risk management	335,226
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	(50,845)
Total adjustment	<u>\$ 66,786,786</u>

CUMBERLAND COUNTY BOARD OF EDUCATION
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11. Defined Benefit Pension Plans

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Expenditures Over Appropriations

During the fiscal year ended June 30, 2022, the Board reported expenditures within the General Fund, Capital Outlay Fund and School Food Service Fund that violated State law [G.S. 115C-441] because they exceeded the amount appropriated in the budget ordinance, as summarized below:

	<u>Violation Amount</u>
General Fund:	
Ancillary services	\$ 611
Nonprogrammed charges	<u>279,412</u>
Total	<u>\$ 280,023</u>
Capital Outlay Fund:	
System-wide support services	<u>\$ 86,134</u>
School Food Service Fund:	
Business support services	<u>\$ 1,376,109</u>

Management will monitor budgets monthly and make necessary amendments to avoid expenditures in excess of appropriations.

NOTE 3 - 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.

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The State Treasurer does not confirm this information with the Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Board has no policy regarding custodial credit risk for deposits.

At June 30, 2022, the Board had deposits with banks and savings and loans with a carrying amount of \$22,733,169 and a balance with the State Treasurer of \$894,816. The bank balances with the financial institutions and the State Treasurer were \$27,030,414 and \$34,113,021, respectively. Of these balances, \$3,533,522 was covered by federal depository insurance and \$57,609,913 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2022, the Board had the following investments and maturities:

Investment Type	Rating	Valuation Measurement Method	Fair Value	Maturity
U.S. Government Agencies	AA+	Fair Value - Level 2	\$ 940,570	1 to 3 Years
U.S. Government Agencies	AA+	Fair Value - Level 2	918,540	3 to 5 Years
N.C. Capital Management Trust - Government Portfolio	AAA	Fair Value - Level 1	26,525,423	N/A
Dept. of State Treasurer Short Term Investment Fund (STIF)	Unrated	Fair Value - Level 2	<u>28,908,560</u>	Duration of 1.3 Years
		Totals	<u>\$ 57,293,093</u>	

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

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

Interest Rate Risk and Credit Risk. The Department of State Treasurer Short Term Investment Fund (STIF) is unrated and has a weighted average maturity of 1.3 years as of June 30, 2022. The Board's investments in U.S. Government Agency debt consists of Federal Farm Credit Bank bonds. These bonds were rated AA+ by Standard and Poor's and Aaa by Moody's Investors Service. The Board's investments in the N.C. Capital Management Trust Government Portfolio carried a credit rating of AAA by Standard and Poor's as of June 30, 2022. The STIF is unrated and is authorized under NC General Statute 147-69.1. The Department of State Treasurer Short Term Investment Fund (STIF) is unrated and has a weighted average maturity of 1.3 years as of June 30, 2022. The STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate term treasuries and agencies, and money market instruments. The Board has no policy for managing interest rate risk or credit risk.

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Concentration of Credit Risk. The Board places no limit on the amount the Board may invest with any one issuer. More than 5 percent of the Board's investments are in the following securities:

Issuer	Amount	%
Dept. of State Treasurer (STIF)	\$ 28,908,560	50.50%
N.C. Capital Management Trust - Government Portfolio	26,525,423	46.30%

3. Accounts Receivable

Receivables at the government-wide level at June 30, 2022 are as follows:

	Due from other funds (Internal balances)	Due from other governments	Other	Total
Governmental activities:				
General Fund	\$ 836,436	\$ 229,192	\$ 70,824	\$ 1,136,452
Other governmental activities	(811,654)	1,619,448	21	807,815
Total governmental activities	<u>\$ 24,782</u>	<u>\$ 1,848,640</u>	<u>\$ 70,845</u>	<u>\$ 1,944,267</u>
Business-type activities:				
School Food Service Fund	\$ (24,782)	\$ 269,780	\$ 1,288	\$ 246,286
Child Care Fund	-	-	3,524	3,524
Total business-type activities	<u>\$ (24,782)</u>	<u>\$ 269,780</u>	<u>\$ 4,812</u>	<u>\$ 249,810</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 229,192	Amounts due from County
Special Revenue Fund	183,747	Amounts due for sales tax and federal grant funds
Capital Outlay Fund	1,435,701	Amounts due from County
Total	<u>\$ 1,848,640</u>	
Business-type activities:		
School Food Service Fund	<u>\$ 269,780</u>	Federal funds

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4. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 9,773,526	\$ 393,400	\$ -	\$ 10,166,926
Capital assets being depreciated:				
Buildings and improvements	391,354,412	1,114,764	-	392,469,176
Equipment and furniture	36,346,729	4,725,830	770,411	40,302,148
Vehicles	56,611,249	319,873	131,502	56,799,620
Total capital assets being depreciated	<u>484,312,390</u>	<u>6,160,467</u>	<u>901,913</u>	<u>489,570,944</u>
Less accumulated depreciation for:				
Buildings and improvements	198,289,650	7,375,231	-	205,664,881
Equipment and furniture	26,789,397	2,159,253	733,502	28,215,148
Vehicles	42,338,401	1,696,567	94,937	43,940,031
Total accumulated depreciation	<u>267,417,448</u>	<u>11,231,051</u>	<u>828,439</u>	<u>277,820,060</u>
Total capital assets being depreciated, net	<u>216,894,942</u>			<u>211,750,884</u>
Governmental activity capital assets, net	<u>\$ 226,668,468</u>			<u>\$ 221,917,810</u>

Depreciation was charged to governmental functions as follows:

Instructional services:	
Regular	\$ 5,166,283
Special populations	224,621
Alternative programs	561,553
School leadership services	1,123,105
Co-curricular	561,553
School-based support services	224,621
Unallocated	3,369,315
Total	<u>\$ 11,231,051</u>

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	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment and furniture	\$ 15,479,676	\$ 1,038,276	\$ 149,050	\$ 16,368,902
Vehicles	240,468	-	-	240,468
Total capital assets being depreciated	15,720,144	1,038,276	149,050	16,609,370
Less accumulated depreciation for:				
Equipment and furniture	11,483,382	521,272	130,279	11,874,375
Vehicles	158,553	11,617	-	170,170
Total accumulated depreciation	11,641,935	532,889	130,279	12,044,545
School Food Service capital assets, net	4,078,209			4,564,825
Child Care Fund:				
Capital assets being depreciated:				
Buildings and improvements	57,073	-	-	57,073
Equipment and furniture	224,990	-	13,902	211,088
Vehicles	15,645	-	-	15,645
Total capital assets being depreciated	297,708	-	13,902	283,806
Less accumulated depreciation for:				
Buildings and improvements	33,133	2,680	-	35,813
Equipment and furniture	224,990	-	13,902	211,088
Vehicles	15,645	-	-	15,645
Total accumulated depreciation	273,768	2,680	13,902	262,546
Child Care Fund capital assets, net	23,940			21,260
Business-type activities capital assets, net	\$ 4,102,149			\$ 4,586,085

B. Liabilities

1. Pension Plan and Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

Plan Description. The Board is a participating employer in the statewide Teachers' and State Employees' Retirement System (TSERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. TSERS membership is comprised of employees of the State (state agencies and institutions), universities, community colleges, and certain proprietary component units along with the employees of Local Education Agencies and charter schools. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the TSERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Teachers' and State Employees' Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for TSERS. That report may be obtained by

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writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

TSERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the period July 1, 2021 through December 31, 2021 was 14.78% of covered payroll and 17.98% for the period January 1, 2022 through June 30, 2022, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$48,988,989 for the year ended June 30, 2022.

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

At June 30, 2022, the Board reported a liability of \$79,131,743 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2021 and 2020, the Board's proportion was 1.4741% and 1.4822%, respectively.

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For the year ended June 30, 2022, the Board recognized pension expense of \$20,290,066. At June 30, 2022, 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	\$ 4,448,097	\$ 1,797,169
Changes of assumptions	29,683,168	-
Net difference between projected and actual earnings on pension plan investments	-	98,045,215
Changes in proportion and differences between Board contributions and proportionate share of contributions	713,355	3,335,531
Board contributions subsequent to the measurement date	48,988,989	-
Total	<u>\$ 83,833,609</u>	<u>\$ 103,177,915</u>

\$48,988,989 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, 2023. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2023	\$ (10,718,911)
2024	(13,401,719)
2025	(14,142,594)
2026	<u>(30,070,071)</u>
Total	<u>\$ (68,333,295)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 8.05 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

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

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The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

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

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

Discount rate. The discount rate used to measure the total pension liability reported at June 30, 2022 and 2021 was 6.50% and 7.00%, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Board's proportionate share of the net pension asset to changes in the discount rate. The following presents the Board's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Board's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Board's proportionate share of the net pension liability (asset)	\$ 265,437,679	\$ 79,131,743	\$ (75,735,192)

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

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b. Other Postemployment Benefits

1. Healthcare Benefits

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

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

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

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

Those former employees who are eligible to receive medical benefits from RHBF are long-term disability beneficiaries of the Disability Income Plan of North Carolina (DIPNC) and retirees of the TSERS, the Consolidated Judicial Retirement System (CJRS), the Legislative Retirement System (LRS), the University Employees' Optional Retirement Program (ORP), and a small number of local governments, with five or more years of contributory membership service in their retirement system prior to disability or retirement, with the following exceptions: for employees first hired on or after October 1, 2006, and members of the General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the General Assembly is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on or after October 1, 2006 and members of the General Assembly first taking office on or after February 1, 2007 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's noncontributory premium.

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

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

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also, by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the period July 1, 2021 through December 31, 2021, the Board contributed 6.68% of covered payroll and 5.90% for the period January 1, 2022 through June 30, 2022, which amounted to \$18,812,011 for the entire fiscal year. During the current fiscal year, the plan also recognized a one-time transfer of excess funding from the Public Employees Health Benefits Fund totaling \$187.0 million, which was isolated from the OPEB expense and allocated to participating employers as a separate revenue item. The Board's proportionate share of this allocation totaled \$2,756,522.

At June 30, 2022, the Board reported a liability of \$455,719,306 for its proportionate share of the net RHBF OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. The total OPEB liability was then rolled forward to the measurement date of June 30, 2021 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, 2021 and 2020, the Board's proportion was 1.4741% and 1.4822%, respectively.

