

***DUPLIN COUNTY
BOARD OF EDUCATION
Kenansville, North Carolina***

*Comprehensive Annual Financial Statements
For the Fiscal Year Ended
June 30, 2020*

DUPLIN COUNTY BOARD OF EDUCATION

KENANSVILLE, NORTH CAROLINA



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDING JUNE 30, 2020**

**DUPLIN COUNTY BOARD OF EDUCATION
KENANSVILLE, NORTH CAROLINA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

**PREPARED BY
DAWN GEORGE
AND THE
FINANCE DEPARTMENT**



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Introductory Section



September 21, 2020

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

In compliance with the Public School Laws of North Carolina, the Comprehensive Annual Financial Report of the Duplin County Board of Education, operating as "Duplin County Schools", for the fiscal year ended June 30, 2020, is herewith submitted. Responsibility for accuracy, completeness, and clarity of the report rests with the Superintendent and the Chief Financial Officer.

This report was prepared by the Finance Department in accordance with the requirements and guidelines promulgated by the Governmental Accounting Standards Board. We believe the data is accurate in all material respects and is presented in a manner designed to reflect fairly the financial position and results of operations of the Board. Disclosures necessary to enable the reader to gain maximum understanding of the Board's financial activity have been included.

This letter of transmittal is designed to complement Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

REPORTING ENTITY

The Duplin County Board of Education (the "Board") is the level of government having oversight responsibility and control over activities related to public school education in Duplin County, North Carolina. N.C. General Statutes empower the Duplin County Board of Education with general control and supervision of all matters pertaining to the schools in the system. For the 2019-2020 fiscal year, the school system served students from kindergarten through 12th grade in 8 elementary schools and 5 high schools. The oldest school in the District was built in 1955 while the newest school was constructed in 2009. The average age of all school buildings is 46 years. The school system provides general, special and vocational education services. The school system receives local, State, and federal government funding and must comply with the legal requirements of each funding source. While the Board does receive funding from Duplin County (the "County"), the County is not entitled to share in any surplus nor is it required to finance any deficits. The Board, whose members are elected by the citizens of Duplin County, has the authority to designate management, make binding decisions, and significantly influence operations. However, the Board has no tax levying or borrowing authority and is required to maintain accounting records in a uniform State format. The Board has final approval over the budget and primary accountability for fiscal matters. Accordingly, the Duplin County Board of Education is not included in any other reporting entity.

ECONOMIC CONDITION AND OUTLOOK

Duplin County's economy has historically been based on agriculture. In the past, tobacco and row crops were the staples of agricultural production. In more recent years, poultry and livestock production has displaced crops as the primary source of production. According to the North Carolina Department of Agriculture's 2019 statistics, Duplin County ranks first in the state in pork and poultry cash receipts with total sales for all livestock and crops of \$1.017 billion. As a result, Duplin County's population has grown nearly 20 percent since 2000, to an estimated population of 58,741. The majority of this growth can be attributed to the Hispanic population that until recently has been seasonal, but has begun to settle

Letter of Transmittal *(Continued)*

permanently in Duplin County. The unemployment rate for Duplin County was 5.4 percent at June 30, 2020 as compared to the State of N.C. unemployment rate of 7.9 percent at June 30, 2020.

The Board of Education had an average daily membership (ADM) of 9,612 during the 2019-2020 school year compared to 9,652 during the 2018-2019 year, a decrease of 40 students. The State projected a slight increase for 2020-2021 with a projected ADM of 9,655 students.

Manufacturing, including agricultural related processing, is an important segment of the County's employment. Approximately 35% of the County's workforce is employed in agricultural related processing and manufacturing. Of the ten largest employers in the County, six are engaged in agricultural production or processing.

Due to the County's geographic proximity to the military installations of Camp Lejeune, Seymour Johnson Air Force Base, New River Air Station and Cherry Point Air Station, Duplin County is strategically positioned to support projected military growth. Initiatives of growth to attract military population or business include civic and community efforts.

MAJOR INITIATIVES

The goals of the school system as outlined in the 5 year Strategic Plan are as follows:

- Student academic success for every PreK-13 student.
- All students will receive a personalized education through access to STEAMA, career, college, and digital learning.
- Every student will be instructed and supported by excellent and innovative leaders, teachers, and personnel.
- Develop and maintain strategic partnerships supported by 21st Century financial, business and technology systems.
- Provide safe and nurturing facilities for all PreK-13 students and staff.

Duplin County Schools is one of two school districts in the nation following a District-Wide Early College Approach to Seamless Education. Through a partnership with James Sprunt Community College, Duplin students are immersed in a college-going climate and culture beginning in Pre-Kindergarten. The goal for each child is college, career, and life success.

FINANCIAL AND BUDGETARY CONTROLS

The cost of public school education in North Carolina is financed primarily by the State, which establishes minimum programs. Local funds supplement the basic programs and are appropriated by the local board of county commissioners.

Monthly reports on transactions of State and federal funds and details of disbursements from State funds are submitted to the North Carolina Department of Public Instruction for review.

Financial activities throughout the year are controlled in accordance with the North Carolina School Budget and Fiscal Control Act, which requires a pre-audit procedure to ensure availability of funds prior to the issuance of purchase orders or payment of claims. Outstanding purchase orders at the end of the fiscal year related to normal operations are cancelled and renewed in the following fiscal year.

The Board's accounts are organized in funds, each of which is considered a separate accounting entity, to record the allocation of and accounting for governmental resources for which they are spent and controlled. Each individual fund accounting entity records their operations under a set of self-balancing accounts comprising of assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate.

Letter of Transmittal *(Continued)*

The Board's funds are divided into three major classifications: governmental, proprietary and fiduciary. The governmental fund types include the general fund, the special revenue funds and the capital outlay fund. The Board's enterprise fund is presented as a proprietary fund type. The scholarship (private-purpose trust) fund is included as a fiduciary fund type of the Board. All governmental fund types are accounted for and reported on the modified accrual basis of accounting in accordance with G.S. 115C-440(b). The proprietary fund type and fiduciary fund are presented in the financial statement on the accrual basis of accounting.

North Carolina General Statutes also require all governmental units to adopt a balanced budget by July 1st of each year. The Board's annual budget resolution authorizes expenditures at functional level under the modified accrual basis except for the enterprise fund, which is budgeted on the accrual basis, and the individual schools special revenue fund. For internal management purposes, the budget is allocated to line item expenditure accounts. The budgetary amounts presented in the accompanying financial statements are in conformity with the legally adopted budget ordinance as amended throughout the fiscal year. The Board uses a purchase order encumbrance system to record encumbrances outstanding against each expenditure line item to ensure compliance with adopted budget limits. All non-capital outlay outstanding encumbrances are reversed at year-end. Capital Outlay encumbrances are carried over into the subsequent year and the corresponding budget amounts are re-appropriated.

In developing and improving the Board's accounting system, consideration is given to the adequacy of internal control. Internal controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, the reliability of financial records for preparing financial statements, and maintaining the accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the evaluation of cost and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the Board's internal control adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

INDEPENDENT AUDIT

Anderson Smith & Wike PLLC, independent certified public accountants, whose opinion is expressed on page one, have audited the financial statements. The Duplin County Board of Education complies with the requirements of the Single Audit Act for which separate reports are issued.

FINANCIAL REPORTING AWARDS

For the fiscal year ended June 30, 2019, the Comprehensive Annual Financial Report of the Duplin County Board of Education earned the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting and the Association of School Business Officials (ASBO) Certificate of Excellence in Financial Reporting Award. The awards are made only to governmental units that publish a comprehensive annual financial report, which is easily readable, efficiently organized, and conforms to program standards as well as satisfying generally accepted accounting principles. Awards are valid for one year only. We believe the accompanying report continues to conform to GFOA and ASBO requirements, and we will submit it for determination of eligibility for renewed awards.

ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the dedicated efforts of the finance staff and the Board's independent certified public accounting firm of Anderson Smith & Wike PLLC. We wish to express appreciation to all employees who assisted in the timely closing of the Duplin County Board of Education's fiscal records as well as the preparation of this report.

Letter of Transmittal *(Continued)*

We would also like to express appreciation to the members of the Board of Education for their support in planning and conducting the financial affairs of the school system in a responsible and professional manner.

Respectfully submitted,



Dr. Austin Obasohan
Superintendent



Dawn George
Chief Financial Officer

**DUPLIN COUNTY BOARD OF EDUCATION
KENANSVILLE, NORTH CAROLINA**

JULY 1, 2019 – JUNE 30, 2020

BOARD MEMBERS

BRENT DAVIS, CHAIR

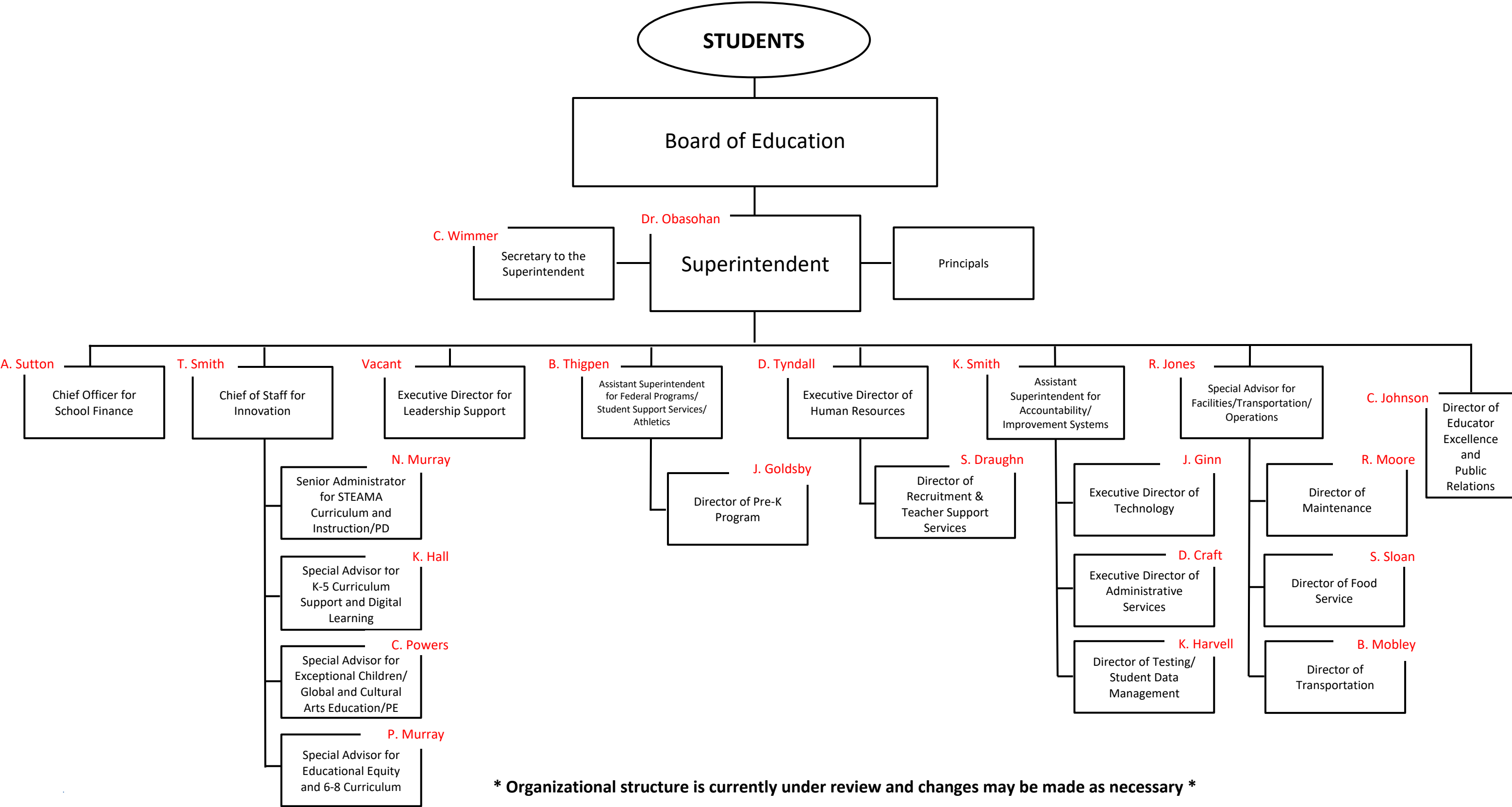
REGINALD KENAN

DAVID JONES

PAMELA EDWARDS

CLAUDIUS MORRISEY

DUPLIN COUNTY SCHOOLS
2019-20 Organizational Chart





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Duplin County Board of Education

