

Cumberland County Board of Education
Fayetteville, North Carolina

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023



Mrs. Deanna Jones, Board Chairwoman
Dr. Marvin Connely, Jr., Superintendent

THE CUMBERLAND COMMITMENT
Collaborative, Competitive & Successful Students



Cumberland County Board of Education
Fayetteville, North Carolina

**Annual Comprehensive
Financial Report
For the Fiscal Year Ended
June 30, 2023**

Prepared by
Mr. Jay Toland
Associate Superintendent of Business Operations
and the Offices of
Business Operations & Finance



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CUMBERLAND COUNTY BOARD OF EDUCATION
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023



INTRODUCTORY SECTION

THE CUMBERLAND COMMITMENT
Collaborative, Competitive & Successful Students

December 20, 2023

LETTER of TRANSMITTAL

To the Members of the Cumberland County Board of Education and the Citizens of Cumberland County, North Carolina:

Presented herein is the Annual Comprehensive Financial Report (ACFR) of the Cumberland County Board of Education (Board) for the fiscal year ending June 30, 2023. The Superintendent and Associate Superintendent of Business Operations are responsible for the accuracy, completeness, and clarity of the ACFR. The Finance Department has prepared the ACFR in accordance with US 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 NC General Statutes. For the fiscal year ending June 30, 2023, the district was the fifth largest school system in the State of North Carolina. Providing for the public school needs of the county's over 335,500 residents in a 658 square mile area. Serving 48,300 students in 50 elementary schools, 17 middle schools, 17 high schools, and two virtual schools.

As defined by the Governmental Accounting Standards Board and based upon NC 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 Schools had an average daily membership (ADM) of 48,300 during the 2022-2023 school year compared to 47,563 during the 2021-2022 year, with an increase of 737 students. The NC Department of Public Instruction planning allotment for the 2023-2024 ADM is higher than the current year, with a projection of 49,416 students.

The Cumberland County Schools' buildings were built between 1897 and 2012. The district has a backlog of deferred maintenance and repair needs at the older facilities that is projected to be approximately \$500,000,000. A Capital Investment and Improvement Plan is being prepared for the Cumberland County Board of Education, with approval being in the Spring of 2024. It is anticipated that adequate funding to meet the proposed renovations will be a challenge, especially with the current state of the district's buildings. The district is working with Cumberland County to resolve our potential capital issues. Based on an analysis of debt outstanding relative to the ADM for 2022, Cumberland County Schools is \$418 per student, whereas the average figure is \$6,001 per student for other North Carolina districts of similar size (not including Wake or Mecklenburg County Schools). Therefore, a General Obligation Bond referendum may need to be considered once the Capital Investment and Improvement Plan is finalized.

Cumberland County is a major commercial center, regional shopping center, and regional medical service center for the surrounding smaller and less developed counties. It is also the home of one of the largest military complexes in the world, comprising Fort Liberty 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 Cumberland County one of the state's strongest retail and housing markets.

Based on information received from the NC Department of Commerce, the US Department of Defense is Cumberland County's largest employer, employing more than 65,000 employees over two categories. Cumberland County Schools and Cape Fear Valley Health System are the largest non-military employers, both employing approximately 7,000 full-time employees. Goodyear Tire & Rubber Company, employing approximately 2,200 people, is the fifth largest employer, and the largest manufacturer in the area.

Major Initiatives and Accomplishments

In the fiscal year ending June 30, 2023, Cumberland County Schools continued its unwavering commitment to The Cumberland Commitment: Strategic Plan 2026, achieving remarkable success in various areas. Our focus remained on providing a safe, positive, and rigorous learning environment for all students, with key achievements that highlight our dedication to excellence:

1. **Recognition and Awards:** Cumberland County Schools (CCS) garnered recognition at the local, state, and national levels for our district's outstanding learning experiences and commitment to equitable access to engaging education. Our efforts in providing robust learning experiences and opportunities were acknowledged and celebrated.
2. **Student Success:** Our students continued to flourish both inside and outside the classroom. They demonstrated their ability to lead secure, meaningful lives as responsible citizens, effective collaborators, and lifelong learners. The district's four-year cohort graduation rate of 86.6% marked a historic achievement, reaching the highest level since 2006, when the state began tracking graduation rates.
3. **Academic Performance:** Academic performance saw substantial gains, with 72% of schools that administered End-of-Grade and End-of-Course assessments experiencing improvements in their Academic Performance Composites. Additionally, 93.8% of the 16 identified 2022-2023 Low-Performing Schools increased their Academic Performance Composite scores.
4. **End-of-Course and End-of-Grade Assessments:** Increases were observed in 14 out of 19 End-of-Course (EOC) and End-of-Grade (EOG) assessment areas, highlighting the effectiveness of our educational strategies. Only two areas remained unchanged from the previous year, and three decreased slightly.
5. **Graduation Rates:** Remarkable progress was made in graduation rates, with 14 out of 17 eligible schools seeing an increase. Two schools maintained a perfect 100% graduation rate.
6. **Student Achievement:** A total of 84.2% of schools in the district met or exceeded growth for the 2022-2023 academic year, demonstrating that our students are consistently maintaining and increasing their academic achievements. Twenty-three schools exceeded growth, while 46 schools met growth targets.
7. **Pre-Pandemic Levels:** Significantly, 20 schools achieved achievement levels at or above pre-pandemic levels, reflecting the resilience and dedication of our students and educators.
8. **School Performance Grades:** Thirteen schools raised their School Performance Grades, further indicating the progress and growth within our district.
9. **Low-Performing Schools:** While challenges persist, we addressed them head-on. Six low-performing schools from the previous year were removed from the list, but seventeen new schools were identified, bringing the total to 27. Encouragingly, 20 of these schools met adequate yearly growth, 17 improved their academic performance composite, and 12 increased the numerical value of their School Performance Grades.
10. **Military-Friendly Designation:** For the third year in a row, CCS earned the N.C. Purple Star District Award Designation, affirming the district's support of military students and their families. All CCS schools earned the coveted designation, and ours was one of 11 districts throughout the state to receive the award.
11. **Scholarships and Graduates:** Nearly 3,500 students graduated from CCS during this period, collectively receiving over \$40 million in scholarships. This significant

achievement underscores our commitment to preparing students for their future educational and career endeavors.

As we celebrate these milestones, we remain mindful of the challenges that lie ahead. However, we are confident in our united community's ability to face them together. We extend our gratitude to our Successful Students, Premier Professionals, and Committed Community, whose unwavering contributions enable us to exceed expectations and support the needs of every child. The 2022-2023 school year stands as a testament to our dedication and the bright future ahead for Cumberland County Schools.

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 Schools Fund, General Fund, Special Revenue Fund, Federal Grants Fund, Individual Schools Fund, Combined Athletics Fund, Administrative Fund, and Capital Projects Fund comprise the governmental classification. The proprietary classification 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 US 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, and combined athletic funds, in accordance with the NC School Budget and Fiscal Control Act. In addition, expenditures cannot legally exceed appropriations at the purpose 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 NC School Budget and Fiscal Control Act to ensure the availability of funds prior to the 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 policy.

Additional review procedures include submitting monthly transactions of state and federal funds and details of disbursements from these funds to the NC 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.

Financial Reporting Awards

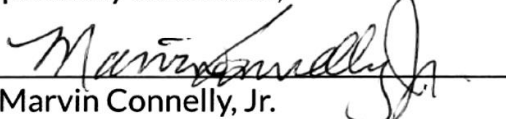
The Association of School Business Officials awarded a Certificate of Excellence in Financial Reporting to the Cumberland County Board of Education for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. This award is a national program that provides unique professional recognition in the preparation and issuance of an ACFR by school systems.

In order to be awarded this certificate, a government unit must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. This award is valid for a period of one year only. We believe that our current ACFR meets the Association of School Business Officials and Government Finance Officers Association of the United States and Canada requirements, and we are submitting it to both to determine its eligibility for renewed awards.


Acknowledgments

The preparation of this Annual Comprehensive Financial Report by the Cumberland County Board of Education would not have been possible without the endeavors of the entire staff of Business Operations as well as other departments and administration. Our expression of gratitude is for the collective efforts of all who contributed.

Respectfully submitted,



Dr. Marvin Connolly, Jr.
Superintendent



Jay C. Toland
Associate Superintendent of
Business Operations

***Cumberland County Board of Education
Fayetteville, North Carolina***

July 1, 2022 - June 30, 2023

Board Members

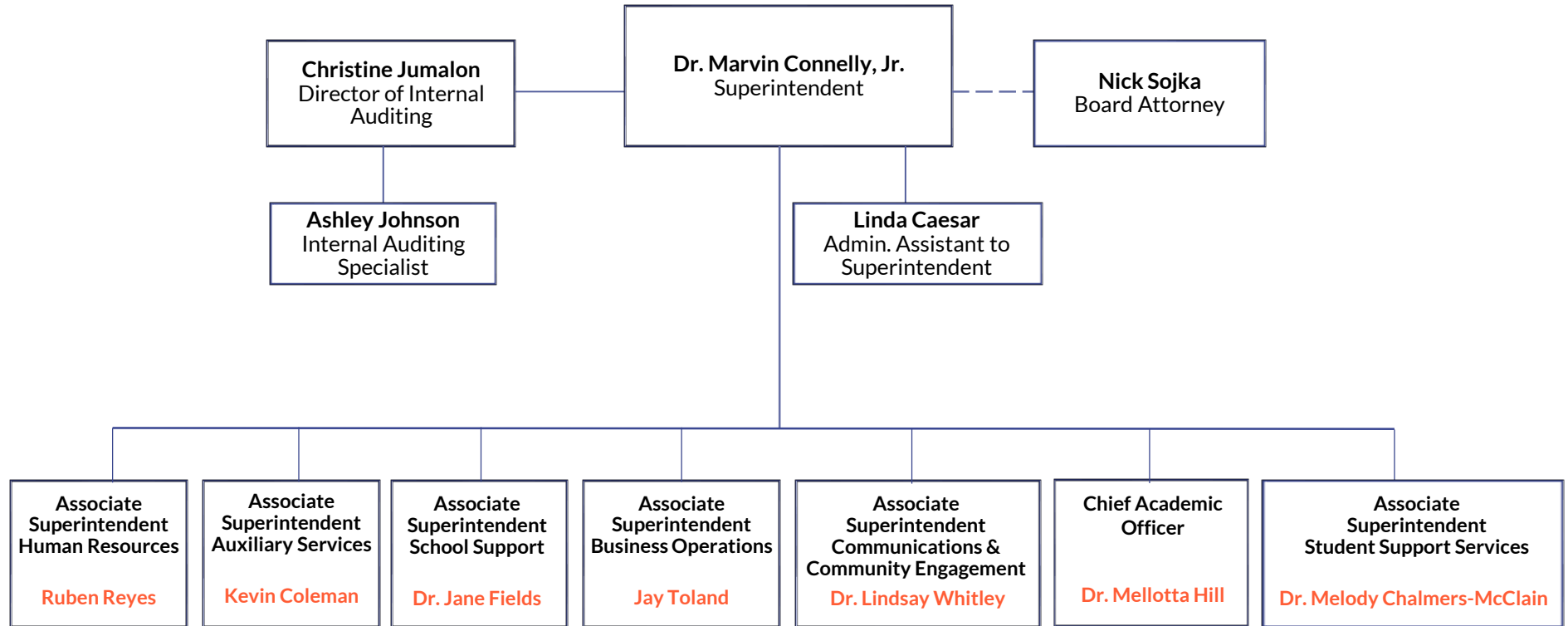
Deanna Jones, *Chairwoman*
Nathan Warfel, *Vice Chairman*

Jacquelyn Brown
Alicia Chisolm
Judy Musgrave
Carrie Sutton
Donna Vann
Greg West
Susan Williams

Principal Officer

Dr. Marvin Connelly, Jr.
Superintendent, Cumberland County Schools

SUPERINTENDENT 2022-2023





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Cumberland County Board of Education

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.**

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



A handwritten signature in black ink, reading 'John W. Hutchison'.

John W. Hutchison
President

A handwritten signature in black ink, reading 'Siobhán McMahon'.

Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director



CUMBERLAND COUNTY BOARD OF EDUCATION
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023



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, 2023, 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, 2023, 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 Liabilities (Assets) 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 individual fund budgetary and other 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 individual fund budgetary and other 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 November 30, 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

November 30, 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, 2023. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- For the fiscal year ended June 30, 2023, the Board's total government-wide net position increased by \$94.2 million. Governmental activities net position increased by \$90.4 million while business-type activities net position increased by \$3.8 million over the prior year.
- Governmental activities restricted net position increased by \$2.2 million over the prior year while unrestricted net position increased by \$78.3 million.
- The Board's total government-wide unrestricted net position at June 30, 2023 increased by \$82.1 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.

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.

CUMBERLAND COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 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.

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

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 \$282.0 million as of June 30, 2023 as compared to \$382.1 million as of June 30, 2022.

Following is a summary of the Statement of Net Position at June 30, 2023 and 2022:

**Table 1
Condensed Statement of Net Position
As of June 30, 2023 and 2022**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/23	6/30/22	6/30/23	6/30/22	6/30/23	6/30/22
Current and other assets	\$ 94,646,905	\$ 70,978,998	\$ 19,520,294	\$ 16,848,476	\$ 114,167,199	\$ 87,827,474
Capital assets	236,675,318	221,917,810	4,544,200	4,586,085	241,219,518	226,503,895
Total assets	<u>331,322,223</u>	<u>292,896,808</u>	<u>24,064,494</u>	<u>21,434,561</u>	<u>355,386,717</u>	<u>314,331,369</u>
Deferred outflows of resources	262,075,628	144,027,971	7,620,812	4,020,555	269,696,440	148,048,526
Current liabilities	34,606,368	31,038,048	848,885	1,076,482	35,455,253	32,114,530
Long-term liabilities	654,631,222	545,116,344	18,965,993	15,044,208	673,597,215	560,160,552
Total liabilities	<u>689,237,590</u>	<u>576,154,392</u>	<u>19,814,878</u>	<u>16,120,690</u>	<u>709,052,468</u>	<u>592,275,082</u>
Deferred inflows of resources	192,411,130	245,322,695	5,595,061	6,848,205	198,006,191	252,170,900
Net investment in capital assets	235,501,666	219,641,805	4,544,200	4,586,085	240,045,866	224,227,890
Restricted net position	12,408,436	10,221,543	-	30,737	12,408,436	10,252,280
Unrestricted net position (deficit)	<u>(536,160,971)</u>	<u>(614,415,656)</u>	<u>1,731,167</u>	<u>(2,130,601)</u>	<u>(534,429,804)</u>	<u>(616,546,257)</u>
Total net position (deficit)	<u>\$ (288,250,869)</u>	<u>\$ (384,552,308)</u>	<u>\$ 6,275,367</u>	<u>\$ 2,486,221</u>	<u>\$ (281,975,502)</u>	<u>\$ (382,066,087)</u>

Net position is an indicator of the fiscal health of the Board. The net position of the Board's governmental activities increased \$90.4 million during the year to \$(288.3) million at June 30, 2023, indicating an improvement in the financial condition of the Board. Restricted net position increased by \$2.2 million while unrestricted net position increased \$78.3 million over the prior year. Net investment in capital assets increased \$15.9 million due primarily to an excess of capital additions over depreciation expense for the year. Deferred outflows and inflows of resources relate entirely to the pension and OPEB plans which the Board participates in. The Board is required to record its proportionate share of these items along with its proportionate share of the plan liabilities. See Note 2 of the financial statements for more details regarding these plans.