\$18,812,011 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, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2023	\$ (60,819,861)
2024	(26,898,366)
2025	(7,887,461)
2026	(13,611,738)
2027	<u>4,740,050</u>
Total	<u>\$ (104,477,376)</u>

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

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Inflation	2.50%
Salary increases	3.25-8.05%, include 3.25% inflation and productivity factor
Investment rate of return	6.50%

Healthcare cost trend rates:

Medical	5.00-6.00%
Prescription drug	5.00-9.50%
Administrative costs	3.00%
Post-retirement mortality rates	Pub-2010 Healthy Annuitant Mortality Table for males and females, adjusted for classification for some Participants, further adjusted with scaling factors varying by participant group, and projected for mortality improvement using Scale MP-2019

Discount rate. The discount rates used to measure the total OPEB liability for the RHBF at June 30, 2022 and 2021 were 2.16% and 2.21%, respectively. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 2.16% was used as the discount rate used to measure the total OPEB liability. The 2.16% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2021.

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 (1.16 percent) or 1-percentage point higher (3.16 percent) than the current discount rate:

	1% decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Net OPEB liability	\$ 542,071,490	\$ 455,719,306	\$ 385,783,752

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

	Healthcare Trend Rates		
	1% Decrease (Medical - 4.00-5.00%, Pharmacy - 4.00-8.50%, Medicare Advantage - 4.00%, Administrative - 2.00%)	(Medical - 5.00-6.00%, Pharmacy - 5.00-9.50%, Medicare Advantage - 5.00%, Administrative - 3.00%)	1% increase (Medical -6.00-7.00%, Pharmacy - 6.00-10.50%, Medicare Advantage - 6.00%, Administrative - 4.00%)
Net OPEB liability	\$ 369,055,779	\$ 455,719,306	\$ 570,686,448

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 Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan, to the eligible members of TSERS which includes employees of the State, the University of North Carolina System, community colleges, certain Local Education Agencies, and ORP.

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

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

Benefits Provided. Long-term disability benefits are payable as an OPEB from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. An employee is eligible to receive long-term disability benefits provide the following requirements are met: (1) the employee has five or more years of contributing membership service in TSERS or ORP, earned within 96 months prior to the end of the short-term disability period or cessation of salary continuation payments, whichever is later; (2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from TSERS after (1) reaching the age of 65 and completing 5 years of membership service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of service at any age.

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2022, employers made a statutory contribution of 0.09% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$269,170 for the year ended June 30, 2022.

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

At June 30, 2022, the Board reported an asset of \$244,497 for its proportionate share of the net DIPNC OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020. The total OPEB liability was then rolled forward to the measurement date of June 30, 2021 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, 2021 and 2020, the Board's proportion was 1.4969% and 1.4848%, respectively.

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\$269,170 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2023	\$	165,421
2024		114,498
2025		146,918
2026		73,064
2027		29,984
Thereafter		88,245
Total	\$	<u>618,130</u>

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

Inflation	2.50%
Salary increases	3.25%-8.05%, include 3.25% inflation and productivity factor
Investment rate of return	3.00%, 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 (2.00 percent) or 1-percentage point higher (4.00 percent) than the current discount rate:

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
Net OPEB asset	\$ 154,371	\$ 244,497	\$ 327,872

Common actuarial assumptions for both OPEB plans. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2020 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2021. 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, 2015 through December 31, 2019.

DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2021. The long-term expected rate of return was determined based on the combination of expected future real rates of return and expected inflation. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2021 is 1.3%.

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Following is information related to OPEB expense, proportionate share, assets, liabilities, deferred outflows of resources and deferred inflows of resources reported by the Board as of and for the year ended June 30, 2022:

	<u>RHBF</u>	<u>DIPNC</u>	<u>Total</u>
OPEB expense (benefit)	\$ (23,770,496)	\$ 543,103	\$ (23,227,393)
OPEB liability (asset)	\$ 455,719,306	\$ (244,497)	\$ 455,474,809
Proportionate share of the net OPEB liability (asset)	1.4741%	1.4969%	
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 2,690,501	\$ 623,397	\$ 3,313,898
Changes of assumptions	37,273,916	42,930	37,316,846
Net difference between projected and actual earnings on plan investments	-	23,860	23,860
Changes in proportion and differences between Board contributions and proportionate share of contributions	4,414,320	64,815	4,479,135
Board contributions subsequent to the measurement date	18,812,011	269,170	19,081,181
Totals	<u>\$ 63,190,748</u>	<u>\$ 1,024,172</u>	<u>\$ 64,214,920</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 8,483,058	\$ -	\$ 8,483,058
Changes of assumptions	110,749,696	88,764	110,838,460
Net difference between projected and actual earnings on plan investments	233,119	-	233,119
Changes in proportion and differences between Board contributions and proportionate share of contributions	29,390,240	48,108	29,438,348
Totals	<u>\$ 148,856,113</u>	<u>\$ 136,872</u>	<u>\$ 148,992,985</u>

2. Accounts Payable

Accounts payable as of June 30, 2022 are as follows:

	<u>Vendors and Other</u>
Governmental activities:	
General Fund	\$ 12,382,747
Other governmental activities	334,995
Total governmental activities	<u>\$ 12,717,742</u>
Business-type activities:	
School Food Service Fund	\$ 382,737
Child Care Fund	4,105
Total business-type activities	<u>\$ 386,842</u>

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3. Unearned Revenues

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

Governmental activities:

Grants, programs and donations (Special Revenue Fund) \$ 6,351,249

Business-type activities:

Prepayments of meals (School Food Service Fund) \$ 245,128

4. Deferred Outflows and Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 7,761,995	\$ 10,280,227
Changes of assumptions	67,000,011	110,838,460
Net difference between projected and actual earnings on pension and OPEB plan investments	23,860	98,278,334
Changes in proportion and differences between Board contributions and proportionate share of contributions	5,192,490	32,773,879
Board contributions subsequent to the measurement date	<u>68,070,170</u>	<u>-</u>
Total	<u>\$ 148,048,526</u>	<u>\$ 252,170,900</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 Star Insurance Company. The Board is self-insured for the first \$400,000 per occurrence. The risk management (claims) liability of \$2,863,416 at June 30, 2022, 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 2022 and 2021 are as follows:

	<u>Balance Beginning of Fiscal Year</u>	<u>Net Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance End of Fiscal Year</u>
2021 - 2022	\$ 3,198,642	\$ (21,564)	\$ (313,662)	\$ 2,863,416
2020 - 2021	2,929,705	(7,050,095)	(7,319,032)	3,198,642

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The Board purchases General, Auto, and School Board Legal coverage from Lloyds of London with the following per occurrence and aggregate limits:

General Liability – Per Occurrence - \$4,850,000 - Annual Aggregate \$9,700,000

Auto Liability – Per Occurrence - \$2,850,000 - Annual Aggregate Not Applicable

School Board Legal/E&O – Per Occurrence – \$4,850,000 – Annual Aggregate \$9,700,000

Employee Benefits Liability – Per Occurrence – 4,850,000 – Annual Aggregate \$9,700,000

Law Enforcement Liability – Per Occurrence - \$4,850,000 – Annual Aggregate \$9,700,000

Sexual Abuse Liability – Each Claim - \$4,850,000 – Annual Aggregate \$5,800,000

The Board insures its tangible property assets with Affiliated FM Insurance Company. The company provides coverage on an All Risk of Physical Loss or Damage basis subject to certain exclusions. A limit of \$500,000,000 is provided as a result of any one occurrence subject to the respective sub-limits of liability. The perils of Flood and Earthquake are subject to \$50,000,000 annual aggregate limit.

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

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

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

7. Long-Term Obligations

a. Direct Placement Installment Purchases

The Board is authorized 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 original amount of the contract was \$2,326,773. 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, 2022 for this contract totals \$644,529.

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 financing contracts entered into pursuant to G.S. 115C-528. The State has accepted the bid to purchase Thomas Built Buses through special third-party direct placement financing arrangements. During the prior fiscal year, the Board entered into such a contract for the purchase of school buses. The buses are pledged as collateral for the debt while the debt is outstanding. The original amount of the outstanding

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installment purchase contracts totaled \$4,142,129. The contracts each require four equal principal-only payments with the first payment due within ten days of receipt of the buses and the following three payments due on each of the three subsequent November 15th dates.

The future minimum payments of the installment purchases as of June 30, 2022 are as follows:

<u>Year Ending June 30:</u>	<u>Governmental Activities</u>
	<u>Principal</u>
2023	\$ 1,318,907
2024	738,873
2025	218,225
Totals	<u>\$ 2,276,005</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, 2022:

	<u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2022</u>	<u>Current Portion</u>
Governmental activities:					
Direct placement	\$ 4,561,246	\$ 201,374	\$ 2,486,615	\$ 2,276,005	\$ 1,318,907
installment purchases					
Net pension liability	199,436,914	-	122,454,152	76,982,762	-
Net OPEB liability	400,732,588	42,610,749	-	443,343,337	-
Compensated absences	27,677,768	20,001,283	16,059,170	31,619,881	10,650,150
Risk management	3,198,642	(21,564)	313,662	2,863,416	-
Total	<u>\$635,607,158</u>	<u>\$ 62,791,842</u>	<u>\$ 141,313,599</u>	<u>\$557,085,401</u>	<u>\$ 11,969,057</u>
Business-type activities:					
Net pension liability	\$ 5,215,200	\$ -	\$ 3,066,219	\$ 2,148,981	\$ -
Net OPEB liability	10,434,258	1,941,711	-	12,375,969	-
Compensated absences	1,141,693	742,393	920,316	963,770	444,512
Total	<u>\$ 16,791,151</u>	<u>\$ 2,684,104</u>	<u>\$ 3,986,535</u>	<u>\$ 15,488,720</u>	<u>\$ 444,512</u>

Compensated absences, net pension and net OPEB liabilities related to governmental activities are typically liquidated by the General and other governmental funds. Installment purchases are typically liquidated by the General and Capital Outlay funds.

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C. Interfund Balances and Activity

1. Interfund Balances

The composition of interfund balances as of June 30, 2022 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	State Public School Fund	\$ 832,637
General Fund	Federal Grants Fund	62,179
General Fund	Special Revenue Fund	7,614
Special Revenue Fund	General Fund	90,776
General Fund	School Food Service Fund	24,782

The interfund balances above were created in the normal operating cycle of the Board. All amounts are expected to be repaid during the year ended June 30, 2023.

2. Transfers / Contributed Capital

During the year ended June 30, 2022, School Food Service Fund capital assets with a value of \$38,814 were purchased by the Federal Grants Fund. This amount is presented as a transfer between governmental and business-type activities in Exhibit 2 and as contributed capital in Exhibit 8.