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

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



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

Claire Hertz, SFO
President

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

David J. Lewis
Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Duplin County Board of Education
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



Financial Section



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Duplin County Board of Education
Kenansville, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Duplin County Board of Education, as of and for the year ended June 30, 2020 and the related notes to the basic financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Duplin County Board of Education as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General, State Public School Federal Grants and Other Special Revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 10 and the Schedule of the Board's Proportionate Share of the Net Pension Liability, OPEB Liability and OPEB Asset and the Schedule of Board Contributions on pages 55 through 60, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Duplin County Board of Education's basic financial statements. The introductory section, individual nonmajor fund schedules, budgetary schedules and the statistical tables, as well as the accompanying schedule of expenditures of federal and State awards as required by the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund budgetary schedules and other schedules, as well as the accompanying schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund budgetary schedules and other schedules, as well as the accompanying schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2020 on our consideration of the Duplin County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Duplin County Board of Education's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

September 21, 2020
West End, North Carolina
(910) 603-0508

DUPLIN COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Duplin County Board of Education's (the "Board") financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2020. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- For the fiscal year ended June 30, 2020, the Board's total government-wide net position increased by \$2.6 million. Governmental activities net position increased by \$2.6 million, and business-type activities net position decreased by \$77,000, or 2.7%.
- The Board experienced a decrease in student enrollment of 18 students from 9,652 students to 9,634 students.
- At year end, the Board's General fund reported fund balance of \$3.4 million an increase of \$817,000 in comparison with prior year. The increase is a result of expenditure savings recognized by closing schools as a result of the Covid-19 pandemic.

Overview of the Financial Statements

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

- *Independent Auditors' Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental section that presents the Schedules of the Board's Proportionate Share of Net Pension and OPEB Liabilities (Assets) and the Schedules of Board Contributions.*
- *Supplementary section that presents budgetary 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, proprietary and fiduciary funds. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The proprietary 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.

DUPLIN 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 and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Board's net position and how it has changed. Net position is the difference between the Board's assets and liabilities. 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 and activities at Liberty Hall are 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.

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

Duplin County Board of Education has three types of funds:

Governmental funds: Most of the Board's basic services are included in the governmental funds, which generally focus on two things – 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 Capital Outlay Fund, the Other Special Revenue Fund and the Federal Grants Fund.

The governmental fund statements are shown as Exhibits 3, 4, 5 and 6 of this report.

Proprietary funds: Services for which the Board charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same full accrual basis of accounting as the government-wide statements. The Duplin County Board of Education has two proprietary funds - both enterprise funds – the School Food Service Fund and the Liberty Hall Fund.

The proprietary fund statements are shown as Exhibits 7, 8, and 9 of this report.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Duplin County Board of Education has one fiduciary fund:

The Dickson Loan Fund - The Board administers the fund, which provides loans to Duplin County students to continue their education after high school. This fund is accounted for as a private purpose trust fund.

The fiduciary fund statements are shown as Exhibits 10 and 11 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 \$41.3 million as of June 30, 2020 as compared to liabilities and deferred inflows exceeding assets and deferred outflows by \$43.8 million as of June 30, 2019, an increase of \$2.6 million. The largest component of net position is net investment in capital assets of \$94.7 million, while restricted and unrestricted net position have a combined balance of negative \$135.9 million. Following is a summary of the Statement of Net Position as of June 30, 2020 and 2019:

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

**Table 1
Condensed Statement of Net Position
As of June 30, 2020 and 2019**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/20	6/30/19	6/30/20	6/30/19	6/30/20	6/30/19
Current assets	\$ 12,553,592	\$ 12,938,415	\$ 7,243,105	\$ 7,447,654	\$ 19,796,697	\$ 20,386,069
Capital assets	98,009,791	100,735,757	329,921	196,112	98,339,712	100,931,869
Total assets	110,563,383	113,674,172	7,573,026	7,643,766	118,136,409	121,317,938
Deferred outflows of resources	22,148,968	23,358,555	725,013	757,983	22,873,981	24,116,538
Current liabilities	5,697,475	9,977,088	90,025	110,123	5,787,500	10,087,211
Long-term liabilities	128,866,615	124,164,536	4,063,252	3,841,656	132,929,867	128,006,192
Total liabilities	134,564,090	134,141,624	4,153,277	3,951,779	138,717,367	138,093,403
Deferred inflows of resources	42,172,730	49,559,847	1,380,461	1,608,212	43,553,191	51,168,059
Net investment in						
capital assets	94,345,620	96,289,378	329,921	196,112	94,675,541	96,485,490
Restricted net position	5,864,661	3,600,406	11,098	13,380	5,875,759	3,613,786
Unrestricted net position (deficit)	(144,234,750)	(146,558,528)	2,423,282	2,632,266	(141,811,468)	(143,926,262)
Total net position (deficit)	\$ (44,024,469)	\$ (46,668,744)	\$ 2,764,301	\$ 2,841,758	\$ (41,260,168)	\$ (43,826,986)

The net position of the Board's governmental activities increased \$2.6 million during the year, from \$(46.7) million at June 30, 2019 to \$(44.0) million at June 30, 2020, indicating an improvement in the financial condition of the Board. Unrestricted net position increased by \$2.3 million as a result of decreases in deferred inflows related to pension and OPEB plans. Restricted net position increased \$2.3 million compared to the prior year due to an increase in the amount of hurricane relief funds received during the current year in the form of insurance payments received. Net investment in capital assets decreased \$1.9 million due to an excess of depreciation expense over capital additions for the year.

The net position of the Board's business-type activities decreased by \$77,000. This decrease is the amount of net loss generated by our school food service and Liberty Hall operations during the 2020 fiscal year, including a combined \$333,000 in investment income between the 2 funds. The school food service operations net loss also included a transfer from other funds of \$57,000. The majority of the net loss was recognized in the school food service operations due to the coronavirus pandemic in which school was shut down in the middle of March. The Board continued to offer feeding programs but failed to maintain participation levels of that seen when school was in session. The following table shows the revenues and expenses for the Board for the current and prior fiscal years:

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

**Table 2
Condensed Statement of Activities
For the Fiscal Years Ended June 30, 2020 and 2019**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/20	6/30/19	6/30/20	6/30/19	6/30/20	6/30/19
Revenues:						
Program revenues:						
Charges for services	\$ 1,854,107	\$ 1,892,394	\$ 123,921	\$ 137,931	\$ 1,978,028	\$ 2,030,325
Operating grants and contributions	69,346,612	74,475,567	4,805,903	4,919,323	74,152,515	79,394,890
Capital grants and contributions	837,128	917,376	-	-	837,128	917,376
General revenues:						
County appropriations	9,762,068	10,018,438	-	-	9,762,068	10,018,438
State appropriations	5,782,733	5,373,172	-	-	5,782,733	5,373,172
Federal appropriations	1,226,272	-	-	-	1,226,272	-
Other revenues	3,878,486	7,645,722	333,022	245,547	4,211,508	7,891,269
Total revenues	92,687,406	100,322,669	5,262,846	5,302,801	97,950,252	105,625,470
Expenses:						
Governmental activities:						
Instructional services	72,179,169	70,768,984	-	-	72,179,169	70,768,984
System-wide support services	17,488,847	27,936,624	-	-	17,488,847	27,936,624
Ancillary services	12,548	7,337	-	-	12,548	7,337
Payments to other governments	23,187	24,062	-	-	23,187	24,062
Interest on long-term debt	67,344	74,389	-	-	67,344	74,389
Unallocated depreciation	215,431	273,606	-	-	215,431	273,606
Business-type activities:						
School food service	-	-	5,212,462	5,053,983	5,212,462	5,053,983
Liberty Hall	-	-	184,446	139,781	184,446	139,781
Total expenses	89,986,526	99,085,002	5,396,908	5,193,764	95,383,434	104,278,766
Excess (deficiency) before transfers	2,700,880	1,237,667	(134,062)	109,037	2,566,818	1,346,704
Transfers in (out)	(56,605)	(236,426)	56,605	236,426	-	-
Increase (decrease) in net position	2,644,275	1,001,241	(77,457)	345,463	2,566,818	1,346,704
Beginning net position (deficit)	(46,668,744)	(47,669,985)	2,841,758	2,496,295	(43,826,986)	(45,173,690)
Ending net position (deficit)	\$ (44,024,469)	\$ (46,668,744)	\$ 2,764,301	\$ 2,841,758	\$ (41,260,168)	\$ (43,826,986)

Total governmental activities generated revenues of \$92.7 million while expenses in this category totaled \$90.0 million for the year ended June 30, 2020, resulting in an increase in net position of \$2.6 million (including transfers out to business-type activities of \$56,000). Comparatively, revenues were \$100.3 million, expenses totaled \$99.1 million and transfers out were \$236,000 for the year ended June 30, 2019, resulting in an increase in net position of \$1.0 million. In comparing the two years, revenues decreased by \$7.6 million while expenses decreased by \$9.1 million. The overall decrease in revenues is attributable to a \$5.0 million hurricane Florence relief grant received from the Department of Public Instruction (DPI) during the previous year, and a \$2.5 million decrease in insurance proceeds received

DUPLIN COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

this year compared to last fiscal year. The overall decrease in expenses is largely attributable to \$9.1 million spent on water remediation and hurricane Florence repairs spent in the previous year.

The Board's primary sources of revenues were funding from the State of North Carolina, Duplin County, and the United States Government, which respectively comprised 72.6%, 10.4% and 9.7% of our total revenues. As would be expected, the major component of our expenses was instructional services which accounted for 80.2% of our total expenses during the most recent fiscal year. Of the remaining 19.8% of our total expenses, 19.4% was attributable to system-wide support services.

Our business-type activities generated revenues of \$5.3 million, while expenses in this category totaled \$5.4 million for the year ended June 30, 2020. For the year, net position decreased by \$77,000 (including transfers in of \$57,000). Comparatively, revenues were \$5.3 million, expenses totaled \$5.2 million and transfers in were \$236,000 for the year ended June 30, 2019, resulting in an increase in net position of \$345,000. In comparing the two years, the year-over-year decrease in profitability of \$423,000 is primarily attributable to a decrease in participation due to the closing of schools as a result of the pandemic, an increase in pension and OPEB expense of \$187,000 as well as a decrease in the transfer in from the State Public School fund. In comparing the two years, revenues decreased by \$40,000, transfers in decreased by \$180,000 while expenses increased by \$203,000.

Financial Analysis of the Board's Funds

Governmental Funds: The focus of Duplin County Board of Education's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Board's financing requirements.

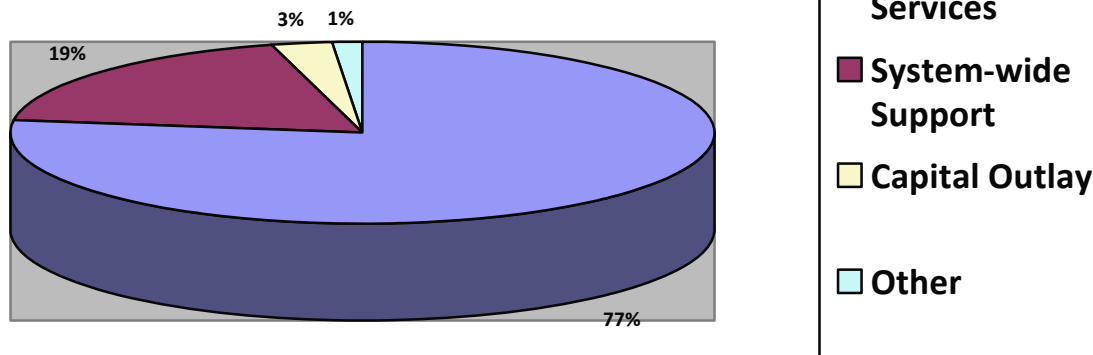
The Board's governmental funds reported a combined fund balance of \$9.7 million at June 30, 2020, an increase of \$3.7 million from the \$6.0 million reported at June 30, 2019. The Board's General, Other Special Revenue, Individual Schools and Capital Outlay funds reported revenues over expenditures for the year ended June 30, 2020 of \$841,000, \$2.6 million, \$163,000 and \$113,000, respectively. Overall, total governmental fund revenues decreased by \$7.3 million, or 7.2%, from the prior year while expenditures decreased by \$8.2 million, or 8.3%. The decrease in revenues is primarily due to insurance proceeds and hurricane Florence funds received from DPI in the previous year in response to hurricane Florence damage incurred by the school system. The Board's Other Special Revenue Fund experienced a decrease in expenditures totaling \$6.7 million because of the expenditures the Board incurred from hurricane Florence repairs and water remediation services in the previous year. In the current year the Board continued necessary repairs and maintenance related to the damage.