Net position of the Board's business-type activities increased \$3.8 million during the year. This is the combined net profit generated by our school food service and child care operations during the 2023 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, 2023 and 2022

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/23	6/30/22	6/30/23	6/30/22	6/30/23	6/30/22
Revenues:						
Program revenues:						
Charges for services	\$ 7,497,752	\$ 5,905,512	\$ 4,681,041	\$ 2,011,273	\$ 12,178,793	\$ 7,916,785
Operating grants and contributions	468,383,413	440,951,618	33,087,761	36,436,645	501,471,174	477,388,263
Capital grants and contributions	1,302,431	2,263,833	-	-	1,302,431	2,263,833
General revenues:						
County appropriations	94,428,103	93,022,008	-	-	94,428,103	93,022,008
State appropriations	21,344,540	20,795,808	-	-	21,344,540	20,795,808
Federal appropriations	4,851,850	4,118,263	-	-	4,851,850	4,118,263
Other revenues	14,019,706	9,597,791	951,072	1,782,524	14,970,778	11,380,315
Total revenues	611,827,795	576,654,833	38,719,874	40,230,442	650,547,669	616,885,275
Expenses:						
Governmental activities:						
Instructional services	411,027,689	405,927,494	-	-	411,027,689	405,927,494
System-wide support services	102,804,117	97,212,224	-	-	102,804,117	97,212,224
Ancillary services	954,204	2,778,484	-	-	954,204	2,778,484
Payments to other governments	2,529,730	2,241,590	-	-	2,529,730	2,241,590
Interest on long-term debt	12,499	17,776	-	-	12,499	17,776
Unallocated depreciation	3,817,934	3,369,315	-	-	3,817,934	3,369,315
Business-type activities:						
School food service	-	-	33,470,512	27,664,656	33,470,512	27,664,656
Child care	-	-	1,776,975	2,885,356	1,776,975	2,885,356
Total expenses	521,146,173	511,546,883	35,247,487	30,550,012	556,393,660	542,096,895
Excess (deficiency) before transfers	90,681,622	65,107,950	3,472,387	9,680,430	94,154,009	74,788,380
Transfers in (out)	(316,759)	(38,814)	316,759	38,814	-	-
Increase (decrease) in net position	90,364,863	65,069,136	3,789,146	9,719,244	94,154,009	74,788,380
Beginning net position (deficit), restated	(378,615,732)	(449,621,444)	2,486,221	(7,233,023)	(376,129,511)	(456,854,467)
Ending net position (deficit)	\$ (288,250,869)	\$ (384,552,308)	\$ 6,275,367	\$ 2,486,221	\$ (281,975,502)	\$ (382,066,087)

Total governmental activities generated revenues of \$611.8 million while expenses in this category totaled \$521.1 million for the year ended June 30, 2023, resulting in an increase in net position of \$90.4 million (including transfers out to business-type activities of \$317 thousand). Comparatively, revenues were \$576.7 million, expenses totaled \$511.5 million and transfers out were \$39 thousand for the year ended June 30, 2022, resulting in an increase in net position of \$65.1 million. In comparing the two years, revenues increased \$35.2 million, or 6.1%, while expenses increased \$9.6 million, or 1.9%. The changes in revenues and expenses were primarily due to a \$21.4 million increase in State and federal grants received and expended during the year through the State Public School Fund and Federal Grants Fund.

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 58.3%, 15.2% and 20.9% of our total revenues. As would be expected, the major component of our expenses was instructional

CUMBERLAND COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

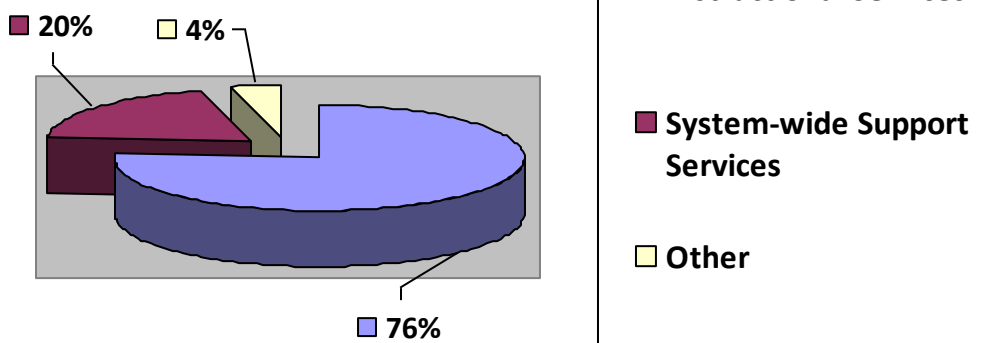
services which accounted for 78.9% of our total expenses during the most recent fiscal year. Of the remaining 21.1% of our total expenses, 19.7% was attributable to system-wide support services.

Our business-type activities generated revenues of \$38.7 million while expenses in this category totaled \$35.2 million for the year ended June 30, 2023. For the year, net position increased by \$3.8 million (including transfers in of \$317 thousand). Comparatively, revenues were \$40.2 million, expenses totaled \$30.6 million and transfers in were \$39 thousand for the year ended June 30, 2022, resulting in an increase in net position of \$9.7 million. In comparing the two periods, revenues decreased \$1.5 million, or 3.8%, while expenses increased \$4.7 million, or 15.4%. In response to the COVID-19 pandemic, the federal government allowed all students to eat free breakfast and lunch during the 2022 fiscal year. This resulted in a significant increase in revenues from the USDA due to the number of free meals the district was able to serve. However, during the 2023 year, the federal government did not provide free meals to all students and the district had to revert back to requiring students complete applications to determine if they qualify for free/reduced meal status. As would be expected with all students not receiving free breakfast and lunch, the district experienced a decline of \$3.8 million in USDA reimbursement revenues due to a decrease in the number of reimbursable meals served. This decline was partially offset by a \$2.0 million increase in food sales. The change in expenses was primarily due to inflationary increases related to food and labor costs in the School Food Service Fund. Expenses were also significantly impacted by a year-over-year increase of \$1.5 million in pension and OPEB expense in the School Food Service Fund and a decrease of \$1.6 million in the Child Care Fund due to changes in actuarial valuations and allocation percentages.

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 \$72.8 million at June 30, 2023, an increase of \$21.2 million over the amount reported for June 30, 2022. The Board's General, Special Revenue and Capital Outlay funds all reported increases in fund balance for the year of \$4.0 million, \$15.2 million and \$1.8 million, respectively. Total governmental funds reported an increase in revenues of \$29.5 million, or 5.1%, over the prior year while expenditures increased by \$22.4 million, or 3.9%.

For the year, the Board's General Fund reported an increase in fund balance of \$4.0 million compared to a decrease of \$4.9 million in the prior year. Revenues increased by \$2.0 million, or 2.3%, over the prior year primarily due to increased funding from County appropriations. Expenditures reported a decrease of \$8.5 million, or 8.9%. A decrease in instructional services costs accounted for the majority of the overall decline 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 \$21.4 million over the previous year, or 4.7%. The increase was primarily attributable to the receipt of various federal COVID-19 grants 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 \$20.8 million at June 30, 2023, an increase for the year of \$15.2 million compared to an increase of \$2.7 million in the 2022 year. Revenues increased \$20.8 million over the previous year, while expenditures rose by \$8.3 million. Indirect cost revenues increased by \$13.0 million, due primarily to indirect costs charged to the federal COVID-19 grants in the Federal Grants Fund. Revenues also increased due to receipt of a \$7.3 million federal Emergency Connectivity grant. These grant funds were expended for system-wide support services which accounted for the majority of the overall increase in expenditures for the year.

The Capital Outlay Fund reported fund balance of \$5.4 million at June 30, 2023, an increase of \$1.8 million over the prior year. The most significant revenue reported in the Capital Outlay Fund was \$10.0 million from Cumberland County appropriations. The district also received \$1.9 million from insurance proceeds which largely contributed to the increase in fund balance for the year.

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 \$3.8 million for the fiscal year ended June 30, 2023 compared to an increase of \$9.7 million for the same 2022 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. However, during the 2023 year, no significant budget revisions were made as revenue and expenditure expectations remained consistent throughout the year. Total actual expenditures for the year were \$9.2 million less than the final budgeted amounts. The Board budgeted to use \$9.6 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 \$241.2 million at June 30, 2023 compared to \$226.5 million at June 30, 2022, an increase of \$14.7 million, or 6.5%. More detailed information about the Board's capital assets is contained in Note 2 to the financial statements.

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

The following is a summary of the Board's capital assets, net of depreciation, at June 30, 2023 and 2022:

Table 3
Summary of Capital Assets
As of June 30, 2023 and 2022

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/23	6/30/22	6/30/23	6/30/22	6/30/23	6/30/22
Land	\$ 10,166,926	\$ 10,166,926	\$ -	\$ -	\$ 10,166,926	\$ 10,166,926
Construction in progress	3,454,612	-	-	-	3,454,612	-
Buildings and improvements	197,251,503	186,804,295	18,564	21,260	197,270,067	186,825,555
Equipment and furniture	13,336,399	12,087,000	4,391,787	4,494,527	17,728,186	16,581,527
Vehicles	12,465,878	12,859,589	133,849	70,298	12,599,727	12,929,887
Total	<u>\$ 236,675,318</u>	<u>\$ 221,917,810</u>	<u>\$ 4,544,200</u>	<u>\$ 4,586,085</u>	<u>\$ 241,219,518</u>	<u>\$ 226,503,895</u>

Debt Outstanding

During the year, the Board's long-term debt decreased by \$1.1 million to a balance of \$1.2 million at June 30, 2023. 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 2 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, 2023 was 5.0% compared to 5.4% at June 30, 2022. The County's unemployment rate is currently higher than the June 30, 2023 N.C. statewide and national unemployment rates which were 3.6% 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, 2023

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 88,991,217	\$ 18,920,972	\$ 107,912,189
Investments	1,846,067	-	1,846,067
Due from other governments	2,681,720	379,560	3,061,280
Receivables	103,327	-	103,327
Internal balances	511,252	(511,252)	-
Inventories	513,322	731,014	1,244,336
Capital assets:			
Land and construction in progress	13,621,538	-	13,621,538
Other capital assets, net of depreciation	223,053,780	4,544,200	227,597,980
Total capital assets	236,675,318	4,544,200	241,219,518
Total assets	331,322,223	24,064,494	355,386,717
Deferred Outflows of Resources	262,075,628	7,620,812	269,696,440
Liabilities			
Bank overdraft	422	-	422
Accounts payable and accrued expenses	13,456,176	240,518	13,696,694
Unearned revenue	8,342,271	170,195	8,512,466
Long-term liabilities:			
Due within one year	12,807,499	438,172	13,245,671
Due in more than one year	654,631,222	18,965,993	673,597,215
Total liabilities	689,237,590	19,814,878	709,052,468
Deferred Inflows of Resources	192,411,130	5,595,061	198,006,191
Net position			
Net investment in capital assets	235,501,666	4,544,200	240,045,866
Restricted for:			
Stabilization by State statute	2,882,539	-	2,882,539
School capital outlay	5,358,587	-	5,358,587
Scholarships	530,957	-	530,957
Individual schools activities	3,636,353	-	3,636,353
Unrestricted (deficit)	(536,160,971)	1,731,167	(534,429,804)
Total net position (deficit)	\$(288,250,869)	\$ 6,275,367	\$(281,975,502)

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, 2023

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	\$ 226,554,079	\$ -	\$ 231,504,141	\$ -	\$ 4,950,062	\$ -	\$ 4,950,062
Special populations	51,133,895	-	56,986,524	-	5,852,629	-	5,852,629
Alternative programs	40,133,519	-	42,117,865	-	1,984,346	-	1,984,346
School leadership	37,827,860	-	17,782,618	-	(20,045,242)	-	(20,045,242)
Co-curricular	10,647,391	7,497,752	705,957	-	(2,443,682)	-	(2,443,682)
School-based support	44,730,945	-	46,338,265	-	1,607,320	-	1,607,320
System-wide support services:							
Support and development	9,241,907	-	1,187,810	-	(8,054,097)	-	(8,054,097)
Special population support and development	3,249,135	-	3,264,735	-	15,600	-	15,600
Alternative programs and services support and development	1,243,936	-	1,401,554	-	157,618	-	157,618
Technology support	9,494,759	-	648,483	-	(8,846,276)	-	(8,846,276)
Operational support	70,214,695	-	51,126,216	1,302,431	(17,786,048)	-	(17,786,048)
Financial and human resource services	4,740,391	-	668,932	-	(4,071,459)	-	(4,071,459)
Accountability	699,377	-	104,429	-	(594,948)	-	(594,948)
System-wide pupil support	172,646	-	1,322	-	(171,324)	-	(171,324)
Policy, leadership and public relations	3,747,271	-	1,582,376	-	(2,164,895)	-	(2,164,895)
Ancillary services	954,204	-	1,200,346	-	246,142	-	246,142
Payments to other governments	2,529,730	-	11,761,840	-	9,232,110	-	9,232,110
Interest on long-term debt	12,499	-	-	-	(12,499)	-	(12,499)
Unallocated depreciation expense**	3,817,934	-	-	-	(3,817,934)	-	(3,817,934)
Total governmental activities	521,146,173	7,497,752	468,383,413	1,302,431	(43,962,577)	-	(43,962,577)
Business-type activities:							
School food service	33,470,512	2,506,997	33,087,761	-	-	2,124,246	2,124,246
Child care	1,776,975	2,174,044	-	-	-	397,069	397,069
Total business-type activities	35,247,487	4,681,041	33,087,761	-	-	2,521,315	2,521,315
Total primary government	\$ 556,393,660	\$ 12,178,793	\$ 501,471,174	\$ 1,302,431	(43,962,577)	2,521,315	(41,441,262)
General revenues:							
Unrestricted county appropriations - operating					84,305,166	-	84,305,166
Unrestricted county appropriations - capital					10,122,937	-	10,122,937
Unrestricted State appropriations - operating					21,344,540	-	21,344,540
Unrestricted Federal appropriations - operating					4,851,850	-	4,851,850
Investment earnings, unrestricted					1,816,003	577	1,816,580
Miscellaneous, unrestricted					12,203,703	950,495	13,154,198
Transfers					(316,759)	316,759	-
Total general revenues and transfers					134,327,440	1,267,831	135,595,271
Change in net position					90,364,863	3,789,146	94,154,009
Net position (deficit) - beginning, as restated (Note 2.A.4)					(378,615,732)	2,486,221	(376,129,511)
Net position (deficit) - ending					\$ (288,250,869)	\$ 6,275,367	\$ (281,975,502)