D. Fund Balance

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

Total fund balance - General Fund	\$ 38,432,547
Less:	
Inventories	(424,868)
Prepaid expenditures	(3,476,134)
Stabilization by State statute	(1,240,767)
Risk management	(2,863,416)
Appropriated fund balance in the 2022-2023 budget	<u>(8,713,882)</u>
Unassigned fund balance	<u>\$ 21,713,480</u>

Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. Encumbrances outstanding at June 30, 2022 are as follows:

	<u>Encumbrances</u>
General Fund	\$ 13,539
State Public School Fund	321,008
Federal Grants Fund	7,754,104

CUMBERLAND COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 4 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

NOTE 5 – PRIOR PERIOD ADJUSTMENTS

During the year ended June 30, 2022, the Board reported the following prior period adjustments:

1. It was determined during the current year that cash, receivables and various liability accounts reported in the General Fund in the prior year were misstated. The adjustment to correct these misstatements had the effect of increasing governmental activities net position and fund balance in the General Fund, as previously reported at June 30, 2021, by \$1,125,862.
2. It was determined during the current year that sales tax receivable reported in the Special Revenue Fund in the prior year was overstated by \$826,275. The adjustment to correct this misstatement had the effect of decreasing governmental activities net position and fund balance in the Special Revenue Fund, as previously reported at June 30, 2021, by \$826,275.
3. It was determined during the current year that unearned revenue reported in the Combined Athletics Fund in the prior year was overstated by \$671,407. The adjustment to correct this misstatement had the effect of increasing governmental activities net position and fund balance in the Combined Athletics Fund, as previously reported at June 30, 2021, by \$671,407.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

Schedule of Board Contributions
Retiree Health Benefit Fund

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

Schedule of Board Contributions
Disability Income Plan of North Carolina

**CUMBERLAND COUNTY BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
LAST NINE FISCAL YEARS***

	2022	2021	2020	2019	2018
Board's proportion of the net pension liability (asset)	1.690%	1.694%	1.772%	1.720%	1.720%
Board's proportionate share of the net pension liability (asset)	\$ 79,131,743	\$ 204,652,114	\$ 183,778,157	\$ 170,769,825	\$ 136,772,307
Board's covered payroll	\$ 269,869,154	\$ 271,124,791	\$ 266,681,812	\$ 254,284,904	\$ 248,783,034
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	29.32%	75.48%	68.91%	67.16%	54.98%
Plan fiduciary net position as a percentage of the total pension liability	94.86%	85.98%	87.56%	87.61%	89.51%

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	2017	2016	2015	2014
Board's proportion of the net pension liability (asset)	1.776%	1.861%	1.885%	1.941%
Board's proportionate share of the net pension liability (asset)	\$ 163,160,106	\$ 68,577,452	\$ 22,097,439	\$ 117,814,195
Board's covered payroll	\$ 241,587,903	\$ 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	67.54%	27.10%	9.02%	42.76%
Plan fiduciary net position as a percentage of the total pension liability	87.32%	94.64%	98.24%	90.60%

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

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

**CUMBERLAND COUNTY BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
LAST NINE FISCAL YEARS**

	2022	2021	2020	2019	2018
Contractually required contribution	\$ 48,988,989	\$ 39,886,661	\$ 34,952,765	\$ 32,775,195	\$ 27,411,913
Contributions in relation to the contractually required contribution	48,988,989	39,886,661	34,952,765	32,775,195	27,411,913
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 299,078,077	\$ 269,548,344	\$ 271,124,791	\$ 266,681,812	\$ 254,284,904
Contributions as a percentage of covered payroll	16.38%	14.80%	12.89%	12.29%	10.78%

	2017	2016	2015	2014
Contractually required contribution	\$ 24,828,547	\$ 21,670,435	\$ 22,702,534	\$ 22,044,341
Contributions in relation to the contractually required contribution	24,828,547	21,670,435	22,702,534	22,044,341
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 248,783,034	\$ 241,587,903	\$ 253,094,029	\$ 244,937,120
Contributions as a percentage of covered payroll	9.98%	8.97%	8.97%	9.00%

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

**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 SIX FISCAL YEARS***

	2022	2021	2020	2019	2018
Board's proportion of the net OPEB liability (asset)	1.4741%	1.4820%	1.5510%	1.5300%	1.5810%
Board's proportionate share of the net OPEB liability (asset)	\$ 455,719,306	\$ 411,166,846	\$ 490,843,482	\$ 435,814,176	\$ 518,296,049
Board's covered payroll	\$ 269,869,154	\$ 271,124,791	\$ 266,681,812	\$ 254,284,904	\$ 248,783,034
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	168.87%	151.65%	184.06%	171.39%	208.33%
Plan fiduciary net position as a percentage of the total OPEB liability	7.72%	6.92%	4.40%	4.40%	3.52%

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	2017
Board's proportion of the net OPEB liability (asset)	1.5850%
Board's proportionate share of the net OPEB liability (asset)	\$ 689,415,246
Board's covered payroll	\$ 241,587,903
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	285.37%
Plan fiduciary net position as a percentage of the total OPEB liability	2.41%

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

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

**CUMBERLAND COUNTY BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
RETIREE HEALTH BENEFIT FUND
LAST TEN FISCAL YEARS**

	2022	2021	2020	2019	2018
Contractually required contribution	\$ 18,812,011	\$ 18,027,260	\$ 17,435,959	\$ 16,720,950	\$ 15,384,237
Contributions in relation to the contractually required contribution	18,812,011	18,027,260	17,435,959	16,720,950	15,384,237
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 299,078,077	\$ 269,548,344	\$ 271,124,791	\$ 266,681,812	\$ 254,284,904
Contributions as a percentage of covered payroll	6.29%	6.69%	6.43%	6.27%	6.05%
	2017	2016	2015	2014	2013
Contractually required contribution	\$ 13,931,850	\$ 15,143,344	\$ 15,175,685	\$ 14,457,345	\$ 14,603,884
Contributions in relation to the contractually required contribution	13,931,850	15,143,344	15,175,685	14,457,345	14,603,884
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 248,783,034	\$ 241,587,903	\$ 253,094,029	\$ 244,937,120	\$ 275,544,981
Contributions as a percentage of covered payroll	5.60%	6.27%	6.00%	5.90%	5.30%

**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 SIX FISCAL YEARS***

	2022	2021	2020	2019	2018
Board's proportion of the net OPEB asset	1.4969%	1.4850%	1.5670%	1.5230%	1.5230%
Board's proportionate share of the net OPEB asset	\$ 244,497	\$ 730,423	\$ 676,022	\$ 462,572	\$ 931,157
Board's covered payroll	\$ 269,869,154	\$ 271,124,791	\$ 266,681,812	\$ 254,284,904	\$ 248,783,034
Board's proportionate share of the net OPEB asset as a percentage of its covered payroll	0.09%	0.27%	0.25%	0.18%	0.37%
Plan fiduciary net position as a percentage of the total OPEB asset	105.18%	115.57%	113.00%	108.47%	116.23%

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	2017
Board's proportion of the net OPEB asset	1.5840%
Board's proportionate share of the net OPEB asset	\$ 983,664
Board's covered payroll	\$ 241,587,903
Board's proportionate share of the net OPEB asset as a percentage of its covered payroll	0.41%
Plan fiduciary net position as a percentage of the total OPEB asset	116.06%

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

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

**CUMBERLAND COUNTY BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
DISABILITY INCOME PLAN OF NORTH CAROLINA
LAST TEN FISCAL YEARS**

	2022	2021	2020	2019	2018
Contractually required contribution	\$ 269,170	\$ 242,882	\$ 269,489	\$ 373,355	\$ 355,999
Contributions in relation to the contractually required contribution	269,170	242,882	269,489	373,355	355,999
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 299,078,077	\$ 269,548,344	\$ 271,124,791	\$ 266,681,812	\$ 254,284,904
Contributions as a percentage of covered payroll	0.09%	0.09%	0.10%	0.14%	0.14%
	2017	2016	2015	2014	2013
Contractually required contribution	\$ 928,130	\$ 1,133,339	\$ 1,216,266	\$ 1,178,006	\$ 1,213,398
Contributions in relation to the contractually required contribution	928,130	1,133,339	1,216,266	1,178,006	1,213,398
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 248,783,034	\$ 241,587,903	\$ 25,309,402	\$ 244,937,120	\$ 275,772,273
Contributions as a percentage of covered payroll	0.38%	0.41%	0.41%	0.44%	0.44%

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CUMBERLAND COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2022

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Cumberland County:			
County appropriation	\$ 83,033,918	\$ 83,033,918	\$ -
Other:			
Fines and forfeitures	1,600,000	3,110,599	1,510,599
Interest earned on investment	120,000	88,665	(31,335)
E-rate reimbursement	8,371,915	1,425,710	(6,946,205)
Miscellaneous	437,000	897,429	460,429
Total other	10,528,915	5,522,403	(5,006,512)
Total revenues	93,562,833	88,556,321	(5,006,512)
Expenditures:			
Current:			
Instructional services:			
Regular instructional		2,452,832	
Special populations		2,605,257	
Alternative programs		966,694	
School leadership		21,759,328	
Co-curricular		2,424,683	
School-based support		12,340,183	
Total instructional services	48,742,919	42,548,977	6,193,942
System-wide support services:			
Support and development		9,709,705	
Special population support and development		239,588	
Alternative programs and services			
support and development		23,147	
Technology support		2,946,712	
Operational support		29,632,624	
Financial and human resource services		4,312,747	
Accountability		666,160	
System-wide pupil support		168,931	
Policy, leadership and public relations		2,412,080	
Total system-wide support services	52,500,389	50,111,694	2,388,695
Ancillary services:			
Community		102	
Nutrition		2,509	
Total ancillary services	2,000	2,611	(611)
Non-programmed charges:			
Payments to other governments	1,900,000	2,179,412	(279,412)

CUMBERLAND COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)
GENERAL FUND
For the Fiscal Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Debt service:			
Principal retirement		222,782	
Interest and fees		17,776	
Total debt service	<u>240,558</u>	<u>240,558</u>	<u>-</u>
Total expenditures	<u>103,385,866</u>	<u>95,083,252</u>	<u>8,302,614</u>
Revenues over (under) expenditures	(9,823,033)	(6,526,931)	3,296,102
Other financing sources:			
Insurance proceeds	1,687,157	1,706,356	19,199
Fund balance appropriated	<u>8,135,876</u>	<u>-</u>	<u>(8,135,876)</u>
Net change in fund balance	<u>\$ -</u>	<u>(4,820,575)</u>	<u>\$ (4,820,575)</u>
Fund balance:			
Beginning of year, as previously reported		42,178,105	
Restatement (Note 5)		<u>1,125,862</u>	
Beginning of year, as restated		43,303,967	
Change in reserve for inventories		<u>(50,845)</u>	
End of year		<u>\$ 38,432,547</u>	

CUMBERLAND COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CAPITAL OUTLAY FUND
For the Fiscal Year Ended June 30, 2022