The State Public School Fund and Federal Grants Fund do not carry fund balance. All revenues in these funds are expended in the year received. In comparing the year ended June 30, 2020 to 2019, the State Public School Fund reported an increase in revenues (and expenditures) of \$313,000, or 0.5%, the Federal Grants Fund reported a decrease of \$875,000, or 12.2%. These changes are the result of increases in State funding to cover State mandated salary and benefits increases and a change in the utilization of State and Federal funding across the various programs as a result of the receipt of Covid-19 funding received to cover necessary expenses resulting from the pandemic. The decrease in the use of the federal funds is a result of the closing of school in the middle of March for the remainder of the school year.

DUPLIN COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

The following chart summarizes governmental fund expenditures:

Categorization of Expenditures for Governmental Funds



Expenditures presented on modified accrual basis of accounting.

Proprietary Funds: The Board's business-type funds, the School Food Service Fund and the Liberty Hall Fund, reported a combined decrease in net position of \$77,000 for the fiscal year ended June 30, 2020 compared to an increase of \$345,000 for the same 2019 period. As previously discussed, the year-over-year decline in profitability of \$423,000 is primarily attributable to a decrease in federal reimbursement income in the School Food Service Fund and an increase in the pension and OPEB expenses.

General Fund Budgetary Highlights

Over the course of a year, the Board will revise the budget, as necessary, to account for changes in revenue expectations and program allocations. Due to some State and federal revenue sources being uncertain at the start of the year, management decreased its budgeted revenues and expenditures by \$544,000 during the year to adjust system-wide service costs that were to be paid from State or federal funds. During the fiscal year ended June 30, 2020, the district did not have to appropriate any General fund balance due to the sustained operational savings the Board would realize as a result of the school consolidations conducted in previous years as well as a continued resolve to operate fiscally responsible.

For the year, the Board's General Fund reported an increase in fund balance of \$817,000 compared to an increase of \$524,000 in the prior year. Total local revenues decreased from the prior year by \$592,000 as a result of a decrease in the other general revenues of \$758,000, as the Board moved indirect cost revenues into the Other Special Revenue Fund. The County appropriation increased by \$166,000. Expenditures decreased by \$899,000 as a result of school closing in mid-March due to the coronavirus pandemic.

Capital Assets

Total primary government capital assets were \$98.3 million at June 30, 2020 compared to \$100.9 million at June 30, 2019, a decrease of 2.6%. The decrease in capital assets is due to an excess of depreciation expense over capital additions for the year. More detailed information about the Board's capital assets is contained in Note 2 - Detail Notes to the basic financial statements.

The following is a summary of the Board's capital assets, net of depreciation, at June 30, 2020 and 2019:

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

**Table 3
Summary of Capital Assets
As of June 30, 2020 and 2019**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/20</u>	<u>6/30/19</u>
Land	\$ 2,301,154	\$ 2,301,154	\$ 24,000	\$ 24,000	\$ 2,325,154	\$ 2,325,154
Construction in progress	-	-	-	-	-	-
Buildings	77,966,783	80,279,419	142,834	-	78,109,617	80,279,419
Equipment and furniture	1,291,161	1,442,491	163,087	172,112	1,454,248	1,614,603
Vehicles	6,797,144	5,980,480	-	-	6,797,144	5,980,480
Improvements	9,653,549	10,732,213	-	-	9,653,549	10,732,213
Total	<u>\$ 98,009,791</u>	<u>\$ 100,735,757</u>	<u>\$ 329,921</u>	<u>\$ 196,112</u>	<u>\$ 98,339,712</u>	<u>\$ 100,931,869</u>

Debt Outstanding

During the year, the Board's long-term debt decreased by \$782,000 from \$4.4 million at June 30, 2019 to \$3.7 million at June 30, 2020. 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 Note 2- Detail Notes to the basic financial statements.

Economic Factors

County funding is a major source of income for the Board; therefore, the County's economic outlook directly affects the school district. Some indicators of the County funding impact are:

- As of June 30, 2020, Duplin County experienced an unemployment rate of approximately 5.4% as compared to an unemployment rate of approximately 4.9% at June 30, 2019. The June 30, 2020 State of N.C. and national unemployment rates were both 7.6% and 11.1%, respectively.
- Property taxes are a major source of revenue for the County. The fiscal year 2020 tax rate is \$0.81 per \$100 valuation. Collection rates vary but are typically in the 94-96% range.

Impact of Coronavirus on School

During the fiscal year, the state and nation were affected by the spread of a coronavirus. The Board's response to the coronavirus included the closure of school educational facilities in mid-March. From this time until the end of the year, educational services were provided remotely to all students. The Board incurred additional expenses as a result of the coronavirus including: purchase of personal protective equipment, digital learning supplies and delivery expenses attributable to the delivery of lunches to students when the educational facilities were closed.

Requests for Information

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

Dawn George
Chief Officer for School Finance
Duplin County Board of Education
P.O. Box 128
Kenansville, NC 28349

DUPLIN COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
June 30, 2020

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 9,508,652	\$ 2,179,375	\$ 11,688,027
Investments	-	4,934,685	4,934,685
Due from other governments	1,917,999	61,039	1,979,038
Receivables	9,800	-	9,800
Net OPEB asset	123,342	4,037	127,379
Inventories	72,179	63,969	136,148
Prepaid expenses	921,620	-	921,620
Capital assets:			
Land	2,301,154	24,000	2,325,154
Other capital assets, net of depreciation	95,708,637	305,921	96,014,558
Total capital assets	98,009,791	329,921	98,339,712
Total assets	110,563,383	7,573,026	118,136,409
Deferred Outflows of Resources	22,148,968	725,013	22,873,981
Liabilities			
Accounts payable and accrued expenses	396,171	9,836	406,007
Accrued salaries and wages payable	1,830,040	24,818	1,854,858
Unearned revenue	537,474	9,703	547,177
Long-term liabilities:			
Due within one year	2,933,790	45,668	2,979,458
Due in more than one year	5,919,525	38,760	5,958,285
Net pension liability	33,518,103	1,097,166	34,615,269
Net OPEB liability	89,428,987	2,927,326	92,356,313
Total liabilities	134,564,090	4,153,277	138,717,367
Deferred Inflows of Resources	42,172,730	1,380,461	43,553,191
Net position			
Net investment in capital assets	94,345,620	329,921	94,675,541
Restricted for:			
Stabilization by State statute	9,800	-	9,800
School capital outlay	780,787	-	780,787
Hurricane relief	3,749,275	-	3,749,275
Individual schools activities	985,772	-	985,772
DIPNC OPEB plan	339,027	11,098	350,125
Unrestricted	(144,234,750)	2,423,282	(141,811,468)
Total net position (deficit)	\$ (44,024,469)	\$ 2,764,301	\$ (41,260,168)

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

DUPLIN COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2020

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	\$ 42,155,116	\$ -	\$ 36,058,822	\$ -	\$ (6,096,294)	\$ -	\$ (6,096,294)
Special populations	8,777,529	-	8,651,474	-	(126,055)	-	(126,055)
Alternative programs	7,201,527	-	8,243,355	-	1,041,828	-	1,041,828
School leadership	4,793,319	-	3,400,993	-	(1,392,326)	-	(1,392,326)
Co-curricular	2,090,035	1,522,704	-	-	(567,331)	-	(567,331)
School-based support	7,161,643	-	5,691,101	-	(1,470,542)	-	(1,470,542)
System-wide support services:							
Support and development	989,377	-	375,623	-	(613,754)	-	(613,754)
Special population support and development	221,507	-	212,297	-	(9,210)	-	(9,210)
Alternative programs and services support and development	205,473	-	188,557	-	(16,916)	-	(16,916)
Technology support	864,513	-	226,057	-	(638,456)	-	(638,456)
Operational support	13,394,967	331,403	5,168,106	837,128	(7,058,330)	-	(7,058,330)
Financial and human resource services	782,721	-	599,225	-	(183,496)	-	(183,496)
Accountability	132,771	-	16,800	-	(115,971)	-	(115,971)
System-wide pupil support	69,927	-	-	-	(69,927)	-	(69,927)
Policy, leadership and public relations	827,591	-	364,908	-	(462,683)	-	(462,683)
Ancillary services	12,548	-	-	-	(12,548)	-	(12,548)
Payments to other governments	23,187	-	149,294	-	126,107	-	126,107
Interest on long-term debt	67,344	-	-	-	(67,344)	-	(67,344)
Unallocated depreciation expense**	215,431	-	-	-	(215,431)	-	(215,431)
Total governmental activities	89,986,526	1,854,107	69,346,612	837,128	(17,948,679)	-	(17,948,679)
Business-type activities:							
School food service	5,212,462	114,090	4,707,553	-	-	(390,819)	(390,819)
Liberty Hall	184,446	9,831	98,350	-	-	(76,265)	(76,265)
Total business-type activities	5,396,908	123,921	4,805,903	-	-	(467,084)	(467,084)
Total primary government	\$ 95,383,434	\$ 1,978,028	\$ 74,152,515	\$ 837,128	(17,948,679)	(467,084)	(18,415,763)
General revenues:							
Unrestricted county appropriations - operating					8,968,900	-	8,968,900
Unrestricted county appropriations - capital					793,168	-	793,168
Unrestricted State appropriations - operating					5,782,733	-	5,782,733
Unrestricted Federal appropriations - operating					179,548	-	179,548
Unrestricted Federal appropriation - capital					1,046,724	-	1,046,724
Investment earnings, unrestricted					24	333,022	333,046
Miscellaneous, unrestricted					3,878,462	-	3,878,462
Transfers					(56,605)	56,605	-
Total general revenues and transfers					20,592,954	389,627	20,982,581
Change in net position					2,644,275	(77,457)	2,566,818
Net position (deficit) - beginning					(46,668,744)	2,841,758	(43,826,986)
Net position (deficit) - ending					\$ (44,024,469)	\$ 2,764,301	\$ (41,260,168)