**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, 2023

Exhibit 3

	Major Funds					Non-Major Funds	Total Governmental Funds
	General	State Public School	Federal Grants	Special Revenue	Capital Outlay		
Assets							
Cash and cash equivalents	\$ 53,089,567	\$ -	\$ -	\$ 27,216,683	\$ 4,387,069	\$ 4,297,898	\$ 88,991,217
Investments	1,846,067	-	-	-	-	-	1,846,067
Due from other governments	-	-	422	1,346,007	1,335,291	-	2,681,720
Accounts receivable	49,773	-	-	53,554	-	-	103,327
Due from other funds	32,396	-	-	577,116	-	-	609,512
Inventories	513,322	-	-	-	-	-	513,322
Total assets	<u>\$ 55,531,125</u>	<u>\$ -</u>	<u>\$ 422</u>	<u>\$ 29,193,360</u>	<u>\$ 5,722,360</u>	<u>\$ 4,297,898</u>	<u>\$ 94,745,165</u>
Liabilities and fund balances							
Liabilities:							
Bank overdraft	\$ -	\$ -	\$ 422	\$ -	\$ -	\$ -	\$ 422
Accounts payable and accrued liabilities	12,964,140	-	-	58,495	363,773	69,768	13,456,176
Due to other funds	90,646	-	-	7,614	-	-	98,260
Unearned revenue	-	-	-	8,342,271	-	-	8,342,271
Total liabilities	<u>13,054,786</u>	<u>-</u>	<u>422</u>	<u>8,408,380</u>	<u>363,773</u>	<u>69,768</u>	<u>21,897,129</u>
Fund balances:							
Nonspendable:							
Inventories	513,322	-	-	-	-	-	513,322
Restricted:							
Stabilization by State statute	845,042	-	-	1,976,677	-	60,820	2,882,539
School capital outlay	-	-	-	-	5,358,587	-	5,358,587
Scholarships	-	-	-	-	-	530,957	530,957
Individual schools	-	-	-	-	-	3,636,353	3,636,353
Assigned:							
Subsequent year's expenditures	3,442,397	-	-	-	-	-	3,442,397
Risk management	2,731,488	-	-	-	-	-	2,731,488
Special revenues	-	-	-	18,808,303	-	-	18,808,303
Unassigned	34,944,090	-	-	-	-	-	34,944,090
Total fund balances	<u>42,476,339</u>	<u>-</u>	<u>-</u>	<u>20,784,980</u>	<u>5,358,587</u>	<u>4,228,130</u>	<u>72,848,036</u>
Total liabilities and fund balances	<u>\$ 55,531,125</u>	<u>\$ -</u>	<u>\$ 422</u>	<u>\$ 29,193,360</u>	<u>\$ 5,722,360</u>	<u>\$ 4,297,898</u>	<u>\$ 94,745,165</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, 2023

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	\$ 72,848,036
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	236,675,318
Deferred outflows of resources related to pensions	170,180,220
Deferred outflows of resources related to OPEB	91,895,408
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.	(33,904,258)
Net pension liability	(267,211,973)
Net OPEB liability	(366,322,490)
Deferred inflows of resources related to pensions	(5,308,713)
Deferred inflows of resources related to OPEB	<u>(187,102,417)</u>
Net position of governmental activities	<u>\$ (288,250,869)</u>

CUMBERLAND COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023

Exhibit 4

	Major Funds						Total Governmental Funds
	General	State Public School	Federal Grants	Special Revenue	Capital Outlay	Non-Major Funds	
Revenues:							
State of North Carolina	\$ -	\$ 361,149,777	\$ -	\$ -	\$ 1,302,431	\$ -	\$ 362,452,208
Cumberland County:							
Local current expense	84,305,166	-	-	-	-	-	84,305,166
Other	-	-	-	-	10,122,937	-	10,122,937
U.S. Government	-	-	115,453,289	14,368,577	-	-	129,821,866
Other	6,259,292	-	-	21,211,567	-	7,497,752	34,968,611
Total revenues	90,564,458	361,149,777	115,453,289	35,580,144	11,425,368	7,497,752	621,670,788
Expenditures:							
Current:							
Instructional services:							
Regular instructional	11,030,639	213,799,003	16,327,453	9,481,244	-	-	250,638,339
Special populations	2,673,857	44,660,544	10,871,400	765,852	-	-	58,971,653
Alternative programs	864,393	9,447,409	32,777,505	1,708,203	-	-	44,797,510
School leadership	11,350,138	29,795,645	1,000,961	157,719	-	-	42,304,463
Co-curricular	2,589,697	-	705,957	90,009	192,391	7,169,297	10,747,351
School-based support	4,331,861	25,505,283	18,827,857	481,996	514,262	-	49,661,259
System-wide support services:							
Support and development	8,678,192	643,458	544,352	261,099	-	-	10,127,101
Special population support and development	269,637	1,987,885	1,276,850	99,317	-	-	3,633,689
Alternative programs and services support and development	13,929	-	1,401,554	15,714	-	-	1,431,197
Technology support	1,705,616	846,726	(198,243)	7,285,606	8,375	-	9,648,080
Operational support	31,723,303	32,771,794	18,305,216	22,211	453,770	63,193	83,339,487
Financial and human resource services	5,110,771	161,124	507,808	-	-	-	5,779,703
Accountability	692,696	-	104,429	-	-	-	797,125
System-wide pupil support	193,602	-	1,322	-	-	-	194,924
Policy, leadership and public relations	2,656,756	1,477,463	104,913	-	-	-	4,239,132
Ancillary services	24,802	4,237	1,132,115	60,603	-	-	1,221,757
Non-programmed charges	2,474,818	-	11,761,840	-	-	54,912	14,291,570
Debt service:							
Principal retirement	233,032	-	-	-	1,302,431	-	1,535,463
Interest and fees	12,499	-	-	-	-	-	12,499
Capital outlay	-	-	-	-	9,656,308	-	9,656,308
Total expenditures	86,630,238	361,100,571	115,453,289	20,429,573	12,127,537	7,287,402	603,028,610
Revenues over (under) expenditures	3,934,220	49,206	-	15,150,571	(702,169)	210,350	18,642,178
Other financing sources:							
Transfers to other funds	-	(49,206)	-	-	-	-	(49,206)
Proceeds from disposal of capital assets	-	-	-	-	142,503	-	142,503
Insurance proceeds	21,118	-	-	-	1,897,729	-	1,918,847
Installment purchase obligations issued	-	-	-	-	433,110	-	433,110
Total other financing sources	21,118	(49,206)	-	-	2,473,342	-	2,445,254
Net change in fund balance	3,955,338	-	-	15,150,571	1,771,173	210,350	21,087,432
Fund balances:							
Beginning of year	38,432,547	-	-	5,634,409	3,587,414	4,017,780	51,672,150
Change in reserve for inventories	88,454	-	-	-	-	-	88,454
End of year	\$ 42,476,339	\$ -	\$ -	\$ 20,784,980	\$ 5,358,587	\$ 4,228,130	\$ 72,848,036

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

CUMBERLAND COUNTY BOARD OF EDUCATION **Exhibit 5**
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, 2023

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

Net changes in fund balances - total governmental funds	\$ 21,087,432
Change in fund balance due to change in reserve for inventory	88,454
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	8,829,567
Proceeds from the sale of capital assets are recorded as revenues in the fund statements but not in the statement of activities.	(142,503)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	49,988,208
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	20,104,579
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	2,780,945
Gain on disposal of capital assets	133,868
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.	1,102,353
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	(56,526,958)
OPEB (expense) benefit	41,166,227
Compensated absences	1,620,763
Risk management	131,928
Total changes in net position of governmental activities	<u>\$ 90,364,863</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, 2023**

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Cumberland County	\$ 84,305,166	\$ 84,305,166	\$ 84,305,166	\$ -
Other	1,957,000	1,957,000	6,259,292	4,302,292
Total revenues	86,262,166	86,262,166	90,564,458	4,302,292
Expenditures:				
Current:				
Instructional services	42,921,417	41,760,357	32,840,585	8,919,772
System-wide support services	49,874,631	51,258,504	51,044,502	214,002
Ancillary services	-	24,802	24,802	-
Nonprogrammed charges	2,180,000	2,530,000	2,474,818	55,182
Debt service	-	245,531	245,531	-
Total expenditures	94,976,048	95,819,194	86,630,238	9,188,956
Revenues over (under) expenditures	(8,713,882)	(9,557,028)	3,934,220	13,491,248
Other financing sources:				
Insurance proceeds	-	6,875	21,118	14,243
Fund balance appropriated	8,713,882	9,550,153	-	(9,550,153)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	3,955,338	<u>\$ 3,955,338</u>
Fund balances:				
Beginning of year			38,432,547	
Change in reserve for inventories			88,454	
End of year			<u>\$ 42,476,339</u>	

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, 2023**

	State Public School Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina	\$ 349,519,835	\$ 370,420,702	\$ 361,149,777	\$ (9,270,925)
Expenditures:				
Current:				
Instructional services	318,513,343	332,110,573	323,207,884	8,902,689
System-wide support services	30,911,838	38,212,910	37,888,450	324,460
Ancillary services	94,654	48,013	4,237	43,776
Total expenditures	349,519,835	370,371,496	361,100,571	9,270,925
Revenues over expenditures	-	49,206	49,206	-
Other financing uses:				
Transfers to other funds	-	(49,206)	(49,206)	-
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, 2023**

	Federal Grants Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
U.S. Government	\$ 182,590,576	\$ 194,809,899	\$ 115,453,289	\$ (79,356,610)
Expenditures:				
Current:				
Instructional services	107,469,150	134,567,440	80,511,133	54,056,307
System-wide support services	29,965,642	43,725,272	22,048,201	21,677,071
Ancillary services	2,245,442	2,795,154	1,132,115	1,663,039
Nonprogrammed charges	42,910,342	13,722,033	11,761,840	1,960,193
Total expenditures	182,590,576	194,809,899	115,453,289	79,356,610
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, 2023**

	Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Cumberland County	-	-	-	-
U.S. Government	7,257,569	16,660,054	14,368,577	(2,291,477)
Other	7,364,557	11,683,418	21,211,567	9,528,149
Total revenues	14,622,126	28,343,472	35,580,144	7,236,672
Expenditures:				
Current:				
Instructional services	14,326,551	20,077,599	12,685,023	7,392,576
System-wide support services	295,575	8,146,917	7,683,947	462,970
Total ancillary services	-	115,154	60,603	54,551
Nonprogrammed charges	-	3,802	-	3,802
Total expenditures	14,622,126	28,343,472	20,429,573	7,913,899
Revenues over (under) expenditures	-	-	15,150,571	15,150,571
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	\$ -	\$ -	15,150,571	\$ 15,150,571
Fund balances:				
Beginning of year			5,634,409	
End of year			\$ 20,784,980	

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, 2023

Exhibit 7

	Enterprise		
	Major Funds		
	School Food Service	Child Care	Totals
Assets			
Current assets:			
Cash and cash equivalents	\$ 14,744,700	\$ 4,176,272	\$ 18,920,972
Due from other governments	379,560	-	379,560
Inventories	731,014	-	731,014
Total current assets	<u>15,855,274</u>	<u>4,176,272</u>	<u>20,031,546</u>
Noncurrent assets:			
Capital assets:			
Buildings, improvements, furniture, equipment and vehicles, net	<u>4,457,914</u>	<u>86,286</u>	<u>4,544,200</u>
Total assets	<u>20,313,188</u>	<u>4,262,558</u>	<u>24,575,746</u>
Deferred Outflows of Resources	<u>7,125,650</u>	<u>495,162</u>	<u>7,620,812</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	240,518	-	240,518
Due to other funds	511,252	-	511,252
Compensated absences	388,225	49,947	438,172
Unearned revenue	<u>170,195</u>	<u>-</u>	<u>170,195</u>
Total current liabilities	<u>1,310,190</u>	<u>49,947</u>	<u>1,360,137</u>
Noncurrent liabilities:			
Net pension liability	7,265,303	504,867	7,770,170
Net OPEB liability	9,960,047	692,126	10,652,173
Compensated absences	<u>458,042</u>	<u>85,608</u>	<u>543,650</u>
Total noncurrent liabilities	<u>17,683,392</u>	<u>1,282,601</u>	<u>18,965,993</u>
Total liabilities	<u>18,993,582</u>	<u>1,332,548</u>	<u>20,326,130</u>
Deferred Inflows of Resources	<u>5,231,522</u>	<u>363,539</u>	<u>5,595,061</u>
Net position			
Investment in capital assets	4,457,914	86,286	4,544,200
Unrestricted (deficit)	<u>(1,244,180)</u>	<u>2,975,347</u>	<u>1,731,167</u>
Total net position	<u>\$ 3,213,734</u>	<u>\$ 3,061,633</u>	<u>\$ 6,275,367</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, 2023

Exhibit 8

	Enterprise		
	Major Funds		
	School Food Service	Child Care	Totals
Operating revenues:			
Food sales	\$ 2,506,997	\$ -	\$ 2,506,997
Child care fees	-	2,174,044	2,174,044
Other	28,922	93,571	122,493
Total operating revenues	2,535,919	2,267,615	4,803,534
Operating expenses:			
Food cost:			
Purchase of food	11,840,082	24,468	11,864,550
Donated commodities	2,355,929	-	2,355,929
Salaries and benefits	14,844,984	1,509,217	16,354,201
Indirect costs	1,257,216	-	1,257,216
Materials and supplies	138,623	99,988	238,611
Repairs and maintenance	518,241	8,559	526,800
Depreciation	599,024	3,919	602,943
Non-capitalized equipment	-	16,856	16,856
Contracted services	1,797,749	9,562	1,807,311
Other	118,664	104,406	223,070
Total operating expenses	33,470,512	1,776,975	35,247,487
Operating income (loss)	(30,934,593)	490,640	(30,443,953)
Nonoperating revenues:			
Federal grants and reimbursements	30,678,511	-	30,678,511
Federal commodities	2,355,929	-	2,355,929
State reimbursements and grants	53,321	-	53,321
Contracted service revenue	-	834,103	834,103
Interest earned	577	-	577
Loss on disposal of capital assets	(6,101)	-	(6,101)
Total nonoperating revenues	33,082,237	834,103	33,916,340
Income before transfers and contributions	2,147,644	1,324,743	3,472,387
Transfers from other funds	49,206	-	49,206
Capital contributions	267,553	-	267,553
Change in net position	2,464,403	1,324,743	3,789,146
Net position, beginning of year	749,331	1,736,890	2,486,221
Net position, end of year	\$ 3,213,734	\$ 3,061,633	\$ 6,275,367