	Final Budget	Actual	Variance with Final Budget
Revenues:			
State of North Carolina:			
State appropriations - buses	\$ 2,263,833	\$ 2,263,833	\$ -
K-12 Athletic Facilities Grant	-	211,387	211,387
Total State of North Carolina	2,263,833	2,475,220	211,387
Cumberland County:			
General county revenues	19,561,937	9,988,090	(9,573,847)
Other:			
Miscellaneous	-	3	3
Total revenues	21,825,770	12,463,313	(9,362,457)
Expenditures:			
Current:			
Instructional services:			
Co-curricular		117,444	
School-based support		1,076,122	
Total instructional services	1,459,375	1,193,566	265,809
System-wide support services:			
Technology		84,760	
Operational support		201,374	
Total system-wide support services	200,000	286,134	(86,134)
Debt service:			
Principal retirement	2,263,833	2,263,833	-
Capital outlay:			
Land, buildings and site improvements	16,634,968	8,107,732	8,527,236
Furnishings and equipment	397,143	281,235	115,908
Vehicles	1,271,110	320,173	950,937
Total capital outlay	18,303,221	8,709,140	9,594,081
Total expenditures	22,226,429	12,452,673	9,773,756
Revenues over (under) expenditures	(400,659)	10,640	411,299
Other financing sources:			
Proceeds from disposal of capital assets	4,604	88,597	83,993
Insurance proceeds	-	2,050	2,050
Installment purchase obligations issued	-	201,374	201,374
Total other financing sources	4,604	292,021	287,417
Fund balance appropriated	396,055	-	(396,055)
Net change in fund balance	\$ -	302,661	\$ 302,661
Fund balance:			
Beginning of year		3,284,753	
End of year		\$ 3,587,414	

CUMBERLAND COUNTY BOARD OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2022

	Special Revenue Funds			
	Individual Schools Fund	Combined Athletics Fund	Administrative Fund	Totals
Assets				
Cash and cash equivalents	\$ 2,918,606	\$ 655,633	\$ 498,769	\$ 4,073,008
Accounts receivable	-	21	-	21
Total assets	<u>\$ 2,918,606</u>	<u>\$ 655,654</u>	<u>\$ 498,769</u>	<u>\$ 4,073,029</u>
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 55,249	\$ -	\$ 55,249
Fund balances				
Restricted:				
Stabilization by State statute	-	21	-	21
Scholarships	-	-	498,769	498,769
Individual schools	<u>2,918,606</u>	<u>600,384</u>	<u>-</u>	<u>3,518,990</u>
Total fund balances	<u>2,918,606</u>	<u>600,405</u>	<u>498,769</u>	<u>4,017,780</u>
Total liabilities and fund balances	<u>\$ 2,918,606</u>	<u>\$ 655,654</u>	<u>\$ 498,769</u>	<u>\$ 4,073,029</u>

CUMBERLAND COUNTY BOARD OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2022

	Special Revenue Funds			
	Individual Schools Fund	Combined Athletics Fund	Administrative Fund	Totals
Revenues:				
Other	\$ 4,872,967	\$ 937,245	\$ 95,300	\$ 5,905,512
Total revenues	<u>4,872,967</u>	<u>937,245</u>	<u>95,300</u>	<u>5,905,512</u>
Expenditures:				
Current:				
Instructional services:				
Co-curricular	4,762,564	937,701	-	5,700,265
System-wide support services:				
Operational support	-	53,418	-	53,418
Non-programmed charges:				
Scholarships	<u>-</u>	<u>-</u>	<u>60,978</u>	<u>60,978</u>
Total expenditures	<u>4,762,564</u>	<u>991,119</u>	<u>60,978</u>	<u>5,814,661</u>
Net change in fund balance	<u>110,403</u>	<u>(53,874)</u>	<u>34,322</u>	<u>90,851</u>
Fund balances:				
Beginning of year, as previously reported	2,808,203	(17,128)	464,447	3,255,522
Restatement (Note 5)	<u>-</u>	<u>671,407</u>	<u>-</u>	<u>671,407</u>
Beginning of year, as restated	<u>2,808,203</u>	<u>654,279</u>	<u>464,447</u>	<u>3,926,929</u>
End of year	<u>\$ 2,918,606</u>	<u>\$ 600,405</u>	<u>\$ 498,769</u>	<u>\$ 4,017,780</u>

CUMBERLAND COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
SCHOOL FOOD SERVICE FUND
For the Fiscal Year Ended June 30, 2022

	Final Budget	Actual	Variance with Final Budget
Operating revenues:			
Food sales	\$ 338,753	\$ 479,291	\$ 140,538
Other	-	53,316	53,316
Total operating revenues	<u>338,753</u>	<u>532,607</u>	<u>193,854</u>
Operating expenditures:			
Business support services:			
Purchase of food		11,168,915	
Donated commodities		1,917,904	
Salaries and benefits		14,334,887	
Materials and supplies		87,618	
Repairs and maintenance		482,658	
Contracted services		1,135,732	
Other		85,626	
Total operating expenditures	<u>28,836,693</u>	<u>30,212,802</u>	<u>(1,376,109)</u>
Operating loss	<u>(28,497,940)</u>	<u>(29,680,195)</u>	<u>(1,182,255)</u>
Nonoperating revenues:			
Federal reimbursements	26,952,940	34,518,741	7,565,801
Federal commodities	1,545,000	1,917,904	372,904
Interest earned	-	53	53
Total nonoperating revenues	<u>28,497,940</u>	<u>36,436,698</u>	<u>7,938,758</u>
Net change in fund balance	<u>\$ -</u>	<u>6,756,503</u>	<u>\$ 6,756,503</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(532,889)	
Capital contributions		38,814	
Equipment purchases		999,462	
Loss on disposal of capital assets		(18,771)	
Net OPEB asset		(12,673)	
Net pension liability		3,230,180	
Net OPEB liability		(997,461)	
Deferred outflows - pension and OPEB		693,593	
Deferred inflows - pension and OPEB		(736,114)	
Decrease in compensated absences payable		281,903	
Decrease in inventory		(377,855)	
Change in net position (full accrual)		<u>\$ 9,324,692</u>	

CUMBERLAND COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
CHILD CARE FUND
For the Fiscal Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Operating revenues:			
Child care fees	\$ 3,224,584	\$ 1,531,982	\$ (1,692,602)
Other	55,000	63,360	8,360
Total operating revenues	<u>3,279,584</u>	<u>1,595,342</u>	<u>(1,684,242)</u>
Operating expenditures:			
Regular community services:			
Purchase of food		5,206	
Salaries and benefits		1,346,311	
Materials and supplies		11,313	
Repairs and maintenance		4,164	
Contracted services		5,839	
Other		82,416	
Total operating expenditures	<u>4,964,150</u>	<u>1,455,249</u>	<u>3,508,901</u>
Operating income (loss)	<u>(1,684,566)</u>	<u>140,093</u>	<u>1,824,659</u>
Nonoperating revenues:			
Contracted service revenue	<u>1,684,566</u>	<u>1,684,566</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>1,824,659</u>	<u>\$ 1,824,659</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(2,680)	
Net OPEB asset		507	
Net pension liability		(163,961)	
Net OPEB liability		(944,250)	
Deferred outflows - pension and OPEB		306,756	
Deferred inflows - pension and OPEB		<u>(522,499)</u>	
Change in net position (full accrual)		<u>\$ 394,552</u>	



CUMBERLAND COUNTY BOARD OF EDUCATION
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022



STATISTICAL SECTION

THE CUMBERLAND COMMITMENT
Collaborative, Competitive & Successful Students

STATISTICAL SECTION (Unaudited)

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

Sections

Financial Trends

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

Operating Information

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

Demographic and Economic Information

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

Debt Capacity

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

Revenue Capacity

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



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

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities										
Net investment in capital assets	\$ 219,641,805	\$ 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
Restricted	10,221,543	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
Unrestricted	(614,415,656)	(689,572,089)	(725,972,135)	(720,481,278)	(735,738,718)	(48,807,690)	(46,375,094)	(64,650,700)	9,388,389	16,115,645
Total governmental activities net position	\$ (384,552,308)	\$ (450,592,438)	\$ (487,932,411)	\$ (478,863,898)	\$ (490,483,156)	\$ 204,725,657	\$ 214,584,791	\$ 203,479,558	\$ 284,501,804	\$ 298,132,499
Business-type activities										
Net investment in capital assets	\$ 4,586,085	\$ 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
Restricted	30,737	18,806	17,441	12,083	23,443	-	-	-	-	-
Unrestricted	(2,130,601)	(11,353,978)	(6,219,045)	(6,483,326)	(6,764,106)	10,361,385	10,240,489	8,177,230	10,826,835	11,402,958
Total business-type activities net position	\$ 2,486,221	\$ (7,233,023)	\$ (1,840,902)	\$ (2,201,300)	\$ (3,555,722)	\$ 13,378,189	\$ 12,197,190	\$ 10,171,272	\$ 12,940,089	\$ 13,597,306
Primary Government										
Net investment in capital assets	\$ 224,227,890	\$ 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
Restricted	10,252,280	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
Unrestricted	(616,546,257)	(700,926,067)	(732,191,180)	(726,964,604)	(742,502,824)	(38,446,305)	(36,134,605)	(56,473,470)	20,215,224	27,518,603
Total primary government net position	\$ (382,066,087)	\$ (457,825,461)	\$ (489,773,313)	\$ (481,065,198)	\$ (494,038,878)	\$ 218,103,846	\$ 226,781,981	\$ 213,650,830	\$ 297,441,893	\$ 311,729,805

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,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental Activities:										
Instructional services:										
Regular instructional	\$ 225,387,570	\$ 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
Special populations	53,116,035	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
Alternative programs	39,510,317	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
School leadership	37,990,338	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
Co-curricular	8,643,894	5,317,924	11,554,153	12,784,045	12,859,684	12,750,911	12,610,379	12,620,884	13,280,148	13,019,167
School-based support	41,279,340	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
System-wide support services:										
Support and development	9,756,121	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
Special populations support and development	2,466,379	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
Alternative programs, services support & development	1,146,128	1,373,775	1,478,356	1,295,850	1,005,964	588,262	586,537	585,469	567,106	608,945
Technology support	3,799,680	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
Operational support	70,173,629	47,295,077	55,180,463	52,690,001	53,488,488	51,634,980	47,597,930	47,210,238	53,482,787	53,645,786
Financial and human services	5,711,377	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
Accountability	679,969	750,124	852,210	826,875	634,110	684,169	620,478	615,629	636,182	621,771
System-wide pupil support	146,283	148,574	1,966,506	330,666	1,147,540	913,413	588,906	61,163	68,825	1,408
Policy, leadership and public relations	3,332,658	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
Ancillary services	2,778,484	1,912,951	442,056	478,168	90,331	96,557	101,931	62,468	58,137	70,955
Nonprogram charges	2,241,590	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
Unallocated depreciation expense *	3,369,315	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
Interest expense	17,776	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	\$ 511,546,883	\$ 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
Business-type activities:										
School food service	27,664,656	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
Child care	2,885,356	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
Total business-type activities	30,550,012	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
Total primary government	542,096,895	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
Program Revenues:										
Governmental activities:										
Charges for services										
Instructional	5,905,512	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
Operating grants and contributions	440,951,618	362,447,313	341,645,972	336,013,131	317,941,450	305,034,891	295,093,226	300,155,622	289,427,901	294,630,175
Capital grants and contributions	2,263,833	1,779,655	2,161,100	3,812,057	2,097,887	2,333,024	-	504,421	-	-
Total governmental activities program revenue	\$ 449,120,963	\$ 365,984,399	\$ 350,912,397	\$ 347,301,844	\$ 327,889,525	\$ 315,362,408	\$ 303,586,009	\$ 308,974,981	\$ 298,136,120	\$ 303,338,313