**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.

DUPLIN COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

Exhibit 3

	Major Funds						Total Governmental Funds
	General	State Public School	Federal Grants	Other Special Revenue	Individual Schools	Capital Outlay	
Assets							
Cash and cash equivalents	\$ 2,778,896	\$ -	\$ -	\$ 5,346,117	\$ 985,772	\$ 397,867	\$ 9,508,652
Due from other governments	-	1,669,659	103,168	145,172	-	-	1,917,999
Accounts receivable	9,800	-	-	-	-	-	9,800
Due from other funds	-	-	-	-	-	382,920	382,920
Inventories	72,179	-	-	-	-	-	72,179
Prepaid expenditures	921,620	-	-	-	-	-	921,620
Total assets	<u>\$ 3,782,495</u>	<u>\$ 1,669,659</u>	<u>\$ 103,168</u>	<u>\$ 5,491,289</u>	<u>\$ 985,772</u>	<u>\$ 780,787</u>	<u>\$ 12,813,170</u>
Liabilities and fund balances							
Liabilities:							
Accounts payable and accrued liabilities	\$ 346,729	\$ -	\$ -	\$ 49,442	\$ -	\$ -	\$ 396,171
Accrued salaries and wages payable	-	1,669,659	103,168	57,213	-	-	1,830,040
Due to other funds	-	-	-	382,920	-	-	382,920
Unearned revenue	-	-	-	537,474	-	-	537,474
Total liabilities	<u>346,729</u>	<u>1,669,659</u>	<u>103,168</u>	<u>1,027,049</u>	<u>-</u>	<u>-</u>	<u>3,146,605</u>
Fund balances:							
Nonspendable:							
Inventories	72,179	-	-	-	-	-	72,179
Prepaid expenditures	921,620	-	-	-	-	-	921,620
Restricted:							
Stabilization by State statute	9,800	-	-	-	-	-	9,800
School capital outlay	-	-	-	-	-	780,787	780,787
Hurricane relief	-	-	-	3,749,275	-	-	3,749,275
Individual schools	-	-	-	-	985,772	-	985,772
Assigned:							
Special revenues	-	-	-	714,965	-	-	714,965
Unassigned	2,432,167	-	-	-	-	-	2,432,167
Total fund balances	<u>3,435,766</u>	<u>-</u>	<u>-</u>	<u>4,464,240</u>	<u>985,772</u>	<u>780,787</u>	<u>9,666,565</u>
Total liabilities and fund balances	<u>\$ 3,782,495</u>	<u>\$ 1,669,659</u>	<u>\$ 103,168</u>	<u>\$ 5,491,289</u>	<u>\$ 985,772</u>	<u>\$ 780,787</u>	<u>\$ 12,813,170</u>

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

DUPLIN COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

Exhibit 3 (continued)

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

Total fund balance (All Governmental Funds)	9,666,565
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	98,009,791
Net OPEB asset	123,342
Deferred outflows of resources related to pensions	13,403,111
Deferred outflows of resources related to OPEB	8,745,857
Some liabilities, including those for compensated absences and installment purchases, are not due and payable in the current period and therefore are not reported in the funds.	(8,853,315)
Net pension liability	(33,518,103)
Net OPEB liability	(89,428,987)
Deferred inflows of resources related to pensions	(1,139,764)
Deferred inflows of resources related to OPEB	<u>(41,032,966)</u>
Net position (deficit) of governmental activities	<u>\$ (44,024,469)</u>

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

DUPLIN COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2020

Exhibit 4

	Major Funds						Total Governmental Funds
	General	State Public School	Federal Grants	Other Special Revenue	Individual Schools	Capital Outlay	
Revenues:							
State of North Carolina	\$ -	\$ 64,811,852	\$ -	\$ 2,330,517	\$ -	\$ 837,128	\$ 67,979,497
Duplin County							
Local current expense	8,968,900	-	-	-	-	-	8,968,900
Other	-	-	-	-	-	793,168	793,168
U.S. Government	-	-	6,303,005	2,755,994	-	-	9,058,999
Other	829,157	-	-	4,051,444	1,522,704	382,920	6,786,225
Total revenues	9,798,057	64,811,852	6,303,005	9,137,955	1,522,704	2,013,216	93,586,789
Expenditures:							
Current:							
Instructional services:							
Regular instructional	708,441	37,339,893	608,051	619,272	-	-	39,275,657
Special populations	21,169	6,827,829	1,786,494	249,689	-	-	8,885,181
Alternative programs	120,476	1,958,375	3,077,381	2,121,971	-	-	7,278,203
School leadership	89,702	4,641,598	-	121,939	-	-	4,853,239
Co-curricular	701,312	-	-	36,547	1,359,803	-	2,097,662
School-based support	281,861	6,460,121	264,033	222,706	-	-	7,228,721
System-wide support services:							
Support and development	397,132	601,707	4,350	-	-	-	1,003,189
Special population support and development	8,137	120,580	91,717	4,346	-	-	224,780
Alternative programs and services							
support and development	13,745	43,698	144,859	7,244	-	-	209,546
Technology support	253,587	619,785	-	-	-	-	873,372
Operational support	5,067,705	4,567,545	110,754	2,099,643	-	-	11,845,647
Financial and human resource services	283,933	1,120,116	66,072	33,355	-	-	1,503,476
Accountability	117,299	16,800	-	-	-	-	134,099
System-wide pupil support	69,912	-	-	-	-	-	69,912
Policy, leadership and public relations	397,958	437,200	-	-	-	-	835,158
Ancillary services	12,554	-	-	-	-	-	12,554
Non-programmed charges	23,187	-	149,294	-	-	-	172,481
Debt service:							
Principal retirement	321,944	-	-	-	-	837,128	1,159,072
Interest and fees	67,344	-	-	-	-	-	67,344
Capital outlay	-	-	-	1,046,724	-	1,440,363	2,487,087
Total expenditures	8,957,398	64,755,247	6,303,005	6,563,436	1,359,803	2,277,491	90,216,380
Revenues over (under) expenditures	840,659	56,605	-	2,574,519	162,901	(264,275)	3,370,409
Other financing sources (uses):							
Transfers to other funds	-	(56,605)	-	-	-	-	(56,605)
Installment purchase obligations issued	-	-	-	-	-	376,864	376,864
Total other financing sources (uses)	-	(56,605)	-	-	-	376,864	320,259
Net change in fund balance	840,659	-	-	2,574,519	162,901	112,589	3,690,668
Fund balances:							
Beginning of year	2,618,772	-	-	1,889,721	822,871	668,198	5,999,562
Decrease in reserve for inventories	(23,665)	-	-	-	-	-	(23,665)
End of year	\$ 3,435,766	\$ -	\$ -	\$ 4,464,240	\$ 985,772	\$ 780,787	\$ 9,666,565

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

DUPLIN 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, 2020**

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

Net changes in fund balances - total governmental funds	\$ 3,690,668
Change in fund balance due to change in reserve for inventory	(23,665)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(2,708,444)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	6,359,215
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	3,221,283
Proceeds from the sale of capital assets are recorded as revenues in the fund statements but not in the statement of activities.	(382,920)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Gain on disposal of capital assets	365,398
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. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	782,208
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	(11,706,735)
OPEB (expense) benefit	3,066,239
Compensated absences	<u>(18,972)</u>
Total changes in net position of governmental activities	<u>\$ 2,644,275</u>

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

DUPLIN COUNTY BOARD OF EDUCATION
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, 2020

Exhibit 6

	General Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Duplin County	8,968,050	8,968,900	8,968,900	-
U.S. Government	-	-	-	-
Other	<u>1,516,046</u>	<u>971,646</u>	<u>829,157</u>	<u>(142,489)</u>
Total revenues	<u>10,484,096</u>	<u>9,940,546</u>	<u>9,798,057</u>	<u>(142,489)</u>
Expenditures:				
Current:				
Instructional services	2,442,274	2,411,652	1,922,961	488,691
System-wide support services	7,617,888	7,097,047	6,609,408	487,639
Ancillary services	4,646	12,559	12,554	5
Non-programmed charges	<u>30,000</u>	<u>30,000</u>	<u>23,187</u>	<u>6,813</u>
Debt service				
Principal retirement	321,944	321,944	321,944	-
Interest and fees	<u>67,344</u>	<u>67,344</u>	<u>67,344</u>	<u>-</u>
	<u>389,288</u>	<u>389,288</u>	<u>389,288</u>	<u>-</u>
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>10,484,096</u>	<u>9,940,546</u>	<u>8,957,398</u>	<u>983,148</u>
Revenues over (under) expenditures	-	-	840,659	840,659
Other financing uses:				
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures and other uses	-	-	840,659	840,659
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	840,659	<u>\$ 840,659</u>
Fund balances:				
Beginning of year			2,618,772	
Increase (decrease) in reserve for inventories			<u>(23,665)</u>	
End of year			<u>\$ 3,435,766</u>	

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

DUPLIN 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, 2020**

	State Public School Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
State of North Carolina	\$ 59,754,457	\$ 66,699,108	\$ 64,811,852	\$ (1,887,256)
Duplin County	-	707,607	-	(707,607)
U.S. Government	-	-	-	-
Other	-	-	-	-
Total revenues	59,754,457	67,406,715	64,811,852	(2,594,863)
Expenditures:				
Current:				
Instructional services	52,299,989	59,054,972	57,227,816	1,827,156
System-wide support services	7,402,599	7,587,531	7,527,431	60,100
Ancillary services	-	-	-	-
Non-programmed charges	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	59,702,588	66,642,503	64,755,247	1,887,256
Revenues over (under) expenditures	51,869	764,212	56,605	(707,607)
Other financing uses:				
Transfers to other funds	(51,869)	(764,212)	(56,605)	707,607
Revenues over (under) expenditures and other uses	-	-	-	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balances:				
Beginning of year			-	
Increase (decrease) in reserve for inventories			-	
End of year			\$ -	

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

DUPLIN 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, 2020

	Federal Grants Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Duplin County	-	-	-	-
U.S. Government	11,391,709	11,886,709	6,303,005	(5,583,704)
Other	-	-	-	-
Total revenues	11,391,709	11,886,709	6,303,005	(5,583,704)
Expenditures:				
Current:				
Instructional services	10,328,523	10,780,698	5,735,959	5,044,739
System-wide support services	692,538	741,118	417,752	323,366
Ancillary services	-	-	-	-
Non-programmed charges	370,648	364,893	149,294	215,599
Debt service				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	11,391,709	11,886,709	6,303,005	5,583,704
Revenues over (under) expenditures	-	-	-	-
Other financing uses:				
Transfers to other funds	-	-	-	-
Revenues over (under) expenditures and other uses	-	-	-	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balances:				
Beginning of year			-	
Increase (decrease) in reserve for inventories			-	
End of year			\$ -	

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

DUPLIN 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, 2020**

	Other Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
State of North Carolina	\$ 1,376,053	\$ 1,795,670	\$ 2,330,517	\$ 534,847
Duplin County	-	-	-	-
U.S. Government	-	2,625,993	2,755,994	130,001
Other	188,224	3,189,016	4,051,444	862,428
Total revenues	1,564,277	7,610,679	9,137,955	1,527,276
Expenditures:				
Current:				
Instructional services	1,341,751	4,021,094	3,372,124	648,970
System-wide support services	222,526	3,992,285	2,144,588	1,847,697
Ancillary services	-	-	-	-
Non-programmed charges	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Capital outlay	-	1,046,724	1,046,724	-
Total expenditures	1,564,277	9,060,103	6,563,436	2,496,667
Revenues over (under) expenditures	-	(1,449,424)	2,574,519	4,023,943
Other financing uses:				
Transfers to other funds	-	-	-	707,607
Revenues over (under) expenditures and other uses	-	-	-	-
Fund balance appropriated	-	1,449,424	-	-
Net change in fund balance	\$ -	\$ -	2,574,519	\$ 2,574,519
Fund balances:				
Beginning of year			1,889,721	
Increase (decrease) in reserve for inventories			-	
End of year			\$ 4,464,240	

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

DUPLIN COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPES
June 30, 2020

Exhibit 7

	Enterprise		
	Major Funds		
	School Food Service	Liberty Hall	Totals
Assets			
Current assets:			
Cash and cash equivalents	\$ 2,101,403	\$ 77,972	\$ 2,179,375
Investments	-	4,934,685	4,934,685
Due from other governments	61,039	-	61,039
Net OPEB asset	4,037	-	4,037
Inventories	63,969	-	63,969
Total current assets	<u>2,230,448</u>	<u>5,012,657</u>	<u>7,243,105</u>
Noncurrent assets:			
Capital assets:			
Land	-	24,000	24,000
Furniture and equipment, net	163,087	142,834	305,921
Total capital assets	<u>163,087</u>	<u>166,834</u>	<u>329,921</u>
Total assets	<u>2,393,535</u>	<u>5,179,491</u>	<u>7,573,026</u>
Deferred Outflows of Resources	<u>725,013</u>	<u>-</u>	<u>725,013</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	9,836	-	9,836
Accrued salaries and wages payable	24,818	-	24,818
Compensated absences	45,668	-	45,668
Unearned revenue	9,703	-	9,703
Total current liabilities	<u>90,025</u>	<u>-</u>	<u>90,025</u>
Noncurrent liabilities:			
Net pension liability	1,097,166	-	1,097,166
Net OPEB liability	2,927,326	-	2,927,326
Compensated absences	38,760	-	38,760
Total noncurrent liabilities	<u>4,063,252</u>	<u>-</u>	<u>4,063,252</u>
Total liabilities	<u>4,153,277</u>	<u>-</u>	<u>4,153,277</u>
Deferred Inflows of Resources	<u>1,380,461</u>	<u>-</u>	<u>1,380,461</u>
Net position			
Investment in capital assets	163,087	166,834	329,921
Restricted for DIPNC OPEB plan	11,098	-	11,098
Unrestricted	<u>(2,589,375)</u>	<u>5,012,657</u>	<u>2,423,282</u>
Total net position (deficit)	<u>\$ (2,415,190)</u>	<u>\$ 5,179,491</u>	<u>\$ 2,764,301</u>