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, 2023

Exhibit 9

	Enterprise		
	Major Funds		
	School Food Service	Child Care	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 2,433,352	\$ 2,177,568	\$ 4,610,920
Cash paid for goods and services	(15,977,166)	(267,944)	(16,245,110)
Cash paid to employees for services	(15,500,592)	(1,735,719)	(17,236,311)
Other operating revenue	28,922	93,571	122,493
Net cash provided (used) by operating activities	(29,015,484)	267,476	(28,748,008)
Cash flows from noncapital financing activities:			
Due to other funds	486,470	-	486,470
Federal grants and reimbursements	30,622,052	-	30,622,052
Contracted service revenue	-	834,103	834,103
Net cash provided by noncapital financing activities	31,108,522	834,103	31,942,625
Cash flows from capital and related financing activities:			
Purchase of capital assets	(230,661)	(68,945)	(299,606)
Cash flows from investing activities:			
Interest earned on investments	577	-	577
Net increase in cash and cash equivalents	1,862,954	1,032,634	2,895,588
Cash and cash equivalents, beginning of year	12,881,746	3,143,638	16,025,384
Cash and cash equivalents, end of year	\$ 14,744,700	\$ 4,176,272	\$ 18,920,972
Reconciliation of operating income (loss) to net cash used by operating activities:			
Operating income (loss)	\$ (30,934,593)	\$ 490,640	\$ (30,443,953)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	599,024	3,919	602,943
Donated commodities	2,355,929	-	2,355,929
Operating expenses paid by other funds	49,206	-	49,206
Changes in assets, liabilities, deferred outflows and deferred inflows of resources:			
Decrease in accounts receivable	1,288	3,524	4,812
Decrease in net OPEB asset	6,133	507	6,640
Increase in inventories	(164,372)	-	(164,372)
Decrease in accounts payable and accrued liabilities	(142,219)	(4,105)	(146,324)
Decrease in unearned revenue	(74,933)	-	(74,933)
Increase in net pension liability	5,280,283	340,906	5,621,189
Decrease in net OPEB liability	(1,471,672)	(252,124)	(1,723,796)
Decrease in deferred outflows	(3,411,851)	(188,406)	(3,600,257)
Increase in deferred inflows	(1,094,184)	(158,960)	(1,253,144)
Increase (decrease) in compensated absences payable	(13,523)	31,575	18,052
Total adjustments	1,919,109	(223,164)	1,695,945
Net cash provided (used) by operating activities	\$ (29,015,484)	\$ 267,476	\$ (28,748,008)

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, 2023

Exhibit 9 (continued)

NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:

The School Food Service Fund received donated commodities with a value of \$2,355,929 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.

During the fiscal year, the State Public School Fund paid salaries and benefits of the School Service Fund totaling \$49,206. These payments are reflected as transfers in and operating expenses on Exhibit 8.

School Food Service Fund capital assets with values of \$267,553 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 \$6,101.

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, 2023

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, 2023

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
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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 and business-type activities, it is the policy of the Board to capitalize those assets costing more than \$5,000 with an estimated useful life of two or more years. 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 current portion of the accumulated vacation pay is not considered to be material. The Board's liability for

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accumulated earned vacation and the salary-related payments as of June 30, 2023 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.

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 \$(361,098,905) 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)	\$ 526,983,943
Less accumulated depreciation	<u>(290,308,625)</u>
Net capital assets	236,675,318
Deferred outflows of resources related to pensions	170,180,220
Deferred outflows of resources related to OPEB	91,895,408
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Installment purchases	(1,173,652)
Compensated absences	(29,999,118)
Risk management	(2,731,488)
Net pension liability	(267,211,973)
Net OPEB liability	(366,322,490)
Deferred inflows of resources related to pensions	(5,308,713)
Deferred inflows of resources related to OPEB	<u>(187,102,417)</u>
Total adjustment	<u>\$ (361,098,905)</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 \$69,277,431 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 21,556,017
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	(12,726,450)
Proceeds from the sale of capital assets are recorded as revenues in the fund statements but not in the statement of activities.	(142,503)
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	(433,110)
Principal payments on debt owed are recorded as a use of funds on the fund statements but affect only the statement of net position on the government-wide statements	1,535,463
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	49,988,208
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	20,104,579
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	2,780,945
Gain on disposal of capital assets	133,868
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	(56,526,958)
OPEB (expense) benefit	41,166,227
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	1,620,763
Risk management	131,928
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	88,454
Total adjustment	<u>\$ 69,277,431</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 - DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All of the Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Board's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Board, these deposits are considered to be held by the agent in the entity's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Board has no policy regarding custodial credit risk for deposits.

At June 30, 2023, the Board had deposits with banks and savings and loans with a carrying amount of \$51,638,885 and an overdraft balance with the State Treasurer of \$422. The bank balances with the financial institutions and the State Treasurer were \$51,380,195 and \$9,927,998, respectively. Of these balances, \$3,910,154 was covered by federal depository insurance and \$57,398,039 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

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2. Investments

At June 30, 2023, 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	\$ 1,846,067	1 to 3 Years
N.C. Capital Management Trust - Government Portfolio	AAA	Fair Value - Level 1	51,770,852	N/A
Dept. of State Treasurer Short Term Investment Fund (STIF)	Unrated	Fair Value - Level 2	<u>4,502,452</u>	Duration of 1.3 Years
Totals			<u>\$ 58,119,371</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, 2023. 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, 2023. 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, 2023. 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.

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	%
N.C. Capital Management Trust - Government Portfolio	\$ 51,770,852	89.08%
Dept. of State Treasurer (STIF)	4,502,452	7.75%

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3. Accounts Receivable

Receivables at the government-wide level at June 30, 2023 are as follows:

	Due from other funds (Internal balances)	Due from other governments	Other	Total
Governmental activities:				
General Fund	\$ (58,250)	\$ -	\$ 49,773	\$ (8,477)
Other governmental activities	569,502	2,681,720	53,554	3,304,776
Total governmental activities	<u>\$ 511,252</u>	<u>\$ 2,681,720</u>	<u>\$ 103,327</u>	<u>\$ 3,296,299</u>
Business-type activities:				
School Food Service Fund	<u>\$ (511,252)</u>	<u>\$ 379,560</u>	<u>\$ -</u>	<u>\$ (131,692)</u>

Due from other governments consists of the following:

Governmental activities:		
Federal Grants Fund	\$ 422	Federal grant funds
Special Revenue Fund	1,346,007	Amounts due for sales tax and federal grant funds
Capital Outlay Fund	<u>1,335,291</u>	Amounts due from County
Total	<u>\$ 2,681,720</u>	
Business-type activities:		
School Food Service Fund	<u>\$ 379,560</u>	Federal funds

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4. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balances (Restated)	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 10,166,926	\$ -	\$ -	\$ 10,166,926
Construction in progress	5,936,576	14,976,628	17,458,592	3,454,612
Total capital assets not being depreciated	16,103,502	14,976,628	17,458,592	13,621,538
Capital assets being depreciated:				
Buildings and improvements	392,469,176	18,673,060	-	411,142,236
Equipment and furniture	40,302,148	4,012,847	246,520	44,068,475
Vehicles	56,799,620	1,352,074	-	58,151,694
Total capital assets being depreciated	489,570,944	24,037,981	246,520	513,362,405
Less accumulated depreciation for:				
Buildings and improvements	205,664,881	8,225,852	-	213,890,733
Equipment and furniture	28,215,148	2,754,813	237,885	30,732,076
Vehicles	43,940,031	1,745,785	-	45,685,816
Total accumulated depreciation	277,820,060	12,726,450	237,885	290,308,625
Total capital assets being depreciated, net	211,750,884			223,053,780
Governmental activity capital assets, net	<u>\$ 227,854,386</u>			<u>\$ 236,675,318</u>

Depreciation was charged to governmental functions as follows:

Instructional services:	
Regular	\$ 5,854,167
Special populations	254,529
Alternative programs	636,323
School leadership services	1,272,645
Co-curricular	636,323
School-based support services	254,529
Unallocated	3,817,934
Total	<u>\$ 12,726,450</u>

Restatement:

During the year ended June 30, 2023, it was determined that construction in progress totaling \$5,936,576 for HVAC projects should have been reported in capital assets at June 30, 2022. The adjustment to add these projects to capital assets had the effect of increasing governmental activities capital assets and net investment in capital assets, as previously reported at June 30, 2022, by \$5,936,576.

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	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment and furniture	\$ 16,368,902	\$ 420,907	\$ 20,040	\$ 16,769,769
Vehicles	240,468	77,307	-	317,775
Total capital assets being depreciated	16,609,370	498,214	20,040	17,087,544
Less accumulated depreciation for:				
Equipment and furniture	11,874,375	585,268	13,939	12,445,704
Vehicles	170,170	13,756	-	183,926
Total accumulated depreciation	12,044,545	599,024	13,939	12,629,630
School Food Service capital assets, net	4,564,825			4,457,914
Child Care Fund:				
Capital assets being depreciated:				
Buildings and improvements	57,073	-	-	57,073
Equipment and furniture	211,088	68,945	-	280,033
Vehicles	15,645	-	-	15,645
Total capital assets being depreciated	283,806	68,945	-	352,751
Less accumulated depreciation for:				
Buildings and improvements	35,813	2,696	-	38,509
Equipment and furniture	211,088	1,223	-	212,311
Vehicles	15,645	-	-	15,645
Total accumulated depreciation	262,546	3,919	-	266,465
Child Care Fund capital assets, net	21,260			86,286
Business-type activities capital assets, net	\$ 4,586,085			\$ 4,544,200

5. Construction and Other Significant Commitments

As of June 30, 2023, the Board had various capital projects in progress throughout the district. The Board's commitments with contractors for the remaining portion of contracts outstanding for these projects totaled approximately \$15.2 million at June 30, 2023. Subsequent to June 30, 2023, the Board entered into several additional contracts for various capital projects totaling approximately \$4.0 million.

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

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Assembly. Management of the plan is vested in the TSERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Teachers' and State Employees' Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for TSERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

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

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2023 was 17.38% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$51,441,799 for the year ended June 30, 2023.

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, 2023, the Board reported a liability of \$274,982,143 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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

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TSERS employers, actuarially determined. At June 30, 2022 and 2021, the Board's proportion was 1.8527% and 1.6899%, respectively.

For the year ended June 30, 2023, the Board recognized pension expense of \$58,282,151. At June 30, 2023, 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	\$ 1,197,289	\$ 3,748,049
Changes of assumptions	21,695,043	-
Net difference between projected and actual earnings on pension plan investments	90,315,160	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	10,479,544	1,715,035
Board contributions subsequent to the measurement date	51,441,799	-
Total	<u>\$ 175,128,835</u>	<u>\$ 5,463,084</u>

\$51,441,799 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, 2024. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	\$ 31,439,575
2025	30,480,353
2026	13,009,482
2027	43,294,542
Total	<u>\$ 118,223,952</u>

Actuarial Assumptions. The total pension liability in the December 31, 2021 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, 2021 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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
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, 2023 and 2022 was 6.50% for both years. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Board's proportionate share of the net pension asset to changes in the discount rate. The following presents the Board's proportionate share of the net pension liability calculated using the discount rate of 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)	\$ 486,182,440	\$ 274,982,143	\$ 100,653,189

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 year ended June 30, 2023, the Board contributed 6.89% of covered payroll, which amounted to \$20,393,210 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 \$180.5 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 \$2,861,811.

At June 30, 2023, the Board reported a liability of \$376,490,705 for its proportionate share of the net RHBF OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. The total OPEB liability was then rolled forward to the measurement date of June 30, 2022 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, 2022 and 2021, the Board's proportion was 1.5854% and 1.4741%, respectively.

\$20,393,210 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, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2024	\$ 46,847,320
2025	26,686,471
2026	32,732,026
2027	<u>13,350,411</u>
Total	<u>\$ 119,616,228</u>

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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	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, 2023 and 2022 were 3.54% and 2.16%, 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 3.54% was used as the discount rate used to measure the total OPEB liability. The 3.54% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2022.

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.54 percent) or 1-percentage point higher (4.54 percent) than the current discount rate:

	1% decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Net OPEB liability	\$ 443,462,673	\$ 376,490,705	\$ 321,792,788

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	\$ 309,912,076	\$ 376,490,705	\$ 462,553,097

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, 2023, employers made a statutory contribution of 0.10% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$295,983 for the year ended June 30, 2023.

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, 2023, the Board reported a liability of \$483,958 for its proportionate share of the net DIPNC OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. The total OPEB liability was then rolled forward to the measurement date of June 30, 2022 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, 2022 and 2021, the Board's proportion was 1.6269% and 1.4969%, respectively.

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\$295,983 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 liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2024	\$	241,669
2025		276,905
2026		196,643
2027		149,806
2028		23,788
Thereafter		<u>62,722</u>
Total	\$	<u>951,533</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 liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.00 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 liability	\$ 595,935	\$ 483,958	\$ 371,705

Common actuarial assumptions for both OPEB plans. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2021 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, 2022. 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, 2022. 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, 2022 is 1.2%.