* 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,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Program revenues (continued):										
Business-type activities										
Charges for services										
School food service	\$ 479,291	\$ 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
Child care	1,531,982	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
Operating grants and contributions	36,436,645	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
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenue	38,447,918	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
Total primary government program revenue	487,568,881	382,255,118	381,096,677	379,284,631	360,576,813	346,601,626	334,769,071	337,630,372	327,279,904	333,519,953
Net (expense)/revenue										
Governmental activities	(62,425,920)	(93,849,659)	(135,512,537)	(116,110,530)	(126,530,006)	(120,590,442)	(96,752,020)	(87,804,925)	(114,965,781)	(123,506,639)
Business-type activities	7,897,906	(5,392,153)	(767,964)	1,177,817	740,124	1,108,478	1,979,414	(296,859)	(694,899)	(430,576)
Total primary government net expense	(54,528,014)	(99,241,812)	(136,280,501)	(114,932,713)	(125,789,882)	(119,481,964)	(94,772,606)	(88,101,784)	(115,660,680)	(123,937,215)
General revenues and other changes in net assets:										
Governmental activities:										
Unrestricted county appropriations - operating	83,033,918	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
Unrestricted county appropriations - capital	9,988,090	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
Unrestricted State appropriations - operating	20,584,421	16,389,526	13,216,096	10,562,397	8,829,146	6,189,832	1,807,461	1,802,278	1,808,117	1,808,677
Unrestricted State appropriations - capital	211,387	2,515,396	1,973,255	2,487,114	2,517,004	2,590,769	2,372,630	-	184,145	1,443,255
Unrestricted Federal appropriations - operating	4,118,263	5,728,594	5,270,240	4,498,235	3,606,381	4,033,227	4,332,426	4,907,172	4,480,986	5,834,185
Investment earnings, unrestricted	88,665	239,005	1,064,289	1,207,247	386,588	224,522	207,692	166,939	175,568	112,276
Miscellaneous, unrestricted	9,509,126	12,476,649	12,574,470	12,935,548	11,326,229	12,394,401	13,311,432	13,703,842	10,730,065	10,921,197
Transfers	(38,814)	-	(945,851)	-	-	-	-	-	-	-
Total governmental activities	127,495,056	130,837,996	126,444,024	127,729,788	117,776,978	110,731,308	107,857,253	104,576,448	101,335,086	107,518,949
Business-type activities:										
Investment earnings, unrestricted	53	32	182,511	176,605	54,992	72,521	46,504	-	37,682	38,183
Miscellaneous, unrestricted	1,782,471	-	-	-	-	-	-	-	-	-
Transfers	38,814	-	945,851	-	-	-	-	-	-	-
Total business-type activities	1,821,338	32	1,128,362	176,605	54,992	72,521	46,504	-	37,682	38,183
Total primary government general revenues	129,316,394	130,838,028	127,572,386	127,906,393	117,831,970	110,803,829	107,903,757	104,576,448	101,372,768	107,557,132
Change in net position, governmental activities	65,069,136	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)
Change in net position, business-type activities	9,719,244	(5,392,121)	360,398	1,354,422	795,116	1,180,999	2,025,918	(296,859)	(657,217)	(392,393)
Total primary government	\$ 74,788,380	\$ 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)

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund										
Nonspendable:										
Inventories	\$ 424,868	\$ 475,713	\$ 475,713	\$ 475,713	\$ 475,713	\$ 475,713	\$ 475,713	\$ 475,713	\$ 475,713	\$ 372,375
Prepaid expenditures	3,476,134	-	-	-	-	-	-	-	-	-
Restricted:										
Stabilization by State Statute	1,515,311	3,087,675	2,172,517	503,377	312,832	301,645	636,484	108,002	203,464	273,333
Assigned:										
Subsequent year's expenditures	8,713,882	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
Risk Management	2,863,416	3,198,642	2,929,705	3,091,167	3,088,684	3,425,315	3,308,992	3,736,285	3,742,844	3,742,844
Unassigned:	21,713,480	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
Total General Fund	\$ 38,707,091	\$ 42,178,105	\$ 27,865,578	\$ 30,142,686	\$ 36,690,559	\$ 33,947,638	\$ 33,149,461	\$ 30,691,510	\$ 34,700,011	\$ 41,305,614
All other governmental funds										
Restricted:										
Stabilization by State Statute	-	-	-	-	-	-	-	-	2,080,441	1,271,774
School capital outlay	3,587,414	3,284,753	3,246,570	3,446,905	3,045,040	2,992,787	2,356,587	2,322,850	-	720,079
Scholarships	498,769	464,447	-	-	-	-	-	-	-	-
Individual Schools	3,518,990	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
Special Revenues	5,359,886	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	\$ 12,965,059	\$ 10,291,546	\$ 10,034,987	\$ 9,023,036	\$ 8,956,549	\$ 8,932,744	\$ 9,176,882	\$ 8,398,343	\$ 5,108,036	\$ 5,074,639
Total all governmental funds	\$ 51,672,150	\$ 52,469,651	\$ 37,900,565	\$ 39,165,722	\$ 45,647,108	\$ 42,880,382	\$ 42,326,343	\$ 39,089,853	\$ 39,808,047	\$ 46,380,253

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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues										
State of North Carolina	\$ 346,772,101	\$ 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
Cumberland County	93,022,008	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
U. S. Government	115,985,137	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
Other	21,155,843	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
Total revenues	576,935,089	495,042,740	476,141,172	471,219,575	444,576,955	422,762,353	411,443,262	413,047,008	399,471,206	410,857,262
Expenditures (1)										
Instructional programs	457,794,744	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
Supporting services	104,595,291	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
Ancillary services	2,817,298	1,912,951	442,056	478,168	90,331	96,557	101,931	62,468	58,137	70,955
Nonprogram charges	4,230,252	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
Capital outlay	8,709,140	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
Debt Service	2,486,615	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
Principal	17,776	-	-	-	-	-	-	-	-	-
Interest and fees	580,651,116	482,604,945	478,621,578	481,513,018	443,908,116	424,531,338	408,206,772	414,269,623	406,146,750	419,667,378
Total expenditures	(3,716,027)	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)
Revenues over (under) expenditures										
Other financing sources (uses)										
Proceeds from disposal of capital assets	88,597	-	-	-	-	-	-	-	-	-
Insurance proceeds	1,708,406	-	-	-	-	-	-	-	-	-
Installment purchase obligations issued	201,374	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)	1,998,377	1,779,655	1,215,249	3,812,057	2,097,887	2,333,024	-	504,421	-	-
Net change in fund balances	\$ (1,717,650)	\$ 14,217,450	\$ (1,265,157)	\$ (6,481,386)	\$ 2,766,726	\$ 554,039	\$ 3,236,490	\$ (718,194)	\$ (6,675,544)	\$ (8,810,116)
Debt service as a percentage of noncapital expenditures	0.43%	0.54%	0.43%	0.54%	0.58%	0.77%	0.77%	0.12%	0.05%	0.35%

Note: Excludes changes in reserve for inventory
Source: Information taken from the Board's audited financial statements.



CUMBERLAND COUNTY SCHOOLS
CAPITAL ASSET INFORMATION
 Last Ten Fiscal Years
 Unaudited

	Years Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
School Buildings										
<u>Elementary Schools</u>										
Number	53	53	52	52	52	52	52	52	52	53
Square feet	3,268,876	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
Acres	909	909	909	908	908	908	908	908	920	940
Portables	136	137	137	136	134	138	140	140	138	139
Enrollment	22,237	21,793	23,675	23,827	23,964	23,968	23,623	23,360	23,828	24,593
<u>Middle Schools</u>										
Number	19	19	18	18	18	18	18	18	18	18
Square feet	1,776,775	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
Acres	365	365	365	365	365	365	372	380	380	370
Portables	19	15	15	16	18	24	27	27	27	27
Enrollment	11,308	11,500	11,600	11,108	10,650	10,695	10,838	11,420	11,563	11,820
<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	2,593,811	2,528,113	2,552,510	2,510,290	2,558,452
Acres	728	728	728	728	728	728	721	722	711	712
Portables	28	28	28	31	32	32	33	33	32	31
Enrollment	14,018	14,391	14,339	14,450	14,849	14,934	15,160	15,088	15,200	15,134
<u>Totals</u>										
Number	88	88	86	86	86	86	86	86	86	87
Square feet	7,639,462	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
Acres	2,002	2,002	2,002	2,001	2,001	2,001	2,001	2,010	2,011	2,022
Portables	183	180	180	183	184	194	200	200	197	197
Enrollment	47,563	47,684	49,614	49,385	49,463	49,597	49,621	49,868	50,591	51,547
Number of Buses:	444	444	444	434	434	435	440	444	444	439

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



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

Position	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Officials, Adm., Mgrs.	11	11	11	12	6	8	8	8	8	8
Principals	87	88	85	85	86	86	85	86	86	85
Asst. Principals, Teaching	-	-	-	-	-	-	-	8	7	9
Asst. Principals, Nonteaching	126	125	130	127	126	118	119	116	115	116
Elementary Teachers	1,656	1,684	1,621	1,616	1,604	1,613	1,633	1,772	1,852	1,886
Secondary Teachers	574	538	550	539	559	565	596	621	644	682
Other Teachers	865	908	884	888	883	849	851	938	943	932
Guidance	164	149	143	141	137	136	132	133	130	131
Psychological	26	28	26	24	30	26	27	28	30	31
Librarian, Audiovisual	86	83	81	77	77	77	80	80	78	85
Consultant, Supervisor	67	70	71	65	62	56	49	54	53	57
Other Professional	221	204	186	196	196	191	180	191	191	196
Teacher Assistants	798	770	806	834	860	845	847	819	817	939
Technicians	22	21	20	22	18	17	15	19	22	22
Clerical, Secretarial	435	421	412	417	407	405	410	410	427	436
Service Workers	648	718	727	748	736	732	734	763	780	738
Skilled Crafts	158	163	172	169	171	175	170	179	182	186
Laborers, Unskilled	86	89	87	86	84	85	86	89	88	86
Total	6,030	6,070	6,012	6,046	6,042	5,984	6,022	6,314	6,453	6,625