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

DUPLIN COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2020

Exhibit 8

	Enterprise		
	Major Funds		
	School Food Service	Liberty Hall	Totals
Operating revenues:			
Food sales	\$ 114,090	\$ -	\$ 114,090
Other	-	9,831	9,831
Total operating revenues	<u>114,090</u>	<u>9,831</u>	<u>123,921</u>
Operating expenses:			
Food cost:			
Purchase of food	1,723,718	-	1,723,718
Donated commodities	365,524	-	365,524
Salaries and benefits	2,596,287	60,540	2,656,827
Indirect costs	367,169	-	367,169
Materials and supplies	35,439	920	36,359
Repairs and maintenance	55,266	68,820	124,086
Depreciation	25,633	12,985	38,618
Non-capitalized equipment	25,552	-	25,552
Contracted services	6,113	2,150	8,263
Scholarships and donations	-	16,500	16,500
Other	11,761	22,531	34,292
Total operating expenses	<u>5,212,462</u>	<u>184,446</u>	<u>5,396,908</u>
Operating loss	<u>(5,098,372)</u>	<u>(174,615)</u>	<u>(5,272,987)</u>
Nonoperating revenues:			
Federal reimbursements	4,342,029	-	4,342,029
Federal commodities	365,524	-	365,524
Investment income, net	6,848	326,174	333,022
Contributions and donations	-	98,350	98,350
Total nonoperating revenues	<u>4,714,401</u>	<u>424,524</u>	<u>5,138,925</u>
Income (loss) before transfers	(383,971)	249,909	(134,062)
Transfers from other funds	<u>56,605</u>	<u>-</u>	<u>56,605</u>
Change in net position	(327,366)	249,909	(77,457)
Net position (deficit), beginning of year	<u>(2,087,824)</u>	<u>4,929,582</u>	<u>2,841,758</u>
Net position, end of year (deficit)	<u>\$ (2,415,190)</u>	<u>\$ 5,179,491</u>	<u>\$ 2,764,301</u>

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

DUPLIN COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2020

Exhibit 9

	Enterprise		
	Major Funds		
	School Food Service	Liberty Hall Fund	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 114,051	\$ 9,831	\$ 123,882
Cash paid for goods and services	(2,213,691)	(110,933)	(2,324,624)
Cash paid to employees for services	(2,518,094)	(60,540)	(2,578,634)
Net cash used by operating activities	(4,617,734)	(161,642)	(4,779,376)
Cash flows from noncapital financing activities:			
Federal and State reimbursements	4,422,502	-	4,422,502
Contributions and donations	-	98,350	98,350
Net cash provided by noncapital financing activities	4,422,502	98,350	4,520,852
Cash flows from capital and related financing activities:			
Purchase of capital assets	(16,608)	(155,819)	(172,427)
Cash flows from investing activities:			
Distributions from Sara G. Kenan Endowment Fund	-	225,000	225,000
Interest income	6,848	-	6,848
Net cash provided by investing activities	6,848	225,000	231,848
Net increase in cash and cash equivalents	(204,992)	5,889	(199,103)
Cash and cash equivalents, beginning of year	2,306,395	72,083	2,378,478
Cash and cash equivalents, end of year	\$ 2,101,403	\$ 77,972	\$ 2,179,375
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (5,098,372)	\$ (174,615)	\$ (5,272,987)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:			
Depreciation	25,633	12,985	38,618
Donated commodities	365,524	-	365,524
Salaries paid by other funds	56,605	-	56,605
Changes in assets and liabilities:			
Decrease in inventories	27,254	-	27,254
Increase in OPEB asset	(1,107)	-	(1,107)

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

DUPLIN COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2020

Exhibit 9 (continued)

	Enterprise		
	Major Funds		
	School Food Service	Liberty Hall Fund	Totals
Decrease in accounts payable and accrued liabilities	(15,927)	(12)	(15,939)
Decrease in accrued salaries and wages payable	(6,851)	-	(6,851)
Decrease in unearned revenue	(39)	-	(39)
Increase in pension liability	14,244	-	14,244
Increase in OPEB liability	191,657	-	191,657
Decrease in deferred outflow	32,970	-	32,970
Decrease in deferred inflow	(227,751)	-	(227,751)
Increase in compensated absences payable	18,426	-	18,426
Total adjustments	480,638	12,973	493,611
Net cash used by operating activities	\$ (4,617,734)	\$ (161,642)	\$ (4,779,376)

NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:

The School Food Service Fund received donated commodities with a value of \$365,524 during the fiscal year. The receipt of these commodities is reflected as a nonoperating revenue on Exhibit 8. The consumption of these commodities is recorded as an operating expense.

The General and State Public School Fund paid salaries and benefits of \$56,605 to administrative personnel of the School Food Service Fund during the fiscal year. The payments are reflected as transfers in and an operating expense on Exhibit 8.

The Liberty Hall Fund recognized interest, dividends and an increase in the fair value of investments net of fees of \$326,174 during the year. This increase is reflected in the net investment income on Exhibit 8.

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

**DUPLIN COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2020**

Exhibit 10

	Private Purpose Trust Funds
<hr/>	
Assets	
Cash and cash equivalents	\$ 87,174
Net position	
Assets held in trust for private purpose	\$ 87,174

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

DUPLIN COUNTY BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Fiscal Year Ended June 30, 2020

Exhibit 11

	Private Purpose Trust Funds
Additions:	
Interest income	<u>\$ 1,519</u>
Change in net position	1,519
Beginning net position	<u>85,655</u>
Ending net position	<u><u>\$ 87,174</u></u>

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

DUPLIN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Duplin 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 Duplin 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 Duplin 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, except for fiduciary activities. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses, interfund services provided and used are not eliminated in the process of consolidation. 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. The fiduciary funds are presented separately.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. 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. This fund is the "Local Current Expense Fund," which is mandated by State law [G.S. 115C-426].

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

DUPLIN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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

Individual Schools Fund. The Individual Schools Fund includes revenues and expenditures of the activity funds of the individual schools. The primary revenue sources include funds held on the behalf of various clubs and organizations, receipts from athletic events, and proceeds from various fund raising activities. The primary expenditures are for athletic teams, club programs, activity buses and instructional needs.

Other Special Revenue Fund. The Other Special Revenue Fund is used to account for revenues from grants restricted as to use, trust funds, federal grants restricted as to use, federal appropriations made directly to local school administrative units, funds received from prekindergarten programs and other 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 Duplin 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.

Liberty Hall Fund. The Liberty Hall Fund is used to account for the operations of Liberty Hall, a historic site located in Duplin County.

The Board reports the following fiduciary fund:

Dickson Loan Fund. The fund, established by proceeds from the estate of Colonel Alexander Dickson, is to be used for the sole purpose of providing loans to help Duplin County students continue their education after high school.

C. Measurement Focus and Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Under the terms of grant agreements, the Board funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is

DUPLIN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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 functional level for all annually budgeted funds. The Board has authorized the Superintendent to transfer up to 25% of an appropriation between line items in the Current Expense Fund. Amendments that alter County appropriation or transfers moneys to or from the Capital Outlay Fund also require the approval of the Duplin County Commissioners. All amendments must be approved by the governing board.

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.

State law [G.S. 115C-491] authorizes the Board to invest funds held in the Sarah Graham Kenan Foundation Trust Fund, an endowment fund held within the Liberty Hall Fund, in all forms of property, both real and personal, including, but not by way of limitation, all types of stocks, bonds, securities, mortgages and all types, kinds and subjects of investments of any nature and description. The board of trustees of this endowment fund may retain all contributions in the form in which they are made or sell any property at either public or private sale. The board of trustees is responsible for the prudent investment of any funds or moneys belonging to the endowment fund in the exercise of its sound discretion without regard to any statute or law relating to the investment of funds by fiduciaries.

The Board's investments are reported at amortized cost or at fair value as determined by quoted market prices or a matrix pricing model. Bank deposits and the NCCMT are measured at amortized cost, which is the NCCMT's share price. 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

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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, excluding investments held in the Sarah G. Kenan Endowment Fund, 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.

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, 1990 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

It is the policy of the Board to capitalize all capital assets costing more than \$5,000 with an estimated useful life of two or more years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

	<u>Years</u>
Buildings and improvements	20 - 50
Equipment and furniture	7 - 10
Vehicles and buses	8 - 15
Computer equipment	5

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

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6. Deferred outflows and inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Board has two items that meet this criterion - a pension related deferral and contributions made to the pension plan in the current fiscal year. The statement of financial position also reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Board has one item that meet this criterion – pension related deferrals.

7. Collections

Collectibles and antiques maintained in the Enterprise Funds (Liberty Hall Fund) are not capitalized or recognized as revenues if donated. These collections are held for public exhibition and not for financial gain.

8. 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.

9. Compensated Absences

The Board follows the State's policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board's liability for accumulated earned vacation and the salary-related payments as of June 30, 2020 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years' records of the current portion of compensated absences.

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

10. 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 five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

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The governmental fund types classify fund balances as follows:

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

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

Prepaid expenditures - portion of fund balance that is not an available resource because it represents the year-end balance of prepaid expenses, 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 - portion of fund balance that is restricted by State Statute for amounts owed to the district at year end [G.S. 115C-425(a)]. The restriction will be released as of the beginning of the subsequent fiscal year following collection of the amounts owed to the district.

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 hurricane relief – portion of fund balance restricted for hurricane relief expenditures, or reimbursement to the North Carolina Department of Public Instruction to repay excess funds received for hurricane relief, insurance proceeds or Federal Emergency Management Agency funds.

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

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

Assigned fund balance – portion of fund balance that the Board of Education intends to use for specific purposes.

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. The General fund is the only fund that reports a positive unassigned fund balance amount, a negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

The Board of Education has a management policy for revenue spending that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-board of education funds, board of education funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly

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unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Board of Education.

11. 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 \$(53,691,034) consists of several elements as follows:

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)	\$ 164,887,192
Less accumulated depreciation	<u>(66,877,401)</u>
Net capital assets	98,009,791
Net OPEB asset	123,342
Deferred outflows of resources related to pensions	13,403,111
Deferred outflows of resources related to OPEB	8,745,857
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	(3,664,171)
Compensated absences	(5,189,144)
Net pension liability	(33,518,103)
Net OPEB liability	(89,428,987)
Deferred inflows of resources related to pensions	(1,139,764)
Deferred inflows of resources related to OPEB	<u>(41,032,966)</u>
Total adjustment	<u>\$ (53,691,034)</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 \$(1,046,393) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 1,516,563
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	(4,225,007)
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	(376,864)
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	1,159,072
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	6,359,215
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	3,221,283
Proceeds from the sale of capital assets are recorded as revenues in the fund statements but not in the statement of activities.	(382,920)
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	(11,706,735)
OPEB (expense) benefit	3,066,239
Gain on disposal of asset	365,398
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(18,972)
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	(23,665)
Total adjustment	<u>\$ (1,046,393)</u>

DUPLIN COUNTY BOARD OF EDUCATION
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12. Defined Benefit Pension Plan and OPEB 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, 2020, the Board had deposits with banks and savings and loans with a carrying amount of \$11,212,601 and with the State Treasurer of \$0-. The bank balances with the financial institutions and the State Treasurer were \$12,016,751 and \$79,025, respectively. Of these balances, \$1,044,364 was covered by federal depository insurance and \$11,051,412 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2020, the Board had \$562,600 invested with the State Treasurer in the Short Term Investment Fund and \$4,934,685 invested in equities and bonds in the Sarah Graham Kenan Endowment Fund.