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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, 2023:

	RHBF	DIPNC	Total
OPEB expense (benefit)	\$ (42,415,929)	\$ 664,217	\$ (41,751,712)
OPEB liability (asset)	\$ 376,490,705	\$ 483,958	\$ 376,974,663
Proportionate share of the net OPEB liability / asset	1.5854%	1.6269%	
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 3,655,227	\$ 542,476	\$ 4,197,703
Changes of assumptions	30,142,973	31,106	30,174,079
Net difference between projected and actual earnings on plan investments	3,260,247	511,875	3,772,122
Changes in proportion and differences between Board contributions and proportionate share of contributions	35,678,996	55,512	35,734,508
Board contributions subsequent to the measurement date	20,393,210	295,983	20,689,193
Totals	<u>\$ 93,130,653</u>	<u>\$ 1,436,952</u>	<u>\$ 94,567,605</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 1,041,789	\$ -	\$ 1,041,789
Changes of assumptions	171,349,785	89,656	171,439,441
Changes in proportion and differences between Board contributions and proportionate share of contributions	19,962,097	99,780	20,061,877
Totals	<u>\$ 192,353,671</u>	<u>\$ 189,436</u>	<u>\$ 192,543,107</u>

2. Accounts Payable

Accounts payable as of June 30, 2023 are as follows:

	Vendors and Other
Governmental activities:	
General Fund	\$ 12,964,140
Other governmental activities	492,036
Total governmental activities	<u>\$ 13,456,176</u>
Business-type activities:	
School Food Service Fund	<u>\$ 240,518</u>

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)	<u>\$ 8,342,271</u>
Business-type activities:	
Prepayments of meals (School Food Service Fund)	<u>\$ 170,195</u>

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4. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,394,992	\$ 4,789,838
Changes of assumptions	51,869,122	171,439,441
Net difference between projected and actual earnings on pension and OPEB plan investments	94,087,282	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	46,214,052	21,776,912
Board contributions subsequent to the measurement date	72,130,992	-
Total	<u>\$ 269,696,440</u>	<u>\$ 198,006,191</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 \$2,731,488 at June 30, 2023, 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 2023 and 2022 are as follows:

	Balance Beginning of Fiscal Year	Net Claims and Changes in Estimates	Claims Payments	Balance End of Fiscal Year
2022 - 2023	\$ 2,863,416	\$ 497,456	\$ (629,384)	\$ 2,731,488
2021 - 2022	3,198,642	(21,564)	(313,662)	2,863,416

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 \$9,750,000

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

School Board Legal/E&O – Per Occurrence – \$4,850,000 – Annual Aggregate \$9,750,000

Employee Benefits Liability – Per Occurrence – 4,850,000 – Annual Aggregate \$9,750,000

Law Enforcement Liability – Per Occurrence - \$4,850,000 – Annual Aggregate \$9,750,000

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

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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 outstanding balance of this contract at June 30, 2023 is \$411,497.

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 current and prior fiscal years, the Board entered into contracts 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 installment purchase contracts totaled \$2,414,139. 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.

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The future minimum payments of the installment purchases as of June 30, 2023 are as follows:

<u>Year Ending June 30:</u>	<u>Governmental Activities</u>
	<u>Principal</u>
2024	\$ 847,150
2025	326,502
Totals	<u>\$ 1,173,652</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, 2023:

	<u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>	<u>Current Portion</u>
Governmental activities:					
Direct placement installment purchases	\$ 2,276,005	\$ 433,110	\$ 1,535,463	\$ 1,173,652	\$ 847,150
Net pension liability	76,982,762	190,229,211	-	267,211,973	-
Net OPEB liability	443,343,337	-	77,020,847	366,322,490	-
Compensated absences	31,619,881	18,269,724	19,890,487	29,999,118	11,960,349
Risk management	2,863,416	-	131,928	2,731,488	-
Total	<u>\$557,085,401</u>	<u>\$208,932,045</u>	<u>\$ 98,578,725</u>	<u>\$667,438,721</u>	<u>\$ 12,807,499</u>
Business-type activities:					
Net pension liability	\$ 2,148,981	\$ 5,621,189	\$ -	\$ 7,770,170	\$ -
Net OPEB liability	12,375,969	-	1,723,796	10,652,173	-
Compensated absences	963,770	814,414	796,362	981,822	438,172
Total	<u>\$ 15,488,720</u>	<u>\$ 6,435,603</u>	<u>\$ 2,520,158</u>	<u>\$ 19,404,165</u>	<u>\$ 438,172</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.

CUMBERLAND COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

C. Interfund Balances and Activity

1. Interfund Balances

The composition of interfund balances as of June 30, 2023 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue Fund	School Food Service Fund	\$ 486,470
General Fund	Special Revenue Fund	7,614
Special Revenue Fund	General Fund	90,646
General Fund	School Food Service Fund	24,782

The interfund balances above were created in the normal operating cycle of the Board. The \$486,470 owed by the School Food Service Fund to the Special Revenue Fund is for indirect cost. All amounts are expected to be repaid during the year ended June 30, 2024.

2. Transfers to/from other Funds

Transfers to/from other funds during the year ended June 30, 2023 consisted of the following:

From the State Public School Fund to the School Food Service Fund for administrative costs	<u>\$ 49,206</u>
--	------------------

3. Transfers / Contributed Capital

During the year ended June 30, 2023, School Food Service Fund capital assets with a value of \$267,553 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 at June 30, 2023.

Total fund balance - General Fund	\$ 42,476,339
Less:	
Inventories	(513,322)
Stabilization by State statute	(845,042)
Risk management	(2,731,488)
Appropriated fund balance in the 2023-2024 budget	<u>(3,442,397)</u>
Unassigned fund balance	<u>\$ 34,944,090</u>

CUMBERLAND COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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, 2023 are as follows:

	<u>Encumbrances</u>
General Fund	\$ 762,873
Federal Grants Fund	18,077,138
Special Revenue Fund	134,396
Capital Outlay Fund	5,737,919
School Food Service Fund	31,676
Non-Major Governmental Funds	60,820

NOTE 3 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

Schedule of Board Contributions
Retiree Health Benefit Fund

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

Schedule of Board Contributions
Disability Income Plan of North Carolina

**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 TEN FISCAL YEARS***

	2023	2022	2021	2020	2019
Board's proportion of the net pension liability/asset	1.853%	1.690%	1.694%	1.772%	1.720%
Board's proportionate share of the net pension liability (asset)	\$ 274,982,143	\$ 79,131,743	\$ 204,652,114	\$ 183,778,157	\$ 170,769,825
Board's covered payroll	\$ 299,078,077	\$ 269,869,154	\$ 271,124,791	\$ 266,681,812	\$ 254,284,904
Board's proportionate share of the net pension liability/asset as a percentage of its covered payroll	91.94%	29.32%	75.48%	68.91%	67.16%
Plan fiduciary net position as a percentage of the total pension liability	84.14%	94.86%	85.98%	87.56%	87.61%
	2018	2017	2016	2015	2014
Board's proportion of the net pension liability/asset	1.720%	1.776%	1.861%	1.885%	1.941%
Board's proportionate share of the net pension liability (asset)	\$ 136,772,307	\$ 163,160,106	\$ 68,577,452	\$ 22,097,439	\$ 117,814,195
Board's covered payroll	\$ 248,783,034	\$ 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	54.98%	67.54%	27.10%	9.02%	42.76%
Plan fiduciary net position as a percentage of the total pension liability	89.51%	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.

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

	2023	2022	2021	2020	2019
Contractually required contribution	\$ 51,441,799	\$ 48,988,989	\$ 39,886,661	\$ 34,952,765	\$ 32,775,195
Contributions in relation to the contractually required contribution	51,441,799	48,988,989	39,886,661	34,952,765	32,775,195
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 295,982,733	\$ 299,078,077	\$ 269,548,344	\$ 271,124,791	\$ 266,681,812
Contributions as a percentage of covered payroll	17.38%	16.38%	14.80%	12.89%	12.29%
	2018	2017	2016	2015	2014
Contractually required contribution	\$ 27,411,913	\$ 24,828,547	\$ 21,670,435	\$ 22,702,534	\$ 22,044,341
Contributions in relation to the contractually required contribution	27,411,913	24,828,547	21,670,435	22,702,534	22,044,341
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 254,284,904	\$ 248,783,034	\$ 241,587,903	\$ 253,094,029	\$ 244,937,120
Contributions as a percentage of covered payroll	10.78%	9.98%	8.97%	8.97%	9.00%

**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 SEVEN FISCAL YEARS***

	2023	2022	2021	2020	2019
Board's proportion of the net OPEB liability/asset	1.5854%	1.4741%	1.4820%	1.5510%	1.5300%
Board's proportionate share of the net OPEB liability (asset)	\$ 376,490,705	\$ 455,719,306	\$ 411,166,846	\$ 490,843,482	\$ 435,814,176
Board's covered payroll	\$ 299,078,077	\$ 269,869,154	\$ 271,124,791	\$ 266,681,812	\$ 254,284,904
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	125.88%	168.87%	151.65%	184.06%	171.39%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	10.58%	7.72%	6.92%	4.40%	4.40%

	2018	2017
Board's proportion of the net OPEB liability/asset	1.5810%	1.5850%
Board's proportionate share of the net OPEB liability (asset)	\$ 518,296,049	\$ 689,415,246
Board's covered payroll	\$ 248,783,034	\$ 241,587,903
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	208.33%	285.37%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	3.52%	2.41%

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

Note: This is a ten year schedule. However, GASB 75 was not adopted until the fiscal year ended June 30,2018. Therefore, there are only seven 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**

	2023	2022	2021	2020	2019
Contractually required contribution	\$ 20,393,210	\$ 18,812,011	\$ 18,027,260	\$ 17,435,959	\$ 16,720,950
Contributions in relation to the contractually required contribution	20,393,210	18,812,011	18,027,260	17,435,959	16,720,950
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 295,982,733	\$ 299,078,077	\$ 269,548,344	\$ 271,124,791	\$ 266,681,812
Contributions as a percentage of covered payroll	6.89%	6.29%	6.69%	6.43%	6.27%
	2018	2017	2016	2015	2014
Contractually required contribution	\$ 15,384,237	\$ 13,931,850	\$ 15,143,344	\$ 15,175,685	\$ 14,457,345
Contributions in relation to the contractually required contribution	15,384,237	13,931,850	15,143,344	15,175,685	14,457,345
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 254,284,904	\$ 248,783,034	\$ 241,587,903	\$ 253,094,029	\$ 244,937,120
Contributions as a percentage of covered payroll	6.05%	5.60%	6.27%	6.00%	5.90%

**CUMBERLAND COUNTY BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
DISABILITY INCOME PLAN OF NORTH CAROLINA
LAST SEVEN FISCAL YEARS***

	2023	2022	2021	2020	2019
Board's proportion of the net OPEB liability/asset	1.6269%	1.4969%	1.4850%	1.5670%	1.5230%
Board's proportionate share of the net OPEB liability (asset)	\$ 483,958	\$ (244,497)	\$ (730,423)	\$ (676,022)	\$ (462,572)
Board's covered payroll	\$ 299,078,077	\$ 269,869,154	\$ 271,124,791	\$ 266,681,812	\$ 254,284,904
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	0.16%	0.09%	0.27%	0.25%	0.18%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	90.34%	105.18%	115.57%	113.00%	108.47%

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	2018	2017
Board's proportion of the net OPEB liability/asset	1.5230%	1.5840%
Board's proportionate share of the net OPEB liability (asset)	\$ (931,157)	\$ (983,664)
Board's covered payroll	\$ 248,783,034	\$ 241,587,903
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	0.37%	0.41%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	116.23%	116.06%

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

Note: This is a ten year schedule. However, GASB 75 was not adopted until the fiscal year ended June 30,2018. Therefore, there are only seven 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**

	2023	2022	2021	2020	2019
Contractually required contribution	\$ 295,983	\$ 269,170	\$ 242,882	\$ 269,489	\$ 373,355
Contributions in relation to the contractually required contribution	295,983	269,170	242,882	269,489	373,355
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 295,982,733	\$ 299,078,077	\$ 269,548,344	\$ 271,124,791	\$ 266,681,812
Contributions as a percentage of covered payroll	0.10%	0.09%	0.09%	0.10%	0.14%
	2018	2017	2016	2015	2014
Contractually required contribution	\$ 355,999	\$ 928,130	\$ 1,133,339	\$ 1,216,266	\$ 1,178,006
Contributions in relation to the contractually required contribution	355,999	928,130	1,133,339	1,216,266	1,178,006
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 254,284,904	\$ 248,783,034	\$ 241,587,903	\$ 25,309,402	\$ 244,937,120
Contributions as a percentage of covered payroll	0.14%	0.38%	0.41%	0.41%	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, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Cumberland County:			
County appropriation	\$ 84,305,166	\$ 84,305,166	\$ -
Other:			
Fines and forfeitures	500,000	1,102,928	602,928
Interest earned on investment	120,000	1,816,003	1,696,003
E-rate reimbursement	700,000	-	(700,000)
Miscellaneous	637,000	3,340,361	2,703,361
Total other	1,957,000	6,259,292	4,302,292
Total revenues	86,262,166	90,564,458	4,302,292
Expenditures:			
Current:			
Instructional services:			
Regular instructional		11,030,639	
Special populations		2,673,857	
Alternative programs		864,393	
School leadership		11,350,138	
Co-curricular		2,589,697	
School-based support		4,331,861	
Total instructional services	41,760,357	32,840,585	8,919,772
System-wide support services:			
Support and development		8,678,192	
Special population support and development		269,637	
Alternative programs and services			
support and development		13,929	
Technology support		1,705,616	
Operational support		31,723,303	
Financial and human resource services		5,110,771	
Accountability		692,696	
System-wide pupil support		193,602	
Policy, leadership and public relations		2,656,756	
Total system-wide support services	51,258,504	51,044,502	214,002
Ancillary services:			
Community		208	
Nutrition		24,594	
Total ancillary services	24,802	24,802	-
Non-programmed charges:			
Payments to other governments	2,530,000	2,474,818	55,182

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, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Debt service:			
Principal retirement		233,032	
Interest and fees		12,499	
Total debt service	<u>245,531</u>	<u>245,531</u>	<u>-</u>
Total expenditures	<u>95,819,194</u>	<u>86,630,238</u>	<u>9,188,956</u>
Revenues over (under) expenditures	(9,557,028)	3,934,220	13,491,248
Other financing sources:			
Insurance proceeds	6,875	21,118	14,243
Fund balance appropriated	<u>9,550,153</u>	<u>-</u>	<u>(9,550,153)</u>
Net change in fund balance	<u>\$ -</u>	<u>3,955,338</u>	<u>\$ 3,955,338</u>
Fund balance:			
Beginning of year		38,432,547	
Change in reserve for inventories		<u>88,454</u>	
End of year		<u>\$ 42,476,339</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, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues:			
State of North Carolina:			
State appropriations - buses	\$ 1,302,431	\$ 1,302,431	\$ -
Cumberland County:			
General county revenues	22,752,808	10,122,937	(12,629,871)
Total revenues	24,055,239	11,425,368	(12,629,871)
Expenditures:			
Current:			
Instructional services:			
Co-curricular		192,391	
School-based support		514,262	
Total instructional services	1,459,375	706,653	752,722
System-wide support services:			
Technology		8,375	
Operational support		453,770	
Total system-wide support services	200,000	462,145	(262,145)
Debt service:			
Principal retirement	1,302,431	1,302,431	-
Capital outlay:			
Land, buildings and site improvements	21,038,861	9,006,144	12,032,717
Furnishings and equipment	479,445	330,718	148,727
Vehicles	1,472,855	319,446	1,153,409
Total capital outlay	22,991,161	9,656,308	13,334,853
Total expenditures	25,952,967	12,127,537	13,825,430
Revenues under expenditures	(1,897,728)	(702,169)	1,195,559
Other financing sources:			
Proceeds from disposal of capital assets	-	142,503	142,503
Insurance proceeds	1,897,728	1,897,729	1
Installment purchase obligations issued	-	433,110	433,110
Total other financing sources	1,897,728	2,473,342	575,614
Net change in fund balance	\$ -	1,771,173	\$ 1,771,173
Fund balance:			
Beginning of year		3,587,414	
End of year		\$ 5,358,587	