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,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Number of schools										
Elementary	53	53	52	52	52	52	52	52	52	53
Middle	16	16	16	16	16	16	16	16	16	16
Grades 6-12	2	2	1	1	1	1	1	1	1	1
High	15	15	15	15	15	15	15	15	15	14
Alternative	1	1	1	1	1	1	1	1	1	2
Special	1	1	1	1	1	1	1	1	1	1
Total	88	88	86	86	86	86	86	86	86	87
Average Student Teacher Ratio	15:1	15:1	16:1	16:1	16:1	16:1	16:1	17:1	15:1	15:1
Child Nutrition										
Average breakfasts served daily	20,199	11,637	22,200	19,427	18,096	17,212	16,766	15,840	15,903	16,234
Average lunches served daily	31,582	12,817	34,104	33,812	32,607	33,097	32,433	32,760	32,416	34,599
Free & Reduced Lunch percentage (1)	NA	NA	NA	NA	NA	NA	58.49%	61.36%	58.50%	58.45%
Before and After School Care										
Number of sites	14	16	30	30	30	33	33	33	38	41
Number of participants	650	200	1,427	1,373	1,370	1,349	1,282	1,304	1,301	1,465
Exceptional Children's Program										
Number of disabled students	6,985	7,090	7,496	7,429	7,343	7,339	7,331	7,273	7,270	7,325
Number of academically/										
Intellectually gifted students	4,225	4,312	5,058	5,146	5,061	5,084	5,060	5,058	5,168	4,970
English as a Second Language Program (ESL)										
Number of students served	1,659	1,553	1,497	1,516	1,417	1,186	1,123	1,104	1,001	1,022
Number of schools with ESL	87	85	85	84	86	85	85	85	85	83
Number of languages spoken	71	79	84	92	85	100	85	82	57	46
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 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
2022	\$ 2,276,005	\$ 1,318,907	\$ 738,873	\$ 218,225	\$ -	\$ -	\$ -	NA	\$ 6.80
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	-	0.0360%	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

(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
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)
2022	334,776	NA	NA	NA	5.9%
2021	333,531	NA	NA	NA	6.9%
2020	333,209	\$ 14,460,971,000	\$ 42,992	31.4	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%

NA: Data not available

Note (1) North Carolina State Office of Demographics.

Note (2) U.S. Bureau of Economic Analysis.

Note (3) U.S. Bureau of Labor Statistics.

Source: County of Cumberland, North Carolina, Annual Financial Report for the year ended June 30, 2022.

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

Employer	Fiscal Year 2022			Fiscal Year 2013		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
U.S. Department of Defense-Civilians	14,000	+ 1	11.81%	14,515	1	11.38%
Cape Fear Valley Health System	7,000	+ 2	5.91%	5,800	4	4.55%
Cumberland County Schools	6,500	+ 3	5.49%	6,531	3	5.12%
Womack Army Hospitals	4,500	+ 4	3.80%			
Wal-Mart Associates Inc.	3,000	+ 5	2.53%	2,900	5	2.27%
Goodyear Tire & Rubber Co.	2,500	+ 6	2.11%	2,500	6	1.96%
Cumberland County Government	1,500	+ 7	1.27%	2,353	7	1.85%
Veterans Administration	1,500	+ 8	1.27%			
City of Fayetteville	1,500	+ 9	1.27%	2,056	8	1.61%
Fayetteville Technical Community College	1,000	+ 10	0.84%			
U.S. Department of Defense-Other Civilians				8,032	2	6.30%
U.S. Postal Services				1,225	9	0.96%
Purolator				1,000	10	0.78%
	<u>43,000</u>		<u>36.30%</u>	<u>46,912</u>		<u>36.78%</u>

Source: County of Cumberland, North Carolina, Annual Financial Report for the year ended June 30, 2022.



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	Limited Obligation Bonds	Capital Leases	Installment Purchase	General Obligation Bonds	Revenue Bonds	Limited Obligation Bonds	Capital Leases	Installment Purchase			
2022	\$ 165,000	\$ 56,668,627	\$ 90,898	\$ 366,667	\$ 960,000	\$ 1,329,000	\$ 12,811,373	-	\$ 54,951	\$ 72,446,516	NA	\$ 216
2021	665,000	65,381,350	-	550,000	985,000	1,354,000	16,929,400	-	59,946	85,924,696	NA	258
2020	2,950,000	51,962,300	-	733,333	1,009,000	1,379,000	21,072,200	-	64,942	79,170,775	0.55%	238
2019	5,355,000	54,350,250	-	5,108,151	1,032,000	1,379,000	17,225,000	-	4,766,695	89,216,096	0.66%	271
2018	11,930,000	61,691,000	-	3,414,148	1,054,000	1,379,000	19,665,000	-	1,985,289	101,118,437	0.78%	307
2017	18,695,000	72,906,750	243,850	3,219,813	1,076,000	-	22,005,000	-	2,394,328	120,540,741	0.97%	372
2016	26,110,000	82,927,500	717,492	4,459,439	1,097,000	-	24,255,000	-	1,332,124	140,898,555	1.14%	428
2015	33,740,000	92,913,250	1,172,987	4,599,065	1,117,000	-	26,420,000	-	1,648,919	161,611,221	1.33%	491
2014	41,575,000	102,839,000	1,611,032	2,238,691	1,136,000	-	28,495,000	-	1,870,800	179,765,523	1.53%	541
2013	49,115,000	112,739,750	2,032,294	2,878,317	1,154,000	-	29,410,936	-	2,182,600	199,512,897	1.72%	602

Source: County of Cumberland, North Carolina, Annual Financial Report for the year ended June 30, 2022.

Debt balances are shown at principal before adjustments to carrying value.

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

Taxpayer	Fiscal Year 2022			Fiscal Year 2013		
	2021 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2012 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Goodyear Tire & Rubber Co.	\$ 329,344	1	1.35%	\$ 324,323	1	1.46%
Cross Creek Mall, LLC	158,798	2	0.65%	129,235	2	0.58%
Wal-Mart Stores, Inc.	157,653	3	0.65%	117,184	3	0.53%
Duke Energy Progress, Inc.	112,586	4	0.46%			
Fayetteville, VA Co., LLC	91,140	5	0.37%			
Cargill, Inc.	81,954	6	0.34%	35,364	10	0.16%
Mann+Hummel Purolator Filters	72,730	7	0.30%	57,354	7	0.26%
Piedmont Natural Gas Co., Inc.	69,231	8	0.28%	64,231	6	0.29%
DAK Americas, LLC	63,467	9	0.26%	51,199	8	0.23%
South River EMC	53,716	10	0.22%	44,367	9	0.20%
Carolina Telephone				76,709	5	0.35%
Progress Energy				82,552	4	0.37%
	<u>\$ 1,190,619</u>		<u>4.88%</u>	<u>\$ 982,518</u>		<u>4.43%</u>

Source: County of Cumberland, North Carolina, Annual Financial Report for the year ended June 30, 2022.



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

Fiscal Year Ended June 30	Real Property	Public Service ¹	Personal Property		Less: Tax Exempt Property	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value ²	Assessed Value as a Percentage of Actual Value ³
			Motor Vehicle	Other					
2022	\$ 23,413,985	\$ 444,294	\$ 2,960,786	\$ 1,636,560	\$ 4,063,157	\$ 24,392,468	\$ 0.9990	\$ 27,515,474	88.65%
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%
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%

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, 2022.

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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Debt Limit	\$ 2,276,450	\$ 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
Total net debt applicable to limit	1,125	1,650	3,959	6,387	12,984	19,771	27,207	34,857	42,711	49,115
Legal debt margin	<u>\$ 2,275,325</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	0.05%	0.07%	0.18%	0.29%	0.61%	0.91%	1.28%	1.66%	2.03%	2.43%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed Property Value	\$ 24,392,468
Plus : Exempt Property	4,063,157
Total Assessed Value	<u>\$ 28,455,625</u>
Debt Limit (8% of total assessed value)	2,276,450
Debt applicable to limit:	
Total Bonded debt	1,125
Revenue Bonds	1,329
Authorized and unissued debt	<u>3,905</u>
	6,359
Less: Statutory deductions	
Authorized and unissued debt	3,905
Revenue bonds	<u>1,329</u>
	5,234
Total amount of debt applicable to debt limit	<u>1,125</u>
Legal debt margin	<u><u>\$ 2,275,325</u></u>

Source: County of Cumberland, North Carolina, Annual Financial Report for the year ended June 30, 2022.

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)
2022	\$ 1,125,000	NA	0.00%	\$ 3
2021	1,650,000	NA	0.01%	5
2020	3,959,000	0.03%	0.02%	12
2019	6,387,000	0.05%	0.03%	19
2018	12,984,000	0.10%	0.06%	39
2017	19,771,000	0.16%	0.09%	61
2016	27,207,000	0.22%	0.12%	83
2015	34,857,000	0.29%	0.16%	106
2014	42,711,000	0.36%	0.19%	128
2013	50,269,000	0.43%	0.23%	152

Source: County of Cumberland, North Carolina, Annual Financial Report for the year ended June 30, 2022.
 Debt balances are shown at principal before adjustment to carrying value.

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
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
2022	\$ 195,116,064	\$ 194,315,234	99.59%	NA	\$ 194,315,234	99.59%
2021	193,917,047	192,228,162	99.13%	\$ 1,086,850	193,315,012	99.69%
2020	189,321,973	187,188,405	98.87%	1,569,261	188,757,666	99.70%
2019	187,163,252	185,734,181	99.24%	882,738	186,616,919	99.71%
2018 ²	183,621,079	182,126,897	99.19%	1,214,998	183,341,895	99.85%
2017	175,933,805	173,906,079	98.85%	1,137,644	175,043,723	99.49%
2016	172,307,349	170,999,219	99.24%	1,019,652	172,018,871	99.83%
2015	170,223,065	168,914,935	99.23%	1,120,842	170,035,777	99.89%
2014	171,641,426	169,217,802	98.59%	1,886,384	171,104,186	99.69%
2013	164,274,193	160,024,057	97.41%	3,323,281	163,347,338	99.44%

Note (1) Collections for FY 2013 include all collections through 9th prior year.
 Collections for FY 2014 include all collections through 8th prior year.
 Collections for FY 2015 include all collections through 7th prior year.
 Collections for FY 2016 include all collections through 6th prior year.
 Collections for FY 2017 include all collections through 5th prior year.
 Collections for FY 2018 include all collections through 4th prior year.
 Collections for FY 2019 include all collections through 3rd prior year.
 Collections for FY 2020 include all collections through 2nd prior year.
 Collections for FY 2021 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, 2022.