Interest Rate Risk

The Board of Education does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The 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, 2020. The Board's investments in corporate bonds have an average weighted yield of 2.85%.

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Credit Rating for Bonds

The Board invests in certain mutual funds whose primary holdings are corporate and governmental bonds. The credit rating of the underlying bonds held within these mutual funds range from B to AAA as determined by Standard & Poor's.

Concentration of Credit Risk

The Board places no limit on the amount the Board may invest in any one issuer. The Board does not have any investments, other than the Short Term Investment Fund (STIF), that account for more than 5% of total invested funds.

The Board also maintains investments in the Sarah Graham Kenan Endowment Fund, for the benefit of Liberty Hall. The investments are authorized by G.S. 115C-491, which states that endowment funds created under G.S. 115C-490 may invest in all forms of property, both real and personal, including, but not by way of limitation, all types of stocks, bonds, securities, mortgages and all types, kinds, and subject of investments of any nature or description. The Board holds no single equity security or corporate bond which exceeds 5% of the total portfolio value. The Board has 1 mutual fund, the JOHCM International Select Fund which exceeds 5% of the total portfolio, investment in this mutual fund makes up 5.6% of the total portfolio.

All investments in the endowment fund are measured using the market approach fair value hierarchy Level 1: Securities and mutual funds valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. All corporate bonds are investment grade bonds with a bond rating of Baa. At June 30, 2020, the Board's investment balances in the Sarah Graham Kenan Endowment Fund were as follows:

	<u>Fair Value</u>	<u>Cost</u>
<u>Cash and Cash Equivalents:</u>		
PWM Fiduciary Master Deposit Account	\$ 222,819	\$ 222,819
<u>Equities:</u>		
AbbVie Inc	84,828	28,198
American Depository Receipt	38,768	64,422
American Electric Power Inc.	39,900	35,846
Amgen Inc.	97,174	24,824
Apple, Inc.	195,533	10,085
AT&T Inc.	41,324	47,595
Blackrock Inc	124,053	57,221
Broadcom Inc.	47,657	35,450
Cardinal Health Inc.	9,864	8,696
Caterpillar Inc.	23,150	21,155
Chevron Corp.	32,301	26,827
CISCO Systems, Inc.	54,382	31,860
CME Group Inc.	58,514	62,181
CMS Energy Corp.	97,036	55,047
Comcast Corp.	31,964	27,544
Corning Inc.	23,077	16,206

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	Fair Value	Cost
<u>Equities (continued):</u>		
Corteva Inc.	22,879	24,616
Crown Castle International Corp.	46,021	39,404
Digital Realty Trust Inc.	39,080	36,769
Dow Inc.	34,809	38,031
Dupont De Nemours Inc.	45,373	54,482
Eaton Corp.	36,742	29,681
Emerson Elec Co.	38,521	28,457
Home Depot Inc.	166,840	55,086
Honeywell International Inc.	17,062	15,076
Intel Corp	144,130	57,792
International Paper Co.	25,386	34,603
J.P. Morgan Chase and Co.	121,149	52,770
Johnson & Johnson	105,473	64,050
KLA-Tencor Corp.	94,323	29,708
Merck & Co.	88,852	41,382
Microsoft Corp.	333,960	60,183
Nextera Energy Inc.	221,677	78,050
Novarts AG American Depository	51,443	48,828
Outfront Media Inc.	21,368	14,933
PepsiCo, Inc.	96,947	53,132
Pfizer Inc.	67,983	45,771
Proctor & Gamble	14,468	13,769
Target Corp.	59,845	45,246
Union Pac Corp.	59,344	48,211
United Parcel Service	53,589	35,290
US Bancorp	30,413	40,846
Verizon Communications	74,260	52,774
Wells Fargo & Company	36,506	54,856
<u>Corporate Obligations</u>		
Various Corporate Bonds	1,100,313	1,003,334
Various Municipal Bonds	30,895	30,000
<u>Mutual Funds:</u>		
Eaton Vance Atlanta Capital	98,304	65,000
Neuberger Berman High Income Bond	232,619	250,000
Nuveen Small Cap Value Fund	30,002	46,000
T. Rowe Price QM US Small Cap Growth Equity Fund	71,765	34,174
	<u>\$ 4,934,685</u>	<u>\$ 3,398,280</u>

DUPLIN COUNTY BOARD OF EDUCATION
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3. Accounts Receivable

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

	Due from other governments	Other	Total
Governmental activities:			
General Fund	\$ -	\$ 9,800	\$ 9,800
Other governmental activities	<u>1,917,999</u>	<u>-</u>	<u>1,917,999</u>
Total governmental activities	<u>\$ 1,917,999</u>	<u>\$ 9,800</u>	<u>\$ 1,927,799</u>
Business-type activities:			
School Food Service Fund	<u>\$ 61,039</u>	<u>\$ -</u>	<u>\$ 61,039</u>

Due from other governments consists of the following:

Governmental activities:		
State Public School Fund	\$ 1,669,659	Operating funds from DPI
Federal Grants Fund	103,168	Federal grant funds
Other Special Revenue Fund	<u>145,172</u>	Amounts due for various federal and state programs
Total	<u>\$ 1,917,999</u>	
Business-type activities:		
School Food Service Fund	<u>\$ 61,039</u>	Federal grant funds

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4. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,301,154	\$ -	\$ -	\$ 2,301,154
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>2,301,154</u>	<u>-</u>	<u>-</u>	<u>2,301,154</u>
Capital assets being depreciated:				
Buildings	120,607,203	-	1,041,526	119,565,677
Equipment and furniture	4,952,083	64,101	60,003	4,956,181
Vehicles	13,099,431	1,452,462	-	14,551,893
Improvements	<u>23,512,287</u>	<u>-</u>	<u>-</u>	<u>23,512,287</u>
Total capital assets being depreciated	<u>162,171,004</u>	<u>1,516,563</u>	<u>1,101,529</u>	<u>162,586,038</u>
Less accumulated depreciation for:				
Buildings	40,327,784	2,295,114	1,024,004	41,598,894
Equipment and furniture	3,509,592	215,431	60,003	3,665,020
Vehicles	7,118,951	635,798	-	7,754,749
Improvements	<u>12,780,074</u>	<u>1,078,664</u>	<u>-</u>	<u>13,858,738</u>
Total accumulated depreciation	<u>63,736,401</u>	<u>4,225,007</u>	<u>1,084,007</u>	<u>66,877,401</u>
Total capital assets being depreciated, net	<u>98,434,603</u>			<u>95,708,637</u>
Governmental activity capital assets, net	<u>\$ 100,735,757</u>			<u>\$ 98,009,791</u>

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	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment and furniture	\$ 1,101,842	\$ 16,608	\$ -	\$ 1,118,450
Less accumulated depreciation for:				
Equipment and furniture	929,730	25,633	-	955,363
School Food Service capital assets, net	<u>\$ 172,112</u>			<u>\$ 163,087</u>
Liberty Hall:				
Capital assets not being depreciated:				
Land	\$ 24,000	\$ -	\$ -	\$ 24,000
Capital assets being depreciated:				
Buildings	202,700	155,819	-	358,519
Less accumulated depreciation for:				
Buildings	202,700	12,985	-	215,685
Total capital assets being depreciated, net	<u>-</u>			<u>142,834</u>
Liberty Hall capital assets, net	<u>\$ 24,000</u>			<u>\$ 166,834</u>
Business-type activities capital assets, net	<u>\$ 196,112</u>			<u>\$ 329,921</u>

Depreciation was charged to governmental functions as follows:

Instructional services	\$ 3,373,778
System-wide support services	635,798
Unallocated depreciation	<u>215,431</u>
Total	<u>\$ 4,225,007</u>

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B. Liabilities

1. Pension Plan and Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

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

Benefits Provided. TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service (or 10 years of creditable service for members joining TSERS on or after August 1, 2011), at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (or 10 years of creditable service for members joining TSERS on or after August 1, 2011). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60 (10 years for members joining on or after August 1, 2011). Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

TSERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer (or 10 years of creditable service for members joining TSERS on or after August 1, 2011), or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

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, 2020, was 12.97% 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 \$6,567,374 for the year ended June 30, 2020.

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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, 2020, the Board reported a liability of \$34,615,269 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2019 and at June 30, 2018, the Board's proportion was .33390% and .34607%, respectively.

For the year ended June 30, 2020, the Board recognized pension expense of \$12,094,450. At June 30, 2020, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,895,527	\$ 69,298
Changes of assumptions	3,688,393	-
Net difference between projected and actual earnings on pension plan investments	663,526	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	27,021	1,107,774
Board contributions subsequent to the measurement date	6,567,374	-
Total	<u>\$ 13,841,841</u>	<u>\$ 1,177,072</u>

\$6,567,374 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ 4,578,342
2022	871,233
2023	415,702
2024	232,117
2025	-
Thereafter	-
Total	<u>\$ 6,097,394</u>

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Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The assumptions used for the December 31, 2018 actuarial valuation are based on the experience study prepared as of December 31, 2014 and adopted by the Board of Trustees on January 21, 2016. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.00%, a decrease of .20% from the prior year discount rate of 7.20%. 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

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make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Board's proportionate share of the net pension liability (asset)	\$ 65,882,487	\$ 34,615,269	\$ 8,386,059

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

b. Other Postemployment Benefits

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 by General Statute 135-7, Article 1. It is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of former employees of the State, the University of North Carolina System, and community colleges. In addition, 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 CAFR, which can be found at <https://www.osc.nc.gov/public-information/reports>.

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

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

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

RHBF's benefit and contribution provisions are established by Chapter 135-7, Article 1 and Chapter 135, Article 3B of the General Statutes and may be amended only by the North Carolina General Assembly. RHBF does not provide for automatic post-retirement benefit increases.

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the Board contributed 6.47% of covered payroll which amounted to \$3,276,092.

At June 30, 2020, the Board reported a liability of \$92,356,313 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. The total OPEB liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2019 and at June 30, 2018, the Board's proportion was .29190% and .30553%, respectively.

\$3,276,092 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Year ended June 30:

2021	\$ (10,748,268)
2022	(10,748,268)
2023	(10,739,376)
2024	(4,444,390)
2025	(162,515)
Thereafter	-
Total	<u>\$ (36,842,817)</u>

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

Inflation	3.00%
Salary increases	3.50-8.10%, include 3.5% inflation and productivity factor
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate - medical	5.00-6.50%
Healthcare cost trend rate - prescription drug	5.00-9.50%
Healthcare cost trend rate -Medicare advantage	5.00%
Healthcare cost trend rate - administrative	3.00%

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 3.50%, a decrease of .37% from the previous discount rate of 3.87%. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.50% was used as the discount rate used to measure the total OPEB liability. The 3.50% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2019.

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability	\$ 109,751,963	\$ 92,356,313	\$ 78,426,424

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

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			Healthcare Trend Rates		
		1% Decrease (Medical- 4.00-5.50%, Pharmacy- 4.00-8.50%, Medicare Advantage - 4.00%, Administrative - 2.00%)	(Medical - 5.00-6.50%, Pharmacy - 5.00-9.50%, Medicare Advantage -5.00%, Administrative - 3.00%)		1% Increase (Medical- 6.00-7.50%, Pharmacy- 6.00-10.50%, Medicare Advantage - 6.00%, Administrative - 4.00%)
Net OPEB liability	\$	76,047,933	\$	92,356,313	\$ 113,797,861

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

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

Benefits Provided. Long-term disability benefits are payable as an OPEB from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. An employee is eligible to receive long-term disability benefits provide the following requirements are met: (1) the employee has five or more years of contributing membership service in TSERS or ORP, earned within 96 months prior to the end of the short-term disability period or cessation of salary continuation payments, whichever is later; (2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from TSERS after (1) reaching the age of 65 and completing 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, 2020,

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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 \$50,635 for the year ended June 30, 2020.

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

At June 30, 2020, Board reported an OPEB asset of \$127,379 its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018. The total OPEB asset was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB asset was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2019 and at June 30, 2018, the Board's proportion was .29520% and .30685%, respectively.