CUMBERLAND COUNTY BOARD OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2023

	Special Revenue Funds			
	Individual Schools Fund	Combined Athletics Fund	Administrative Fund	Totals
Assets				
Cash and cash equivalents	<u>\$ 3,134,986</u>	<u>\$ 631,955</u>	<u>\$ 530,957</u>	<u>\$ 4,297,898</u>
Liabilities				
Accounts payable and accrued liabilities	<u>\$ -</u>	<u>\$ 69,768</u>	<u>\$ -</u>	<u>\$ 69,768</u>
Fund balances				
Restricted:				
Stabilization by State statute	-	60,820	-	60,820
Scholarships	-	-	530,957	530,957
Individual schools	<u>3,134,986</u>	<u>501,367</u>	<u>-</u>	<u>3,636,353</u>
Total fund balances	<u>3,134,986</u>	<u>562,187</u>	<u>530,957</u>	<u>4,228,130</u>
Total liabilities and fund balances	<u>\$ 3,134,986</u>	<u>\$ 631,955</u>	<u>\$ 530,957</u>	<u>\$ 4,297,898</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, 2023

	Special Revenue Funds			
	Individual Schools Fund	Combined Athletics Fund	Administrative Fund	Totals
Revenues:				
Other	\$ 6,035,516	\$ 1,375,136	\$ 87,100	\$ 7,497,752
Total revenues	<u>6,035,516</u>	<u>1,375,136</u>	<u>87,100</u>	<u>7,497,752</u>
Expenditures:				
Current:				
Instructional services:				
Co-curricular	5,819,136	1,350,161	-	7,169,297
System-wide support services:				
Operational support	-	63,193	-	63,193
Non-programmed charges:				
Scholarships	<u>-</u>	<u>-</u>	<u>54,912</u>	<u>54,912</u>
Total expenditures	<u>5,819,136</u>	<u>1,413,354</u>	<u>54,912</u>	<u>7,287,402</u>
Net change in fund balance	216,380	(38,218)	32,188	210,350
Fund balances:				
Beginning of year	<u>2,918,606</u>	<u>600,405</u>	<u>498,769</u>	<u>4,017,780</u>
End of year	<u>\$ 3,134,986</u>	<u>\$ 562,187</u>	<u>\$ 530,957</u>	<u>\$ 4,228,130</u>

CUMBERLAND COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
ADMINISTRATIVE FUND
For the Fiscal Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Other	\$ 400,000	\$ 87,100	\$ (312,900)
Expenditures:			
Non-programmed charges:			
Scholarships	<u>400,000</u>	<u>54,912</u>	<u>345,088</u>
Net change in fund balance	<u>\$ -</u>	32,188	<u>\$ 32,188</u>
Fund balance:			
Beginning of year		<u>498,769</u>	
End of year		<u>\$ 530,957</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, 2023

	Final Budget	Actual	Variance with Final Budget
Operating revenues:			
Food sales	\$ 338,753	\$ 2,506,997	\$ 2,168,244
Other	-	28,922	28,922
Total operating revenues	338,753	2,535,919	2,197,166
Operating expenditures:			
Business support services:			
Purchase of food		12,004,454	
Donated commodities		2,355,929	
Salaries and benefits		15,549,798	
Indirect costs		1,257,216	
Materials and supplies		138,623	
Repairs and maintenance		518,241	
Contracted services		1,797,749	
Other		118,664	
Capital outlay		230,661	
Total operating expenditures	34,280,261	33,971,335	308,926
Operating loss	(33,941,508)	(31,435,416)	2,506,092
Nonoperating revenues:			
Federal reimbursements	32,396,508	30,678,511	(1,717,997)
Federal commodities	1,545,000	2,355,929	810,929
State reimbursements	-	53,321	53,321
Interest earned	-	577	577
Total nonoperating revenues	33,941,508	33,088,338	(853,170)
Revenues over expenditures	-	1,652,922	1,652,922
Other financing sources:			
Transfers from other funds	-	49,206	49,206
Net change in fund balance	\$ -	1,702,128	\$ 1,702,128
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(599,024)	
Capital contributions		267,553	
Equipment purchases		230,661	
Loss on disposal of capital assets		(6,101)	
Net OPEB asset		(6,133)	
Net pension liability		(5,280,283)	
Net OPEB liability		1,471,672	
Deferred outflows - pension and OPEB		3,411,851	
Deferred inflows - pension and OPEB		1,094,184	
Decrease in compensated absences payable		13,523	
Increase in inventory		164,372	
Change in net position (full accrual)		\$ 2,464,403	

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, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Operating revenues:			
Child care fees	\$ 3,233,206	\$ 2,174,044	\$ (1,059,162)
Other	55,000	93,571	38,571
Total operating revenues	<u>3,288,206</u>	<u>2,267,615</u>	<u>(1,020,591)</u>
Operating expenditures:			
Regular community services:			
Purchase of food		24,468	
Salaries and benefits		1,735,719	
Materials and supplies		99,988	
Repairs and maintenance		8,559	
Non-capitalized equipment		16,856	
Contracted services		9,562	
Other		104,406	
Capital outlay		68,945	
Total operating expenditures	<u>3,288,206</u>	<u>2,068,503</u>	<u>1,219,703</u>
Operating income	<u>-</u>	<u>199,112</u>	<u>199,112</u>
Nonoperating revenues:			
Contracted service revenue	<u>-</u>	<u>834,103</u>	<u>834,103</u>
Net change in fund balance	<u>\$ -</u>	<u>1,033,215</u>	<u>\$ 1,033,215</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(3,919)	
Equipment purchases		68,945	
Net OPEB asset		(507)	
Net pension liability		(340,906)	
Net OPEB liability		252,124	
Deferred outflows - pension and OPEB		188,406	
Deferred inflows - pension and OPEB		158,960	
Increase in compensated absences payable		<u>(31,575)</u>	
Change in net position (full accrual)		<u>\$ 1,324,743</u>	



CUMBERLAND COUNTY BOARD OF EDUCATION
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023



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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities										
Net investment in capital assets	\$ 235,501,666	\$ 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
Restricted	12,408,436	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
Unrestricted	<u>(536,160,971)</u>	<u>(614,415,656)</u>	<u>(689,572,089)</u>	<u>(725,972,135)</u>	<u>(720,481,278)</u>	<u>(735,738,718)</u>	<u>(48,807,690)</u>	<u>(46,375,094)</u>	<u>(64,650,700)</u>	<u>9,388,389</u>
Total governmental activities net position	<u>\$ (288,250,869)</u>	<u>\$ (384,552,308)</u>	<u>\$ (450,592,438)</u>	<u>\$ (487,932,411)</u>	<u>\$ (478,863,898)</u>	<u>\$ (490,483,156)</u>	<u>\$ 204,725,657</u>	<u>\$ 214,584,791</u>	<u>\$ 203,479,558</u>	<u>\$ 284,501,804</u>
Business-type activities										
Net investment in capital assets	\$ 4,544,200	\$ 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
Restricted	-	30,737	18,806	17,441	12,083	23,443	-	-	-	-
Unrestricted	<u>1,731,167</u>	<u>(2,130,601)</u>	<u>(11,353,978)</u>	<u>(6,219,045)</u>	<u>(6,483,326)</u>	<u>(6,764,106)</u>	<u>10,361,385</u>	<u>10,240,489</u>	<u>8,177,230</u>	<u>10,826,835</u>
Total business-type activities net position	<u>\$ 6,275,367</u>	<u>\$ 2,486,221</u>	<u>\$ (7,233,023)</u>	<u>\$ (1,840,902)</u>	<u>\$ (2,201,300)</u>	<u>\$ (3,555,722)</u>	<u>\$ 13,378,189</u>	<u>\$ 12,197,190</u>	<u>\$ 10,171,272</u>	<u>\$ 12,940,089</u>
Primary Government										
Net investment in capital assets	\$ 240,045,866	\$ 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
Restricted	12,408,436	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
Unrestricted	<u>(534,429,804)</u>	<u>(616,546,257)</u>	<u>(700,926,067)</u>	<u>(732,191,180)</u>	<u>(726,964,604)</u>	<u>(742,502,824)</u>	<u>(38,446,305)</u>	<u>(36,134,605)</u>	<u>(56,473,470)</u>	<u>20,215,224</u>
Total primary government net position	<u>\$ (281,975,502)</u>	<u>\$ (382,066,087)</u>	<u>\$ (457,825,461)</u>	<u>\$ (489,773,313)</u>	<u>\$ (481,065,198)</u>	<u>\$ (494,038,878)</u>	<u>\$ 218,103,846</u>	<u>\$ 226,781,981</u>	<u>\$ 213,650,830</u>	<u>\$ 297,441,893</u>

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,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental Activities:										
Instructional services:										
Regular instructional	\$ 226,554,079	\$ 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
Special populations	51,133,895	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
Alternative programs	40,133,519	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
School leadership	37,827,860	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
Co-curricular	10,647,391	8,643,894	5,317,924	11,554,153	12,784,045	12,859,684	12,750,911	12,610,379	12,620,894	13,280,148
School-based support	44,730,945	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
System-wide support services:										
Support and development	9,241,907	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
Special populations support and development	3,249,135	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
Alternative programs, services support & development	1,243,936	1,146,128	1,373,775	1,478,356	1,295,850	1,005,964	588,262	586,537	585,469	567,106
Technology support	9,494,759	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
Operational support	70,214,695	70,173,629	47,295,077	55,180,463	52,680,001	53,488,488	51,634,980	47,597,930	47,210,238	53,482,787
Financial and human services	4,740,391	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
Accountability	699,377	679,969	750,124	852,210	826,875	634,110	684,169	620,478	615,629	636,182
System-wide pupil support	172,646	146,283	148,574	1,966,506	330,666	1,147,540	913,413	588,906	61,163	68,825
Policy, leadership and public relations	3,747,271	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
Ancillary services	954,204	2,778,484	1,912,951	442,056	478,168	90,331	96,557	101,931	62,468	58,137
Nonprogram charges	2,529,730	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
Unallocated depreciation expense *	12,499	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
Interest expense	3,817,934	17,776	-	-	-	-	-	-	-	-
Total governmental activities expenses	\$ 521,146,173	\$ 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
Business-type activities:										
School food service	33,470,512	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
Child care	1,776,975	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
Total business-type activities	35,247,487	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
Total primary government	556,393,660	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
Program Revenues:										
Governmental activities:										
Charges for services										
Instructional	7,497,752	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
Operating grants and contributions	468,383,413	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
Capital grants and contributions	1,302,431	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	\$ 477,183,596	\$ 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

* 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,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Program revenues (continued):										
Business-type activities										
Charges for services										
School food service	\$ 2,506,997	\$ 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
Child care	2,174,044	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
Operating grants and contributions	33,087,761	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
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenue	<u>37,768,802</u>	<u>38,447,918</u>	<u>16,270,719</u>	<u>30,184,280</u>	<u>31,982,787</u>	<u>32,687,288</u>	<u>31,239,218</u>	<u>31,183,062</u>	<u>28,655,391</u>	<u>29,143,784</u>
Total primary government program revenue	<u>514,952,398</u>	<u>487,568,881</u>	<u>382,255,118</u>	<u>381,096,677</u>	<u>379,284,631</u>	<u>360,576,813</u>	<u>346,601,626</u>	<u>334,769,071</u>	<u>337,630,372</u>	<u>327,279,904</u>
Net (expense)/revenue										
Governmental activities	(43,962,577)	(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)
Business-type activities	<u>2,521,315</u>	<u>7,897,906</u>	<u>(5,392,153)</u>	<u>(767,964)</u>	<u>1,177,817</u>	<u>740,124</u>	<u>1,108,478</u>	<u>1,979,414</u>	<u>(296,859)</u>	<u>(694,899)</u>
Total primary government net expense	<u>(41,441,262)</u>	<u>(54,528,014)</u>	<u>(99,241,812)</u>	<u>(136,280,501)</u>	<u>(114,932,713)</u>	<u>(125,789,882)</u>	<u>(119,481,964)</u>	<u>(94,772,606)</u>	<u>(88,101,784)</u>	<u>(115,660,680)</u>
General revenues and other changes in net assets:										
Governmental activities:										
Unrestricted county appropriations - operating	84,305,166	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
Unrestricted county appropriations - capital	10,122,937	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
Unrestricted State appropriations - operating	21,344,540	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
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
Unrestricted Federal appropriations - operating	4,851,850	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
Investment earnings, unrestricted	1,816,003	88,665	239,005	1,064,289	1,207,247	386,588	224,522	207,692	166,939	175,568
Miscellaneous, unrestricted	12,203,703	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
Transfers	<u>(316,759)</u>	<u>(38,814)</u>	<u>-</u>	<u>(945,851)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>134,327,440</u>	<u>127,495,056</u>	<u>130,837,996</u>	<u>126,444,024</u>	<u>127,729,788</u>	<u>117,776,978</u>	<u>110,731,308</u>	<u>107,857,253</u>	<u>104,576,448</u>	<u>101,335,086</u>
Business-type activities:										
Investment earnings, unrestricted	577	53	32	182,511	176,605	54,992	72,521	46,504	-	37,682
Miscellaneous, unrestricted	950,495	1,782,471	-	-	-	-	-	-	-	-
Transfers	<u>316,759</u>	<u>38,814</u>	<u>-</u>	<u>945,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>1,267,831</u>	<u>1,821,338</u>	<u>32</u>	<u>1,128,362</u>	<u>176,605</u>	<u>54,992</u>	<u>72,521</u>	<u>46,504</u>	<u>-</u>	<u>37,682</u>
Total primary government general revenues	<u>135,595,271</u>	<u>129,316,394</u>	<u>130,838,028</u>	<u>127,572,386</u>	<u>127,906,393</u>	<u>117,831,970</u>	<u>110,803,829</u>	<u>107,903,757</u>	<u>104,576,448</u>	<u>101,372,768</u>
Change in net position, governmental activities	<u>90,364,863</u>	<u>65,069,136</u>	<u>36,988,337</u>	<u>(9,068,513)</u>	<u>11,619,258</u>	<u>(8,753,028)</u>	<u>(9,859,134)</u>	<u>11,105,233</u>	<u>16,771,523</u>	<u>(13,630,695)</u>
Change in net position, business-type activities	<u>3,789,146</u>	<u>9,719,244</u>	<u>(5,392,121)</u>	<u>360,398</u>	<u>1,354,422</u>	<u>795,116</u>	<u>1,180,999</u>	<u>2,025,918</u>	<u>(296,859)</u>	<u>(657,217)</u>
Total primary government	<u>\$ 94,154,009</u>	<u>\$ 74,788,380</u>	<u>\$ 31,596,216</u>	<u>\$ (8,708,115)</u>	<u>\$ 12,973,680</u>	<u>\$ (7,957,912)</u>	<u>\$ (8,678,135)</u>	<u>\$ 13,131,151</u>	<u>\$ 16,474,664</u>	<u>\$ (14,287,912)</u>