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
2022	\$ 0.799	\$ 0.050	\$ 0.150	\$ -	\$ 0.9990
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

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, 2022.



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	Town of	Town of	Town of	Town of	Town of	Town of	Town of	Town of		
	Fayetteville (1)	Revitalization District	Hope Mills	Spring Lake (1)	Eastover	Falcon	Godwin	Linden (1)	Stedman	Wade		
2022	\$	0.4995	\$	0.100	\$	0.205	\$	0.220	\$	0.300	\$	0.320
2021		0.4995		0.100		0.205		0.220		0.300		0.320
2020		0.4995		0.100		0.205		0.150		0.300		0.260
2019		0.4995		0.100		0.205		0.150		0.300		0.250
2018		0.4995		0.100		0.205		0.150		0.300		0.250
2017		0.4995		0.100		0.205		0.150		0.250		0.250
2016		0.4860		0.100		0.205		0.150		0.250		0.250
2015		0.4860		0.100		0.205		0.150		0.200		0.250
2014		0.4560		0.100		0.205		0.150		0.200		0.240
2013		0.4560		0.100		0.205		0.150		0.150		0.240

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

Source: County of Cumberland, North Carolina, Annual Financial Report for the year ended June 30, 2022.



CUMBERLAND COUNTY BOARD OF EDUCATION
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022



COMPLIANCE SECTION

THE CUMBERLAND COMMITMENT
Collaborative, Competitive & Successful Students



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards*

To the 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 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, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the basic financial statements, which collectively comprises the Cumberland County Board of Education, North Carolina's basic financial statements and have issued our report thereon dated March 29, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cumberland County Board of Education'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 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 22-01 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 deficiencies described in the accompanying schedule of findings and questioned costs as items 22-03 and 22-04 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cumberland County Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 in items 22-02 and 22-05.

Cumberland County Board of Education's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Board's response to the findings identified in our audit that 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 the response.

Purpose of this Report

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

Anderson Smith & Wike PLLC

March 29, 2023
Rockingham, North Carolina



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Report On Compliance for Each Major Federal Program and Report on
Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit
Implementation Act

To the Cumberland County Board of Education
Fayetteville, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Cumberland County Board of Education, North Carolina's compliance with the types of compliance requirements identified as subject to audit 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, 2022. The Cumberland County Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Cumberland County Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and 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. Our responsibilities under those standards, the Uniform Guidance and the State Single Audit Implementation Act are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Cumberland County Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Cumberland County Board of Education's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Cumberland County Board of Education's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Cumberland County Board of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Cumberland County Board of Education's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Cumberland County Board of Education's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Cumberland County Board of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of Cumberland County Board of Education's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 22-06 and 22-07. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in

internal control over compliance described in the accompanying schedule of findings and questioned costs as item 22-07 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a 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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Board's response to the noncompliance finding identified in our audit 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 and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

Anderson Smith & Wike PLLC

March 29, 2023
Rockingham, North Carolina



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Report On Compliance for Each Major State Program and Report on
Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit
Implementation Act

To the Cumberland County Board of Education
Fayetteville, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Cumberland County Board of Education, North Carolina's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the Board's major State programs for the year ended June 30, 2022. The Cumberland County Board of Education's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Cumberland County Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and applicable sections 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. Our responsibilities under those standards, the Uniform Guidance and the State Single Audit Implementation Act are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Cumberland County Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of the Cumberland County Board of Education's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Cumberland County Board of Education's State programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Cumberland County Board of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Cumberland County Board of Education's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Cumberland County Board of Education's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Cumberland County Board of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of Cumberland County Board of Education's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with applicable sections of 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 22-08 and 22-09. Our opinion on each major State program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 22-08 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a 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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Board's response to the noncompliance finding identified in our audit 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 and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

Anderson Smith & Wike PLLC

March 29, 2023
Rockingham, North Carolina

**CUMBERLAND COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2022**

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? *Yes*
- Significant deficiency(ies) identified? *Yes*

Noncompliance material to financial statements noted? *No*

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? *Yes*
- Significant deficiency(ies) identified? *None Identified for Reporting*

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

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

Identification of major federal programs:

AL Number	Name of Federal Program or Cluster
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds – Employee Bonuses
84.425	COVID-19 – Education Stabilization Fund
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B Programs *\$ 3,000,000*

Auditee qualified as low-risk auditee? *No*

**CUMBERLAND COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2022**

State Awards

Internal control over major State programs:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified? *None Identified for Reporting*

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

Unmodified

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

Yes

Identification of major State programs:

Program Name

State Public School Fund
Career and Technical Education – State Months of Employment
Career and Technical Education – Program Support Funds
Driver Training

Section II - Financial Statement Findings

Finding 22-01

MATERIAL WEAKNESS
Account Reconciliations

- | | |
|-------------------------------------|---|
| Criteria: | Controls should ensure that all general ledger accounts are properly reconciled in a timely manner each month to enable the Board to make timely decisions based upon accurate data. |
| Condition: | Management did not properly reconcile bank accounts and other various general ledger accounts in a timely manner during the fiscal year. |
| Effect: | Errors could be made and not detected on a timely basis. Therefore, during the year management decisions could have been made by the Board while relying upon inaccurate financial reporting. |
| Cause: | Lack of oversight by management. |
| Identification of a repeat finding: | This is a repeat finding from the immediate previous audit, Finding 2021-001. |
| Recommendation: | We recommend that management implement controls and procedures to ensure that all general ledger accounts are reconciled in a timely manner each month. |

Management response:

The Board of Education agrees with this finding. Management will take the necessary actions as described in the Corrective Action Plan.

CUMBERLAND COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2022

Finding 22-02

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, 2022 will be issued at the conclusion of the audit in March 2023. The year-end closing process for the year ended June 30, 2022 extended over a prolonged period.
Effect:	The Board was not in compliance with North Carolina General Statute 159-34. The financial statements and related data were not available to management and the Board to aid in the decision-making process.
Cause:	The Board experienced issues in reconciling bank accounts and other general ledger accounts which delayed completion of the audit.
Identification of a repeat finding:	This is a repeat finding from the immediate previous audit, Finding 2021-002.
Recommendation:	We recommend management address the timeliness of the accounting processes surrounding the close-out process in future years.

Management response:

The Board of Education agrees with this finding. Management will take the necessary actions as described in the Corrective Action Plan.

Finding 22-03

SIGNIFICANT DEFICIENCY
Budget Violations

Criteria:	North Carolina General Statute 115C-441 states that all monies expended should be included in the budget resolution.
Condition:	During the year, the Board incurred expenditures within the General Fund, Capital Outlay Fund and School Food Service Fund that exceeded appropriations as detailed in Note 2.
Effect:	The Board is in violation of North Carolina General Statute 115C-441.
Cause:	Budget amendments were not prepared when needed due to lack of timely recordkeeping and oversight of the budgetary process.
Identification of a repeat finding:	This is not a repeat finding from the immediate previous audit.
Recommendation:	We recommend that budget amendments be prepared as needed.

Views of responsible officials and planned corrective actions:

The Board of Education agrees with this finding. Management will take the necessary actions as described in the Corrective Action Plan.

**CUMBERLAND COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2022**

Finding 22-04

SIGNIFICANT DEFICIENCY
Prior Period Adjustments

Criteria:	Controls should ensure that general ledger accounts are properly reconciled and reported in the financial statements.
Condition:	It was determined during the current year that several general ledger account balances were not accurately reported in the June 30, 2021 financial statements.
Effect:	Various balances reported at June 30, 2021 had to be restated for the amounts detailed in Note 5 of the Board's current year financial statements.
Cause:	The Board did not have the proper controls in place to ensure that the noted account balances were accurately calculated and presented in the June 30, 2021 financial statements.
Identification of a repeat finding:	This is not a repeat finding from the immediate previous audit.
Recommendation:	We recommend that management implement controls to ensure that general ledger accounts are properly reconciled and reported in the financial statements.

Views of responsible officials and planned corrective actions:

The Board of Education agrees with this finding. Management will take the necessary actions as described in the Corrective Action Plan.

Finding 22-05

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, 2022. With the implementation of Government Accounting Board Statement No. 84, <i>Fiduciary Activities</i> , (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.
Effect:	The Board is in violation of North Carolina General Statute 115C Article 31.
Cause:	The GASB 84 determination to reclassify the fund was not made in time to adopt a budget for the fiscal year ended June 30, 2022.
Identification of a repeat finding:	This is a repeat finding from the immediate previous audit, Finding 2021-003.
Recommendation:	Management should evaluate new accounting standards upon issuance in order to provide adequate time to implement procedures to ensure compliance.

Views of responsible officials and planned corrective actions:

The Board of Education agrees with this finding. Management will take the necessary actions as described in the Corrective Action Plan.

**CUMBERLAND COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2022**

Section III - Federal Award Findings and Questioned Costs

Finding 22-06

U.S. Department of Education

Passed Through the N.C. Department of Public Instruction

Program Names: Department of Education Cross-Cutting

COVID-19 – Education Stabilization Fund (AL #: 84.425);

Title I, Grants to Local Educational Agencies (AL #: 84.010)

Child Nutrition Cluster (AL #'s: 10.555, 10.559, 10.579, 10.582)

Non-material Non-compliance – Special Tests and Provisions

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, 2022 has not been prepared and filed. The Board records purchases including sales tax paid as expenditures.
Effect:	Sales tax costs were not reimbursed to federal programs during the year.
Cause:	Lack of Management oversight of the year-end close out procedures.
Questioned Costs:	Undetermined.
Identification of a repeat finding:	This is a repeat finding from the immediate previous audit, Finding 2021-009.
Recommendation:	Management should review the process for ensuring sales tax refunds are filed in a timely manner each year.

Views of responsible officials and planned corrective actions:

The Board of Education agrees with this finding. Management will take the necessary actions as described in the Corrective Action Plan.

Finding 22-07

U.S. Department of Education

Passed Through the N.C. Department of Public Instruction

Program Names: COVID-19 – Education Stabilization Fund (AL #: 84.425)

Special Education Cluster (AL #'s: 84.027 and 84.173)

MATERIAL WEAKNESS

Compliance – Cash Management

Criteria:	Controls should ensure that bank reconciliations are prepared in a timely manner each month to enable the Board to make timely decisions based upon accurate data.
Condition:	State bank account reconciliations were not prepared in a timely manner during the year.
Effect:	Since bank account reconciliations were not performed in a timely manner, management decisions could have been made by the Board while relying upon inaccurate financial reporting.