\$50,635 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2021	\$	56,821
2022		38,831
2023		28,957
2024		18,914
2025		25,308
Thereafter		<u>3,280</u>
Total	\$	<u>172,111</u>

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

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

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

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
Net OPEB asset	\$ 107,887	\$ 127,379	\$ 146,319

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

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date of June 30, 2019. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

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

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

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

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

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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, 2020:

	RHBF	DIPNC	Total
OPEB Expense (Benefit)	\$ (3,256,537)	\$ 126,199	\$ (3,130,338)
OPEB Liability (Asset)	92,356,313	(127,379)	92,228,934
Proportionate share of the net OPEB liability (asset)	0.29190%	0.29520%	

Deferred of Outflows of Resources

Differences between expected and actual experience	-	130,127	130,127
Changes of assumptions	4,439,079	14,111	4,453,190
Net difference between projected and actual earnings on plan investments	61,502	24,262	85,764
Changes in proportion and differences between Board contributions and proportionate share of contributions	1,019,652	16,680	1,036,332
Board contributions subsequent to the measurement date	3,276,092	50,635	3,326,727
Total Deferred of Outflows of Resources	8,796,325	235,815	9,032,140

Deferred of Inflows of Resources

Differences between Expected and actual experience	4,655,922	-	4,655,922
Changes of assumptions	27,766,355	13,069	27,779,424
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	9,940,773	-	9,940,773
Total Deferred of Inflows of Resources	42,363,050	13,069	42,376,119

2. Accounts Payable

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

	Vendors	Salaries and Benefits	Total
Governmental activities:			
General Fund	\$ 346,729	\$ -	\$ 346,729
Other governmental activities	49,442	1,830,040	1,879,482
Total governmental activities	\$ 396,171	\$ 1,830,040	\$ 2,226,211
Business-type activities:			
School Food Service Fund	\$ 9,836	\$ 24,818	\$ 34,654
Liberty Hall Fund	-	-	-
Total business-type activities	\$ 9,836	\$ 24,818	\$ 34,654

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3. Unearned Revenues

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

	Other Special Revenue	School Food Service
Grants not yet earned	\$ 537,474	\$ -
Prepaid meals	-	9,703
Total	<u>\$ 537,474</u>	<u>\$ 9,703</u>

4. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,025,654	\$ 4,725,220
Changes of assumptions	8,141,583	27,779,424
Net difference between projected and actual earnings on pension plan investments	749,290	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	1,063,353	11,048,547
Board contributions subsequent to the measurement date	9,894,101	-
Total	<u>\$ 22,873,981</u>	<u>\$ 43,553,191</u>

4. 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. Through commercial companies, the Board maintains general liability and errors and omissions insurance coverage of \$1 million per claim and an aggregate limit of \$2 million. The Board also carries an umbrella policy with a limit of \$5,000,000 per occurrence with a \$10,000 deductible. Statutory workers' compensation coverage is purchased through a private insurer for employees to the extent they are paid from Federal and local funds with a \$500,000 limit per accident. Workers' compensation coverage is provided by the State of North Carolina through a self-insured fund, to the extent employees are paid from State funds. Business property insurance is also purchased through commercial companies. The policy coverage insures the tangible property assets of the Board up to \$297 million. Buildings and contents are insured on an agreed value basis.

The Board also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan (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.

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For the Fiscal Year Ended June 30, 2020

In accordance with G.S. 115C-442, the Board's employees who have custody of the Board's monies at any given time of the Board's funds are performance bonded through a commercial surety bond. The chief financial officer is bonded for \$250,000. The school treasurers that have access to funds are bonded under a blanket bond for \$375,000.

The Board carries flood insurance on its property totaling \$5,000,000 of losses or damage at any one location, not to exceed a total liability of \$15,000,000 due to any one flood occurrence for all insured locations. For properties not in the Federal Flood Zone, the Board has a deductible of \$25,000.

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

5. Contingent Liabilities

At June 30, 2020, the Board was a defendant in several legal matters that, in the opinion of the Board's management and the Board's attorney, the ultimate effect of these legal matters would not have a material adverse effect on the Board's financial position.

6. Long-Term Obligations

a. Installment Purchases

The Board is authorized by State law G.S. 115C-47(28a) to enter into a direct placement installment purchase contracts to finance energy conservation measures that will reduce its operating costs. On September 17, 2012, the Board entered into such a contract to reduce the energy costs with an energy saving installment purchase totaling \$4,749,190. The financing contract requires principal payments for 14 years beginning in the fiscal year 2013-2014, and ending in the fiscal year 2028, with an interest rate of 2.25%.

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot monies for the payments on financing contracts entered into pursuant to G.S. 115C-528. The State has accepted the bid to purchase Thomas Built Buses through a special third party financing arrangement with various companies. The Board entered into such financing contracts for the purchase of school buses during the 2015-2016 through 2018-2019 fiscal years. The original amount of the Board's school bus direct placement installment purchase contracts outstanding at June 30, 2020 totaled \$2,035,352. The contract requires four equal principal-only payments with the first payment due within 10 days of receipt of the buses and the following 3 payments due on the next 3 immediately following November 15th dates.

The future minimum payments of the direct placement installment purchases as of June 30, 2020, including interest, are as follows:

DUPLIN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2021	\$ 848,773	\$ 59,903
2022	607,323	52,050
2023	472,209	43,805
2024	385,733	35,147
2025	403,490	26,294
2026 - 2030	946,643	165,667
Total	<u>\$ 3,664,171</u>	<u>\$ 382,866</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, 2020:

	July 1, 2019	Increases	Decreases	June 30, 2020	Current Portion
Governmental activities:					
Direct placement					
installment purchases	\$ 4,446,379	\$ 376,864	\$ 1,159,072	\$ 3,664,171	\$ 848,773
Net pension liability	33,372,115	145,988	-	33,518,103	-
Net OPEB liability	84,304,384	5,124,603	-	89,428,987	-
Compensated absences	5,170,172	3,504,479	3,485,507	5,189,144	2,085,017
Total	<u>\$ 127,293,050</u>	<u>\$ 9,151,934</u>	<u>\$ 4,644,579</u>	<u>\$ 131,800,405</u>	<u>\$ 2,933,790</u>
Business-type activities:					
Net pension liability	\$ 1,082,922	\$ 14,244	\$ -	\$ 1,097,166	\$ -
Net OPEB liability	2,735,669	191,657	-	2,927,326	-
Compensated absences	66,002	117,900	99,474	84,428	45,668
Total	<u>\$ 3,884,593</u>	<u>\$ 323,801</u>	<u>\$ 99,474</u>	<u>\$ 4,108,920</u>	<u>\$ 45,668</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 Capital Outlay Fund.

C. Interfund Balances and Activity

1. Interfund balances

The composition of interfund balances as of June 30, 2020 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Outlay Fund	Special Revenue Fund	<u>\$ 382,920</u>

The amount due to the Capital Outlay Fund from the Special Revenue Fund represents revenues deposited in the Special Revenue Fund that belong in the Capital Outlay Fund. This balance is expected to be paid prior to June 30, 2021.

DUPLIN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

2. Transfers to/from Other Funds

Transfers to/from other funds during the year ended June 30, 2020 consisted of the following:

From the State Public School Fund to the School Food Service Fund for administrative costs	\$ <u>56,605</u>
--	------------------

D. Fund Balance

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

Total fund balance - General Fund	\$ 3,435,766
Less:	
Inventories	(72,179)
Prepaid expenditures	(921,620)
Stabilization by State statute	<u>(9,800)</u>
Remaining fund balance	<u>\$ 2,432,167</u>

NOTE 3 – OTHER SPECIAL REVENUE FUND – OTHER REVENUES

Other revenues for the fiscal year ended June 30, 2020 in the Other Special Revenue Fund consists of the following:

Medicaid reimbursements	\$ 150,423
Indirect costs allocated	516,463
Private grants and programs	167,346
Surplus sales	137,555
Insurance proceeds	2,992,494
Contributions and donations	2,299
Sales and use tax refund	80,864
Other	<u>4,000</u>
Total other revenues	<u>\$ 4,051,444</u>

NOTE 4 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

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

	2020	2019
Board's proportion of the net pension liability (asset)	0.33390%	0.34607%
Board's proportionate share of the net pension liability (asset)	\$ 34,615,269	\$ 34,455,037
Board's covered payroll	\$ 51,246,676	\$ 50,638,809
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	67.55%	68.04%
Plan fiduciary net position as a percentage of the total pension liability	87.56%	87.61%

	2018	2017	2016	2015	2014
Board's proportion of the net pension liability (asset)	0.35602%	0.36789%	0.36050%	0.34431%	0.32900%
Board's proportionate share of the net pension liability (asset)	\$ 28,248,197	\$ 33,812,891	\$ 13,285,139	\$ 4,036,763	\$ 19,985,795
Board's covered payroll	\$ 50,387,942	\$ 50,324,059	\$ 49,495,759	\$ 45,959,997	\$ 44,891,381
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	56.06%	67.19%	26.84%	8.78%	44.52%
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.

Note: This schedule was implemented as a result of GASB 68 in the fiscal year ended June 30, 2015 and will show 10 years of data as it becomes available.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 6,567,374	\$ 6,298,216	\$ 5,458,864	\$ 5,028,717	\$ 4,604,651
Contributions in relation to the contractually required contribution	<u>6,567,374</u>	<u>6,298,216</u>	<u>5,458,864</u>	<u>5,028,717</u>	<u>4,604,651</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 50,464,672	\$ 51,246,676	\$ 50,638,809	\$ 50,387,942	\$ 50,324,059
Contributions as a percentage of covered payroll	12.97%	12.29%	10.78%	9.98%	9.15%
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 4,528,862	\$ 3,993,922	\$ 3,739,452	\$ 3,193,479	\$ 2,169,519
Contributions in relation to the contractually required contribution	<u>4,528,862</u>	<u>3,993,922</u>	<u>3,739,452</u>	<u>3,193,479</u>	<u>2,169,519</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 49,495,759	\$ 45,959,997	\$ 44,891,381	\$ 42,923,105	\$ 44,006,471
Contributions as a percentage of covered payroll	9.15%	8.69%	8.33%	7.44%	4.93%

DUPLIN COUNTY SCHOOLS
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
RETIREE HEALTH BENEFIT FUND
LAST FOUR FISCAL YEARS*

	2020	2019	2018	2017
Board's proportion of the net OPEB liability	0.29190%	0.30553%	0.32263%	0.30553%
Board's proportionate share of the net OPEB liability	\$ 92,356,313	\$ 87,040,053	\$ 105,778,285	\$ 87,040,053
Board's covered payroll	\$ 51,246,676	\$ 50,638,809	\$ 50,387,942	\$ 50,324,059
Board's proportionate share of the net OPEB liability as a percentage of its covered payroll	180.22%	171.88%	209.93%	172.96%
Plan fiduciary net position as a percentage of the total OPEB liability	4.40%	4.40%	3.52%	2.41%

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

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

DUPLIN COUNTY SCHOOLS
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
RETIREE HEALTH BENEFIT FUND
LAST TEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 3,276,092	\$ 3,213,167	\$ 3,063,648	\$ 2,915,578	\$ 2,811,547
Contributions in relation to the contractually required contribution	<u>3,276,092</u>	<u>3,213,167</u>	<u>3,063,648</u>	<u>2,915,578</u>	<u>2,811,547</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 50,464,672	\$ 51,246,676	\$ 50,638,809	\$ 50,387,942	\$ 50,324,059
Contributions as a percentage of covered payroll	6.47%	6.27%	6.05%	5.81%	5.60%
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 2,700,852	\$ 2,485,065	\$ 2,379,243	\$ 2,146,155	\$ 2,156,317
Contributions in relation to the contractually required contribution	<u>2,700,852</u>	<u>2,485,065</u>	<u>2,379,243</u>	<u>2,146,155</u>	<u>2,156,317</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 49,495,759	\$ 45,959,997	\$ 44,891,381	\$ 42,923,105	\$ 44,006,471
Contributions as a percentage of covered payroll	5.49%	5.40%	5.30%	5.00%	4.90%

DUPLIN COUNTY SCHOOLS
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB ASSET
DISABILITY INCOME PLAN OF NORTH CAROLINA
LAST FOUR FISCAL YEARS*