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

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Nonspendable:										
Inventories	\$ 513,322	\$ 424,868	\$ 475,713	\$ 475,713	\$ 475,713	\$ 475,713	\$ 475,713	\$ 475,713	\$ 475,713	\$ 475,713
Prepaid expenditures	-	3,476,134	-	-	-	-	-	-	-	-
Restricted:										
Stabilization by State Statute	845,042	1,240,767	3,087,675	2,172,517	503,377	312,832	301,645	636,484	108,002	203,464
Assigned:										
Subsequent year's expenditures	3,442,397	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
Risk Management	2,731,488	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
Unassigned:	34,944,090	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
Total General Fund	<u>\$ 42,476,339</u>	<u>\$ 38,432,547</u>	<u>\$ 42,178,105</u>	<u>\$ 27,865,578</u>	<u>\$ 30,142,686</u>	<u>\$ 36,690,559</u>	<u>\$ 33,947,638</u>	<u>\$ 33,149,461</u>	<u>\$ 30,691,510</u>	<u>\$ 34,700,011</u>
All other governmental funds										
Restricted:										
Stabilization by State Statute	\$ 2,037,497	\$ 274,544	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,080,441
School capital outlay	5,358,587	3,587,414	3,284,753	3,246,570	3,446,905	3,045,040	2,992,787	2,356,587	2,322,850	-
Scholarships	530,957	498,769	464,447	-	-	-	-	-	-	-
Individual Schools	3,636,353	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
Assigned:										
Special Revenues	18,808,303	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
Total all other governmental funds	<u>\$ 30,371,697</u>	<u>\$ 13,239,603</u>	<u>\$ 10,291,546</u>	<u>\$ 10,034,987</u>	<u>\$ 9,023,036</u>	<u>\$ 8,956,549</u>	<u>\$ 8,932,744</u>	<u>\$ 9,176,882</u>	<u>\$ 8,398,343</u>	<u>\$ 5,108,036</u>
Total all governmental funds	<u>\$ 72,848,036</u>	<u>\$ 51,672,150</u>	<u>\$ 52,469,651</u>	<u>\$ 37,900,565</u>	<u>\$ 39,165,722</u>	<u>\$ 45,647,108</u>	<u>\$ 42,880,382</u>	<u>\$ 42,326,343</u>	<u>\$ 39,089,853</u>	<u>\$ 39,808,047</u>

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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
State of North Carolina	\$ 362,452,208	\$ 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
Cumberland County	94,428,103	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
U. S. Government	129,821,866	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
Other	34,968,611	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
Total revenues	621,670,788	576,935,089	495,042,740	476,141,172	471,219,575	444,576,955	422,752,353	411,443,262	413,047,008	399,471,206
Expenditures (1)										
Instructional programs	457,120,575	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
Supporting services	119,190,438	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
Ancillary services	1,221,757	2,817,298	1,912,951	442,056	478,168	90,331	96,557	101,931	62,468	58,137
Nonprogram charges	14,291,570	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
Capital outlay	9,656,308	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
Debt Service										
Principal	1,535,463	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
Interest and fees	12,499	17,776	-	-	-	-	-	-	-	-
Total expenditures	603,028,610	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
Revenues over (under) expenditures	18,642,178	(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)
Other financing sources (uses)										
Proceeds from disposal of capital assets	142,503	88,597	-	-	-	-	-	-	-	-
Insurance proceeds	1,918,847	1,708,406	-	-	-	-	-	-	-	-
Installment purchase obligations issued	433,110	201,374	1,779,655	2,161,100	3,812,057	2,097,887	2,333,024	-	504,421	-
Transfers	(49,206)	-	-	(945,851)	-	-	-	-	-	-
Total other financing sources (uses)	2,445,254	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	\$ 21,087,432	\$ (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)
Debt service as a percentage of noncapital expenditures	0.26%	0.43%	0.54%	0.43%	0.54%	0.58%	0.77%	0.77%	0.12%	0.05%

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,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
School Buildings										
<u>Elementary Schools</u>										
Number	53	53	53	52	52	52	52	52	52	52
Square feet	3,268,876	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
Acres	909	909	909	909	908	908	908	908	908	920
Portables	136	136	137	137	136	134	138	140	140	138
Enrollment	22,233	22,237	21,793	23,675	23,827	23,964	23,968	23,623	23,360	23,828
<u>Middle Schools</u>										
Number	19	19	19	18	18	18	18	18	18	18
Square feet	1,776,775	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
Acres	365	365	365	365	365	365	365	372	380	380
Portables	19	19	15	15	16	18	24	27	27	27
Enrollment	11,503	11,308	11,500	11,600	11,108	10,650	10,695	10,838	11,420	11,563
<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	2,593,811	2,528,113	2,552,510	2,510,290
Acres	728	728	728	728	728	728	728	721	722	711
Portables	28	28	28	28	31	32	32	33	33	32
Enrollment	14,564	14,018	14,391	14,339	14,450	14,849	14,934	15,160	15,088	15,200
<u>Totals</u>										
Number	88	88	88	86	86	86	86	86	86	86
Square feet	7,639,462	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
Acres	2,002	2,002	2,002	2,002	2,001	2,001	2,001	2,001	2,010	2,011
Portables	183	183	180	180	183	184	194	200	200	197
Enrollment	48,300	47,563	47,684	49,614	49,385	49,463	49,597	49,621	49,868	50,591
Number of Buses:	427	444	444	444	434	434	435	440	444	444

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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Officials, Adm., Mgrs.	11	11	11	11	12	6	8	8	8	8
Principals	85	87	88	85	85	86	86	85	86	86
Asst. Principals, Teaching	-	-	-	-	-	-	-	-	8	7
Asst. Principals, Nonteaching	125	126	125	130	127	126	118	119	116	115
Elementary Teachers	1,558	1,656	1,684	1,621	1,616	1,604	1,613	1,633	1,772	1,852
Secondary Teachers	541	574	538	550	539	559	565	596	621	644
Other Teachers	858	865	908	884	888	883	849	851	938	943
Guidance	165	164	149	143	141	137	136	132	133	130
Psychological	27	26	28	26	24	30	26	27	28	30
Librarian, Audiovisual	83	86	83	81	77	77	77	80	80	78
Consultant, Supervisor	69	67	70	71	65	62	56	49	54	53
Other Professional	228	221	204	186	196	196	191	180	191	191
Teacher Assistants	901	798	770	806	834	860	845	847	819	817
Technicians	23	22	21	20	22	18	17	15	19	22
Clerical, Secretarial	427	435	421	412	417	407	405	410	410	427
Service Workers	661	648	718	727	748	736	732	734	763	780
Skilled Crafts	162	158	163	172	169	171	175	170	179	182
Laborers, Unskilled	89	86	89	87	86	84	85	86	89	88
Total	6,013	6,030	6,070	6,012	6,046	6,042	5,984	6,022	6,314	6,453

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,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Number of schools										
Elementary	53	53	53	52	52	52	52	52	52	52
Middle	16	16	16	16	16	16	16	16	16	16
Grades 6-12	2	2	2	1	1	1	1	1	1	1
High	15	15	15	15	15	15	15	15	15	15
Alternative	1	1	1	1	1	1	1	1	1	1
Special	1	1	1	1	1	1	1	1	1	1
Total	88	88	88	86	86	86	86	86	86	86
Average Student Teacher Ratio	15:01	15:1	15:1	16:1	16:1	16:1	16:1	16:1	17:1	15:1
Child Nutrition										
Average breakfasts served daily	20,535	20,199	11,637	22,200	19,427	18,096	17,212	16,766	15,840	15,903
Average lunches served daily	30,026	31,582	12,817	34,104	33,812	32,607	33,097	32,433	32,760	32,416
Free & Reduced Lunch percentage (1)	NA	NA	NA	NA	NA	NA	NA	58.49%	61.36%	58.50%
Before and After School Care										
Number of sites	19	14	16	30	30	30	33	33	33	38
Number of participants	815	650	200	1,427	1,373	1,370	1,349	1,282	1,304	1,301
Exceptional Children's Program										
Number of disabled students	7,250	6,985	7,090	7,496	7,429	7,343	7,339	7,331	7,273	7,270
Number of academically/ Intellectually gifted students	4,692	4,225	4,312	5,058	5,146	5,061	5,084	5,060	5,058	5,168
English as a Second Language Program (ESL)										
Number of students served	1,906	1,659	1,553	1,497	1,516	1,417	1,186	1,123	1,104	1,001
Number of schools with ESL	84	87	85	85	84	86	85	85	85	85
Number of languages spoken	69	71	79	84	92	85	100	85	82	57
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
2023	\$ 1,173,652	\$ 847,150	\$ 326,502	\$ -	\$ -	\$ -	\$ -	NA	\$ 3.43
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	-	-	0.0289%	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	5,755,772	2,244,799	1,643,759	709,853	230,899	235,681	906,031	0.0177%	6.65
2015	3,169,051	818,223	823,340	221,608	226,208	230,899	1,141,713	0.0061%	2.25
2014	1,419,816	628,049	443,902	443,903	-	-	-	0.0049%	1.75

(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)
2023	NA	NA	NA	NA	5.0%
2022	334,776	NA	NA	NA	5.9%
2021	333,531	\$ 15,766,028,000	\$ 46,992	31.6	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%

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, 2023.



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

Employer	Fiscal Year 2023			Fiscal Year 2014			
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment	
U.S. Department of Defense-Military	52,300	+	1	46.82%	51,000	1	36.39%
U.S. Department of Defense-Civilians	14,100	+	2	12.62%	23,000	2	16.41%
Cape Fear Valley Health System	7,100	+	3	6.36%	5,400	4	3.85%
Cumberland County Schools	6,800	+	4	6.09%	6,530	3	4.66%
Wal-Mart Associates Inc.	3,400	+	5	3.04%	2,860	5	2.04%
Goodyear Tire & Rubber Co.	2,500	+	6	2.24%	2,330	7	1.66%
Cumberland County Government	2,400	+	7	2.15%	2,350	6	1.68%
City of Fayetteville	1,700	+	8	1.52%	2,055	8	1.47%
Veterans Administration	1,500	+	9	1.34%			
Fayetteville Technical Community College	1,300	+	10	1.16%	1,390	9	0.99%
U.S. Postal Services					1,225	10	0.87%
	93,100			83.34%	98,140		70.02%

Source: County of Cumberland, North Carolina, Annual Financial Report for the year ended June 30, 2023.

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

Fiscal Year	Governmental Activities					Business-Type Activities				Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽²⁾
	General Obligation Bonds	COPS & Limited Obligation Bonds	Capital Leases	STIBA	Installment Purchase	General Obligation Bonds	Revenue Bonds	COPS & Limited Obligation Bonds	Installment Purchase			
2023	\$ -	\$ 52,997,391	\$ 125,609	\$ 559,863	\$ 183,334	\$ 934,000	\$ 1,304,000	\$ 8,720,074	\$ 49,955	\$ 64,874,226	NA	\$ 190
2022	168,707	62,260,176	90,898	-	366,667	960,000	1,329,000	12,811,373	54,951	78,041,772	NA	216
2021	713,102	71,605,519	-	-	550,000	985,000	1,354,000	16,929,400	59,946	92,196,967	0.58%	258
2020	3,056,994	55,449,933	-	-	733,333	1,009,000	1,379,000	21,072,200	64,942	82,765,402	0.57%	238
2019	5,680,376	59,064,787	-	-	5,108,151	1,032,000	1,379,000	17,966,871	4,766,695	94,997,880	0.70%	271
2018	12,473,758	67,166,896	-	-	3,414,148	1,054,000	1,379,000	20,543,832	1,985,289	108,016,923	0.84%	307
2017	19,457,140	76,156,917	243,850	-	3,219,813	1,076,000	-	23,020,793	2,394,328	125,568,841	1.01%	372
2016	27,189,102	86,685,373	717,492	-	4,459,439	1,097,000	-	25,407,754	1,332,124	146,888,284	1.19%	428
2015	35,206,484	97,178,829	1,172,987	-	4,599,065	1,117,000	-	27,709,715	1,648,919	168,632,999	1.38%	491
2014	43,428,866	107,612,285	1,611,032	-	2,238,691	1,136,000	-	29,921,676	1,870,800	187,819,350	1.59%	541

Source: County of Cumberland, North Carolina, Annual Financial Report for the year ended June 30, 2023.

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 2023			Fiscal Year 2014		
	2022 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2013 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Goodyear Tire & Rubber Co.	\$ 346,591	1	1.39%	\$ 328,160	1	1.42%
Cross Creek Mall, LLC	170,610	2	0.68%	130,249	2	0.56%
Wal-Mart Stores, Inc.	160,987	3	0.65%	126,810	3	0.55%
Duke Energy Progress, Inc.	113,222	4	0.45%			
Fayetteville, VA Co., LLC	91,132	5	0.37%			
Cargill, Inc.	83,282	6	0.33%	38,991	10	0.17%
Mann+Hummel Purolator Filters	76,306	7	0.31%	59,731	6	0.26%
Piedmont Natural Gas Co., Inc.	69,938	8	0.28%	52,790	7	0.23%
DAK Americas, LLC	64,363	9	0.26%	50,971	8	0.22%
South River EMC	58,446	10	0.23%	46,147	9	0.20%
Carolina Telephone				71,197	5	0.31%
Progress Energy				86,171	4	0.37%
	<u>\$ 1,234,877</u>		<u>4.95%</u>	<u>\$ 991,217</u>		<u>4.29%</u>

Source: County of Cumberland, North Carolina, Annual Financial Report for the year ended June 30, 2023.

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					
2023	\$ 23,146,862	\$ 460,294	\$ 3,149,328	\$ 1,794,507	\$ 3,611,483	\$ 24,939,508	\$ 0.9990	\$ 26,341,133	94.68%
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%
⁴ 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%

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, 2023.