**CUMBERLAND COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2022**

Finding 22-07 (continued)

Cause: Lack of oversight by management.

Questioned costs: None.

Identification of a repeat finding: This is not a repeat finding from the immediate previous audit.

Recommendation: We recommend that management implement controls and procedures to ensure that State bank account reconciliations are performed in a timely manner each month.

Views of responsible officials and planned corrective actions:

The Board of Education agrees with this finding. Management will take the necessary actions as described in the Corrective Action Plan.

Section IV - State Award Findings and Questioned Costs

Finding 22-08

N.C. Department of Public Instruction
Program Name: State Public School Fund

MATERIAL WEAKNESS

Compliance – Activities Allowed or Unallowed

Criteria: Controls should ensure that bank reconciliations are prepared in a timely manner each month to enable the Board to make timely decisions based upon accurate data.

Condition: State bank account reconciliations were not prepared in a timely manner during the year.

Effect: Since bank account reconciliations were not performed in a timely manner, management decisions could have been made by the Board while relying upon inaccurate financial reporting.

Cause: Lack of oversight by management.

Questioned costs: None.

Identification of a repeat finding: This is not a repeat finding from the immediate previous audit.

Recommendation: We recommend that management implement controls and procedures to ensure that State bank account reconciliations are performed in a timely manner each month.

Views of responsible officials and planned corrective actions:

The Board of Education agrees with this finding. Management will take the necessary actions as described in the Corrective Action Plan.

CUMBERLAND COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2022

Finding 22-09

N.C. Department of Public Instruction
 Program Name: State Public School Fund

Non-material Non-compliance – Activities Allowed or Unallowed

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, 2022, unclaimed payroll checks totaling approximately \$73,000 have not been escheated in accordance with the state's requirements.
Effect:	Since bank account reconciliations were not performed in a timely manner, management decisions could have been made by the Board while relying upon inaccurate financial reporting.
Cause:	Lack of oversight by management.
Questioned costs:	None.
Identification of a repeat finding:	This is a repeat finding from the immediate previous audit, Finding 2021-010.
Recommendation:	We recommend that management implement controls and procedures to ensure unclaimed wages are escheated in a timely manner in accordance with State requirements.

Views of responsible officials and planned corrective actions:

The Board of Education agrees with this finding. Management will take the necessary actions as described in the Corrective Action Plan.

CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2022

Page 1 of 3

Finding 22-01

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

Corrective Action Plan: The finding resulted from significant turnover within the Finance Department. 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 Date: Immediately

Finding 22-02

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

Corrective Action Plan: The finding was a direct result of the lack of timeliness of completion of the bank reconciliations, which was due to significant turnover within the finance department. 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.

Proposed Completion Date: Immediately

Finding 22-03

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

Corrective Action Plan: The finding resulted from significant turnover within the Finance Department. Finance will implement a monthly budget review process and will ensure that budget amendments are prepared when needed. Finance will also strive to keep key positions filled at all times.

Proposed Completion Date: Immediately

Our Commitment: Every Student

Collaborative ★ Competitive ★ Successful

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CUMBERLAND COUNTY BOARD OF EDUCATION
CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2022

Finding 22-04

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

Corrective Action Plan: The finding resulted from significant turnover within the Finance Department. The Finance Department has contracted with two third party consultants with extensive North Carolina public school finance knowledge to work with the department to help ensure that general ledger accounts are properly reconciled in a timely manner. 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 Date: Immediately

Finding 22-05

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

Corrective Action Plan: The 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. In the future, a budget will be created for this fund.

Proposed Completion Date: Immediately

Finding 22-06

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 Date: Immediately

Finding 22-07

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

Corrective Action Plan: The finding resulted from significant turnover within the Finance Department. Management will establish procedures to ensure that all bank account and other required reconciliations are prepared on a timely basis 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 Date: Immediately

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CUMBERLAND COUNTY BOARD OF EDUCATION
CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2022

Finding 22-08

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

Corrective Action Plan: The finding resulted from significant turnover within the Finance Department. Management will establish procedures to ensure that all bank account and other required reconciliations are prepared on a timely basis 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 Date: Immediately

Finding 22-09

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 Date: Immediately

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, 2022**

Finding: 2021-001

Status: Not corrected. See Finding 22-01.

Finding: 2021-002

Status: Not corrected. See Finding 22-02.

Finding: 2021-003

Status: Not corrected. See Finding 22-05.

Finding: 2021-004

Status: Corrected.

Finding: 2021-005

Status: Corrected.

Finding: 2021-006

Status: Corrected.

Finding: 2021-007

Status: Corrected.

Finding: 2021-008

Status: Corrected.

Finding: 2021-009

Status: Not corrected. See Finding 22-06.

Finding: 2021-010

Status: Not corrected. See Finding 22-09.

Finding: 2021-011

Status: Corrected.

Finding: 2021-012

Status: Corrected.

Finding: 2021-013

Status: Corrected.

CUMBERLAND COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2022

Page 1 of 3

Grantor/Pass-through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Expenditures
Federal Grants:			
<u>U.S. Department of Agriculture</u>			
Passed-through the N.C. Department of Public Instruction:			
Child Nutrition Cluster:			
Noncash Assistance (Commodities):			
National School Lunch Program	10.555	PRC 035	\$ 1,917,904
Cash Assistance:			
Supply Chain Assistance Funds	10.555	PRC 035	914,699
After School Snack Program	10.555	PRC 035	110,265
Seamless Summer Program	10.555	PRC 035	32,672,088
Summer Food Service Program for Children	10.559	PRC 035	517,722
Child Nutrition Discretionary Funds	10.579	PRC 053	38,814
Fresh Fruit and Vegetable Grant	10.582	PRC 035	303,967
Cash assistance subtotal			34,557,555
Total Child Nutrition Cluster			36,475,459
Total U.S. Department of Agriculture			36,475,459
<u>U.S. Department of the Treasury</u>			
Passed-through the N.C. Office of State Management and Budget:			
N.C. Pandemic Recovery Office:			
Passed-through the N.C. Department of Public Instruction:			
COVID-19 - Coronavirus Relief Fund:			
School Nutrition		PRC 125	4,450
Home and Community WiFi		PRC 128	185,395
Total COVID-19 - Coronavirus Relief Fund	21.019		189,845
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Employee Bonuses	21.027	PRC 141	10,691,049
Total U.S. Department of Treasury			10,880,894
<u>U.S. Department of Education</u>			
Office of Elementary and Secondary Education			
Direct Programs:			
Impact Aid (School Assistance in Federally Affected Areas)	84.041		4,118,263
Indian Education	84.060		249,930
Passed-through the N.C. Department of Public Instruction:			
		PRCs	
Title I, Grants to Local Educational Agencies	84.010	050/105/115	19,803,201
Supporting Effective Instruction State Grant	84.367	PRC 103	1,779,871
Language Acquisition Grant	84.365	PRC 104/111	99,237
Education for Homeless Children and Youth	84.196	PRC 026	74,520
Student Support and Academic Enrichment Program	84.424	PRC 108	1,420,658

CUMBERLAND COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2022

Page 2 of 3

Grantor/Pass-through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Expenditures
Special Education Cluster:			
Grants to States - IDEA, part B (611)	84.027	PRC 060	9,637,889
COVID-19 - ARP - Grants to States - IDEA, part B (611)	84.027	PRC 185	71,414
Special Needs Targeted Assistance	84.027	PRC 118	147,730
Preschool Grants - IDEA, Part B (619)	84.173	PRC 049	189,809
COVID-19 - ARP - Preschool Grants - IDEA, Part B (619)	84.173	PRC 186	19,367
Preschool Targeted Assistance	84.173	PRC 119	8,254
Total Special Education Cluster			10,074,463
Career and Technical Education - Basic Grants to States Program Development	84.048	PRC 017	1,023,309
COVID-19 - Education Stabilization Fund:			
CARES Act:			
COVID-19 - K-12 Emergency Relief Fund - ESSER I	84.425D	PRC 163	3,192,067
COVID-19 - ESSER I - Digital Curricula	84.425D	PRC 165	360,067
COVID-19 - ESSER I - Learning Management System	84.425D	PRC 166	14,654
COVID-19 - ESSER I - Exceptional Children Grants	84.425D	PRC 167	312,490
COVID-19 - GEER I - Specialized Instructional Support Personnel for COVID-19 Response	84.425C	PRC 169	1,167,385
COVID-19 - GEER I - Supplemental Instructional Services	84.425C	PRC 170	641,184
CRRSA:			
COVID-19 - K-12 Emergency Relief Fund - ESSER II	84.425D	PRC 171	17,004,899
COVID-19 - ESSER II - School Nutrition COVID Support	84.425D	PRC 174	297,467
COVID-19 - ESSER II - Learning Loss Funding	84.425D	PRC 176	30,821
COVID-19 - ESSER II - Summer Career Accel. Program	84.425D	PRC 177	238,683
ARP:			
COVID-19 - ESSER III - K-12 Emergency Relief Fund	84.425D	PRC 181	38,731,917
COVID-19 - ESSER III - Teacher Bonuses	84.425U	PRC 203	3,685,993
Total COVID-19 - Education Stabilization Fund	84.425		65,677,627
Total U.S. Department of Education			104,321,079
<u>U.S. Department of Health and Human Services</u>			
Health Resources and Services Administration			
Passed-through the N.C. Department of Public Instruction:			
Abstinence Education	93.235	PRC 101	16,339
<u>U.S. Department of Defense</u>			
Direct Program:			
ROTC	12.000		621,659
K-12 Student Achievement at Military Connected Schools	12.556		106,352
Total U.S. Department of Defense			728,011
Total Federal Assistance			152,421,782

CUMBERLAND COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2022

Page 3 of 3

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
State Grants:			
<u>N.C. Department of Public Instruction:</u>			
Cash Assistance:			
State Public School Fund		Various	327,390,669
Career and Technical Education:			
State Months of Employment		PRC 013	14,508,205
Program Support Funds		PRC 014	1,212,338
Driver Training		PRC 012	729,384
School Technology Fund		PRC 015	456,285
Cash assistance subtotal			<u>344,296,881</u>
Non-Cash Assistance:			
State Buses Appropriation		PRC 120	<u>2,263,833</u>
Total N.C. Department of Public Instruction			<u>346,560,714</u>
Total State Assistance			<u>346,560,714</u>
Total Federal and State Assistance			<u>\$498,982,496</u>

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

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Cumberland County Board of Education under the programs of the federal government and the State of North Carolina for the year ended June 30, 2022. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Cumberland County Board of Education, it is not intended to and does not present the financial position, changes in net assets or cash flows of Cumberland County Board of Education.

Note 2. Summary of Significant Accounting Policies

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

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



Cumberland County Schools

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Fayetteville, NC 28306

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