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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Debt Limit	\$ 2,284,079	\$ 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
Total net debt applicable to limit	934	1,125	1,650	3,959	6,387	12,984	19,771	27,207	34,857	42,711
Legal debt margin	<u>\$ 2,283,145</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	0.04%	0.05%	0.07%	0.18%	0.29%	0.61%	0.91%	1.28%	1.66%	2.03%

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed Property Value	\$ 24,939,508
Plus : Exempt Property	<u>3,611,483</u>
Total Assessed Value	<u>\$ 28,550,991</u>
Debt Limit (8% of total assessed value)	2,284,079
Debt applicable to limit:	
Total Bonded debt	934
Revenue Bonds	1,304
Authorized and unissued debt	<u>-</u>
	2,238
Less: Statutory deductions	
Authorized and unissued debt	-
Revenue bonds	<u>1,304</u>
	1,304
Total amount of debt applicable to debt limit	<u>934</u>
Legal debt margin	<u>\$ 2,283,145</u>

Source: County of Cumberland, North Carolina, Annual Financial Report for the year ended June 30, 2023.

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)
2023	\$ 934,000	NA	0.004%	\$ 3
2022	1,125,000	NA	0.005%	3
2021	1,650,000	0.01%	0.007%	5
2020	3,959,000	0.03%	0.017%	12
2019	6,387,000	0.05%	0.029%	19
2018	12,984,000	0.10%	0.059%	39
2017	19,771,000	0.16%	0.086%	61
2016	27,207,000	0.22%	0.122%	83
2015	34,857,000	0.29%	0.158%	106
2014	42,711,000	0.36%	0.193%	128

Source: County of Cumberland, North Carolina, Annual Financial Report for the year ended June 30, 2023.
 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
2023	\$ 199,501,614	\$ 198,385,306	99.44%	NA	\$ 194,315,234	97.40%
2022	195,116,064	194,315,234	99.59%	\$ 610,464	194,925,698	99.90%
2021	193,917,047	192,228,162	99.13%	1,275,448	193,503,610	99.79%
2020	189,321,973	187,188,405	98.87%	1,757,859	188,946,264	99.80%
2019	187,163,252	185,734,181	99.24%	1,126,697	186,860,878	99.84%
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%

Note (1) Collections for FY 2014 include all collections through 9th prior year.
 Collections for FY 2015 include all collections through 8th prior year.
 Collections for FY 2016 include all collections through 7th prior year.
 Collections for FY 2017 include all collections through 6th prior year.
 Collections for FY 2018 include all collections through 5th prior year.
 Collections for FY 2019 include all collections through 4th prior year.
 Collections for FY 2020 include all collections through 3rd prior year.
 Collections for FY 2021 include all collections through 2nd prior year.
 Collections for FY 2022 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, 2023.



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
2023	\$ 0.799	\$ 0.050	\$ 0.150	\$ -	\$ 0.9990
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

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, 2023.

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

Year Ended June 30	City of Fayetteville (1)	Fayetteville Revitalization District	Town of Hope Mills	Town of Spring Lake (1)	Town of Eastover	Town of Falcon	Town of Godwin	Town of Linden (1)	Town of Stedman	Town of Wade
2023	\$ 0.4995	\$ 0.100	\$ 0.460	\$ 0.650	\$ 0.205	\$ 0.220	\$ 0.240	\$ 0.300	\$ 0.320	\$ 0.320
2022	0.4995	0.100	0.460	0.700	0.205	0.220	0.240	0.300	0.320	0.320
2021	0.4995	0.100	0.460	0.700	0.205	0.220	0.240	0.300	0.320	0.320
2020	0.4995	0.100	0.460	0.700	0.205	0.150	0.240	0.300	0.320	0.260
2019	0.4995	0.100	0.460	0.700	0.205	0.150	0.240	0.300	0.320	0.250
2018	0.4995	0.100	0.460	0.700	0.205	0.150	0.240	0.300	0.320	0.250
2017	0.4995	0.100	0.460	0.700	0.205	0.150	0.240	0.250	0.320	0.250
2016	0.4860	0.100	0.460	0.700	0.205	0.150	0.240	0.250	0.320	0.250
2015	0.4860	0.100	0.460	0.700	0.205	0.150	0.240	0.200	0.320	0.250
2014	0.4560	0.100	0.420	0.660	0.205	0.150	0.195	0.200	0.320	0.240

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, 2023.



CUMBERLAND COUNTY BOARD OF EDUCATION
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023



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, 2023, 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 November 30, 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 23-01 that we consider to be a significant deficiency.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

*November 30, 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, 2023. 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, 2023.

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 an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 23-02. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Board's response to the noncompliance finding 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

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

Our consideration of internal control over compliance was for the limited purpose described in the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 23-02, that we consider to be a significant deficiency.

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

*November 30, 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, 2023. 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, 2023.

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 an instance of noncompliance, which is 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 is described in the accompanying schedule of findings and questioned costs as item 23-03. Our opinion on each major State program is not modified with respect to this matter.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 23-03, that we consider to be a significant deficiency.

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

November 30, 2023
Rockingham, North Carolina

**CUMBERLAND COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2023**

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? *No*
- Significant deficiency(ies) identified? *Yes*

Noncompliance material to financial statements noted? *No*

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified? *Yes*

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
	Special Education Cluster:
84.027	Grants to States - IDEA, part B (611)
84.027	COVID-19 - ARP - Grants to States - IDEA, part B (611)
84.027	Special Needs Targeted Assistance
84.173	Preschool Grants - IDEA, Part B (619)
84.173	COVID-19 - ARP - Preschool Grants - IDEA, Part B (619)
32.009	COVID-19 – Emergency Connectivity Fund Program
84.010	Title I, Grants to Local Educational Agencies
84.425	COVID-19 – Education Stabilization Fund

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, 2023**

State Awards

Internal control over major State programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? Yes

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
School Technology Fund

Section II - Financial Statement Findings

Finding 23-01

SIGNIFICANT DEFICIENCY
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:	While improvements were made compared to the prior year, management did not properly reconcile bank accounts and other various general ledger accounts in a timely manner during the current 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:	The June 30, 2022 audit could not be completed until late March, 2023 due to account reconciliations having to be finalized. Therefore, the account reconciliation process for the 2022-2023 year was already approximately nine months behind at the conclusion of the 2022 audit. Management implemented controls and procedures during the 2022-2023 year to address this issue and has worked diligently to catch-up these reconciliations for the 2022-2023 year.
Identification of a repeat finding:	This is a repeat finding from the immediate previous audit, Finding 22-01.
Recommendation:	Management has indicated that with the controls and procedures put in place during the 2022-2023 year, the district is now current with its monthly reconciliation processes. We recommend that management continue to monitor and review these monthly reconciliations to ensure that all general ledger accounts are being reconciled in a timely manner.

**CUMBERLAND COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2023**

Section II - Financial Statement Findings (Continued)

Finding 23-01 (Continued)

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 III - Federal Award Findings and Questioned Costs

Finding 23-02

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)

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

SIGNIFICANT DEFICIENCY

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.
Cause:	The June 30, 2022 audit could not be completed until late March, 2023 due to account reconciliations having to be finalized. Therefore, the account reconciliation process for the 2022-2023 year was already approximately nine months behind at the conclusion of the 2022 audit. Management implemented controls and procedures during the 2022-2023 year to address this issue and has worked diligently to catch-up these reconciliations for the 2022-2023 year.
Questioned costs:	None.
Identification of a repeat finding:	This is a repeat finding from the immediate previous audit, Finding 22-07.
Recommendation:	Management has indicated that with the controls and procedures put in place during the 2022-2023 year, the district is now current with its monthly reconciliation processes. We recommend that management continue to monitor and review these monthly reconciliations to ensure that all general ledger accounts are being reconciled in a timely manner.

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, 2023

Section IV - State Award Findings and Questioned Costs

Finding 23-03

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

SIGNIFICANT DEFICIENCY
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:	The June 30, 2022 audit could not be completed until late March, 2023 due to account reconciliations having to be finalized. Therefore, the account reconciliation process for the 2022-2023 year was already approximately nine months behind at the conclusion of the 2022 audit. Management implemented controls and procedures during the 2022-2023 year to address this issue and has worked diligently to catch-up these reconciliations for the 2022-2023 year.
Questioned costs:	None.
Identification of a repeat finding:	This is a repeat finding from the immediate previous audit, Finding 22-08.
Recommendation:	Management has indicated that with the controls and procedures put in place during the 2022-2023 year, the district is now current with its monthly reconciliation processes. We recommend that management continue to monitor and review these monthly reconciliations to ensure that all general ledger accounts are being reconciled in a timely manner.

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, 2023

Page 1 of 1

Finding 23-01

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 23-02

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 has established 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 23-03

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

Corrective Action Plan: The finding resulted from significant turnover within the Finance Department. Management has established 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

Our Commitment: Every Student

Collaborative ★ Competitive ★ Successful

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**CUMBERLAND COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2023**

Finding: 22-01

Status: Not corrected. See Finding 23-01.

Finding: 22-02

Status: Corrected.

Finding: 22-03

Status: Corrected.

Finding: 22-04

Status: Corrected.

Finding: 22-05

Status: Corrected.

Finding: 22-06

Status: Corrected.

Finding: 22-07

Status: Not corrected. See Finding 23-02.

Finding: 22-08

Status: Not corrected. See Finding 23-03.

Finding: 22-09

Status: Corrected.

CUMBERLAND COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2023

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	\$ 2,355,929
Cash Assistance:			
School Breakfast Program	10.553	PRC 035	8,358,323
National School Lunch Program	10.555	PRC 035	20,103,913
Supply Chain Assistance Funds	10.555	PRC 035	1,238,079
After School Snack Program	10.555	PRC 035	139,844
Summer Food Service Program for Children	10.559	PRC 035	441,392
Child Nutrition Discretionary Funds	10.579	PRC 053	51,359
Fresh Fruit and Vegetable Grant	10.582	PRC 035	396,960
Cash assistance subtotal			30,729,870
Total Child Nutrition Cluster			33,085,799
Local Food for Schools Cooperative Agreement Program	10.185		60,603
Total U.S. Department of Agriculture			33,146,402
<u>U.S. Department of Defense</u>			
Direct Program:			
ROTC	12.000		535,577
Army Youth Programs in Your Neighborhood	12.000		1,134,778
K-12 Student Achievement at Military Connected Schools	12.556		63,994
Total U.S. Department of Defense			1,734,349
<u>Federal Communications Commission</u>			
Direct Program:			
COVID-19 - Emergency Connectivity Fund Program	32.009		7,285,606
<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		4,851,850
Indian Education	84.060		278,524
Mental Health Service Profess. Demonstration Grant Program	84.184		157,645
Passed-through the N.C. Department of Public Instruction:			
Title I, Grants to Local Educational Agencies	84.010	PRCs 050/105/115	25,458,062
Supporting Effective Instruction State Grant	84.367	PRC 103	2,312,911
Language Acquisition Grant	84.365	PRC 104/111	356,821
Education for Homeless Children and Youth	84.196	PRC 026	68,978
Student Support and Academic Enrichment Program	84.424	PRC 108	1,627,666

CUMBERLAND COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2023

Page 2 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>
Special Education Cluster:			
Grants to States - IDEA, part B (611)	84.027	PRC 060	7,595,427
COVID-19 - ARP - Grants to States - IDEA, part B (611)	84.027	PRC 185	2,756,398
Special Needs Targeted Assistance	84.027	PRC 118	388,405
Preschool Grants - IDEA, Part B (619)	84.173	PRC 049	181,914
COVID-19 - ARP - Preschool Grants - IDEA, Part B (619)	84.173	PRC 186	182,136
Total Special Education Cluster			<u>11,104,280</u>
Career and Technical Education - Basic Grants to States Program Development	84.048	PRC 017	<u>1,058,228</u>
COVID-19 - Education Stabilization Fund:			
CARES Act:			
COVID-19 - ESSER I - Learning Management System	84.425D	PRC 166	1,026
CRRSA:			
COVID-19 - K-12 Emergency Relief Fund - ESSER II	84.425D	PRC 171	30,857,725
COVID-19 - ESSER II - Supplemental Contracted Instructional Support Funding	84.425D	PRC 173	321,237
COVID-19 - ESSER II - School Nutrition COVID Support	84.425D	PRC 174	49,364
COVID-19 - ESSER II - Learning Loss Funding	84.425D	PRC 176	1,337,389
COVID-19 - ESSER II - Summer Career Accel. Program	84.425D	PRC 177	645,432
COVID-19 - ESSER II - Competency-Based Assessment	84.425D	PRC 178	292,709
ARP:			
COVID-19 - ESSER III - K-12 Emergency Relief Fund	84.425D	PRC 181	38,697,903
COVID-19 - ESSER III - Homeless	84.425W	PRC 183	4,656
COVID-19 - ESSER III - Homeless II	84.425W	PRC 184	442,010
COVID-19 - ESSER III - Summer Career Accel. Programs	84.425U	PRC 188	497,649
COVID-19 - ESSER III - Math Enrichment Programs	84.425U	PRC 189	134,170
COVID-19 - ESSER III - Career & Technical Ed. - Hospitality	84.425U	PRC 194	15,760
COVID-19 - ESSER III - NBPTS Certification Fee Reimbursement Program	84.425U	PRC 198	7,355
COVID-19 - ESSER III - School Psychologists Grant Program	84.425U	PRC 204	32,268
COVID-19 - ESSER III - Principal Retention Supplements	84.425U	PRC 206	27,367
Total COVID-19 - Education Stabilization Fund	84.425		<u>73,364,020</u>
Total U.S. Department of Education			<u>120,638,985</u>
<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	<u>50,964</u>
Total Federal Assistance			<u>162,856,306</u>

CUMBERLAND COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2023

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	342,479,026
Career and Technical Education:			
State Months of Employment		PRC 013	15,070,080
Program Support Funds		PRC 014	1,891,092
Driver Training		PRC 012	1,003,867
School Technology Fund		PRC 015	705,712
Cash assistance subtotal			<u>361,149,777</u>
Non-Cash Assistance:			
State Buses Appropriation		PRC 120	<u>1,302,431</u>
Total N.C. Department of Public Instruction			<u>362,452,208</u>
<u>N.C. Department of Agriculture:</u>			
State Reduced Lunch Program			14,891
State Reduced Breakfast Program			<u>38,430</u>
Total N.C. Department of Agriculture			<u>53,321</u>
Total State Assistance			<u>362,505,529</u>
Total Federal and State Assistance			<u>\$525,361,835</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, 2023. 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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