	2020	2019	2018	2017
Board's proportion of the net OPEB asset	0.29520%	0.30685%	0.31422%	0.32885%
Board's proportionate share of the net OPEB asset	\$ 127,379	\$ 93,209	\$ 192,051	\$ 204,216
Board's covered payroll	\$ 51,246,676	\$ 50,638,809	\$ 50,387,942	\$ 50,324,059
Board's proportionate share of the net OPEB asset as a percentage of its covered payroll	0.25%	0.18%	0.38%	0.41%
69 Plan fiduciary net position as a percentage of the total OPEB liability	113.00%	108.47%	116.23%	116.06%

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

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

DUPLIN COUNTY SCHOOLS
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
DISABILITY INCOME PLAN OF NORTH CAROLINA
LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016
Contractually required contribution	\$ 50,635	\$ 71,745	\$ 70,894	\$ 190,692	\$ 205,845
Contributions in relation to the contractually required contribution	<u>50,635</u>	<u>71,745</u>	<u>70,894</u>	<u>190,692</u>	<u>205,845</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 50,464,672	\$ 51,246,676	\$ 50,638,809	\$ 50,387,942	\$ 50,324,059
Contributions as a percentage of covered payroll	0.10%	0.14%	0.14%	0.38%	0.41%
	2015	2014	2013	2012	2011
Contractually required contribution	\$ 201,703	\$ 202,487	\$ 197,522	\$ 223,200	\$ 228,834
Contributions in relation to the contractually required contribution	<u>201,703</u>	<u>202,487</u>	<u>197,522</u>	<u>223,200</u>	<u>228,834</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 49,495,759	\$ 45,959,997	\$ 44,891,381	\$ 42,923,105	\$ 44,006,471
Contributions as a percentage of covered payroll	0.41%	0.44%	0.44%	0.52%	0.52%



**SUPPLEMENTARY INFORMATION
GENERAL FUND**

DUPLIN 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, 2020

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Duplin County	8,968,900	8,968,900	-
Other:			
Fines and forfeitures	384,962	384,962	-
Interest earned on investment	-	24	24
Indirect costs allocated	164,079	-	(164,079)
Insurance proceeds	6,891	6,538	(353)
Contributions and donations	726	726	-
Private grants and programs	-	3,100	3,100
Rental of school property	-	1,000	1,000
Tuition and fees	79,154	90,742	11,588
Transportation	233,325	239,661	6,336
E-rate reimbursement	98,515	98,515	-
Miscellaneous	3,994	3,889	(105)
Total other	971,646	829,157	(142,489)
Total revenues	9,940,546	9,798,057	(142,489)
Expenditures:			
Current:			
Instructional services:			
Regular instructional	915,425	708,441	206,984
Special populations	38,354	21,169	17,185
Alternative programs	131,511	120,476	11,035
School leadership	177,199	89,702	87,497
Co-curricular	814,436	701,312	113,124
School-based support	334,727	281,861	52,866
Total instructional services	2,411,652	1,922,961	488,691
System-wide support services:			
Support and development	405,526	397,132	8,394
Special population support and development	9,199	8,137	1,062
Alternative programs and services support and development	22,010	13,745	8,265
Technology support	282,386	253,587	28,799
Operational support	5,366,184	5,067,705	298,479
Financial and human resource services	378,172	283,933	94,239
Accountability	119,393	117,299	2,094
System-wide pupil support	69,912	69,912	-
Policy, leadership and public relations	444,265	397,958	46,307
Total system-wide support services	7,097,047	6,609,408	487,639

DUPLIN 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, 2020

	Final Budget	Actual	Variance With Final Budget
Expenditures (Continued):			
Current:			
Ancillary services:			
Community	500	500	-
Nutrition	12,059	12,054	5
Total ancillary services	12,559	12,554	5
Non-programmed charges:			
Payments to other governments	30,000	23,187	6,813
Debt service:			
Principal retirement	321,944	321,944	-
Interest and fees	67,344	67,344	-
Total debt service	389,288	389,288	-
Total expenditures	9,940,546	8,957,398	983,148
Revenues over expenditures	\$ -	840,659	\$ 840,659
Fund balance:			
Beginning of year		2,618,772	
Decrease in reserve for inventories		(23,665)	
End of year		\$ 3,435,766	

**SUPPLEMENTARY INFORMATION
INDIVIDUAL SCHOOLS FUND**

DUPLIN COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
For the Fiscal Year Ended June 30, 2020

	Revenues and Transfers	Expenditures	Net change in fund balance	Fund balances June 30, 2019	Fund balances June 30, 2020
BF Grady Elementary	\$ 82,537	\$ 83,968	\$ (1,431)	\$ 60,168	\$ 58,737
Beulaville Elementary	136,245	119,005	17,240	53,726	70,966
Chinquapin Elementary	50,479	42,311	8,168	29,755	37,923
Kenansville Elementary	73,036	64,171	8,865	15,350	24,215
North Duplin Elementary	39,185	40,676	(1,491)	40,677	39,186
Rose Hill Magnolia Elementary	80,897	60,420	20,477	19,886	40,363
Wallace Elementary	122,999	92,092	30,907	14,506	45,413
Warsaw Elementary	40,210	44,495	(4,285)	18,542	14,257
East Duplin High	302,861	301,926	935	164,708	165,643
James Kenan High	174,430	165,587	8,843	40,174	49,017
North Duplin Jr. Sr. High	142,799	137,359	5,440	66,436	71,876
Wallace Rose Hill High	196,875	175,776	21,099	101,720	122,819
Duplin Early College	27,168	20,447	6,721	4,735	11,456
Live Project	<u>52,983</u>	<u>11,570</u>	<u>41,413</u>	<u>192,488</u>	<u>233,901</u>
Totals	<u>\$ 1,522,704</u>	<u>\$ 1,359,803</u>	<u>\$ 162,901</u>	<u>\$ 822,871</u>	<u>\$ 985,772</u>

**SUPPLEMENTARY INFORMATION
CAPITAL OUTLAY FUND**

DUPLIN 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, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
State of North Carolina:			
State appropriations - buses	<u>\$ 837,128</u>	<u>\$ 837,128</u>	<u>\$ -</u>
Duplin County:			
General county appropriations	<u>963,426</u>	<u>793,168</u>	<u>(170,258)</u>
Other:			
Proceeds from disposal of capital assets	<u>-</u>	<u>382,920</u>	<u>382,920</u>
Total revenues	<u>1,800,554</u>	<u>2,013,216</u>	<u>212,662</u>
Expenditures:			
Debt service:			
Principal retirement	<u>837,128</u>	<u>837,128</u>	<u>-</u>
Capital outlay:			
Real property, buildings and improvements			
Other real property, buildings and improvements		<u>432,060</u>	
Total real property, buildings and improvements	<u>943,297</u>	<u>432,060</u>	<u>511,237</u>
Furnishings and equipment	<u>666,043</u>	<u>614,269</u>	<u>51,774</u>
Vehicles	<u>760,018</u>	<u>394,034</u>	<u>365,984</u>
Total capital outlay	<u>2,369,358</u>	<u>1,440,363</u>	<u>928,995</u>
Total expenditures	<u>3,206,486</u>	<u>2,277,491</u>	<u>928,995</u>
Revenues over (under) expenditures	<u>(1,405,932)</u>	<u>(264,275)</u>	<u>1,141,657</u>
Other financing sources:			
Installment purchase obligations issued	<u>742,912</u>	<u>376,864</u>	<u>(366,048)</u>
Revenues and other financing sources over (under) expenditures	<u>(663,020)</u>	<u>112,589</u>	<u>775,609</u>
Fund balance appropriated	<u>663,020</u>	<u>-</u>	<u>(663,020)</u>
Revenues, other financing sources and fund balance appropriated over (under) expenditures	<u>\$ -</u>	<u>112,589</u>	<u>\$ 112,589</u>
Fund balance:			
Beginning of year		<u>668,198</u>	
End of year		<u>\$ 780,787</u>	

**SUPPLEMENTARY INFORMATION
ENTERPRISE FUND**

DUPLIN 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, 2020

	Final Budget	Actual	Variance With Final Budget
Operating revenues - food sales	\$ 157,000	\$ 114,090	\$ (42,910)
Operating expenditures:			
Business support services:			
Purchase of food		1,696,464	
Donated commodities		365,524	
Salaries and benefits		2,567,848	
Indirect costs		367,169	
Materials and supplies		35,439	
Repairs and maintenance		55,266	
Non-capitalized equipment		25,552	
Contracted services		6,113	
Other		11,761	
Capital outlay		16,608	
Total operating expenditures	5,633,000	5,147,744	485,256
Operating loss	(5,476,000)	(5,033,654)	442,346
Nonoperating revenues:			
Federal reimbursements		4,342,029	
Federal commodities		365,524	
Interest earned		6,848	
Total nonoperating revenues	5,476,000	4,714,401	(761,599)
Revenues over (under) expenditures before other financing sources	-	(319,253)	(319,253)
Other financing sources:			
Transfers from other funds	-	56,605	56,605
Revenues and other financing sources over (under) expenditures	\$ -	(262,648)	\$ (262,648)
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(25,633)	
Net OPEB asset		1,107	
Net pension liability		(14,244)	
Net OPEB liability		(191,657)	
Deferred outflows		(32,970)	
Deferred inflows		227,751	
Equipment purchases		16,608	
Increase in compensated absences payable		(18,426)	
Decrease in inventories		(27,254)	
Change in net position (full accrual)		\$ (327,366)	

DUPLIN COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
LIBERTY HALL FUND
For the Fiscal Year Ended June 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Operating revenues:			
Other	<u>\$ 11,254</u>	<u>\$ 9,831</u>	<u>\$ (1,423)</u>
Operating expenditures:			
Salaries and benefits		60,540	
Supplies and materials		920	
Repairs and maintenance		68,820	
Contracted services		2,150	
Scholarships and donations		16,500	
Other	<u> </u>	<u>22,531</u>	<u> </u>
Total operating expenditures	<u>337,529</u>	<u>171,461</u>	<u>166,068</u>
Operating loss	<u>(326,275)</u>	<u>(161,630)</u>	<u>164,645</u>
Nonoperating revenues:			
Investment income, net		326,174	
Contributions and donations	<u> </u>	<u>98,350</u>	<u> </u>
Total nonoperating revenues	<u>326,275</u>	<u>424,524</u>	<u>98,249</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>262,894</u>	<u>\$ 262,894</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		<u>(12,985)</u>	
Change in net position (full accrual)		<u>\$ 249,909</u>	



Statistical Section

STATISTICAL SECTION (Unaudited)

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

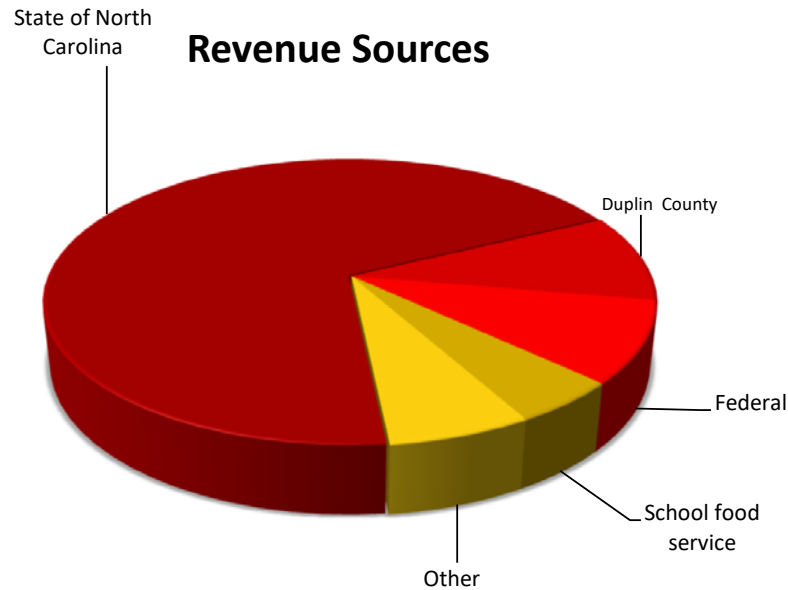
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. County information is included.

Operating Information

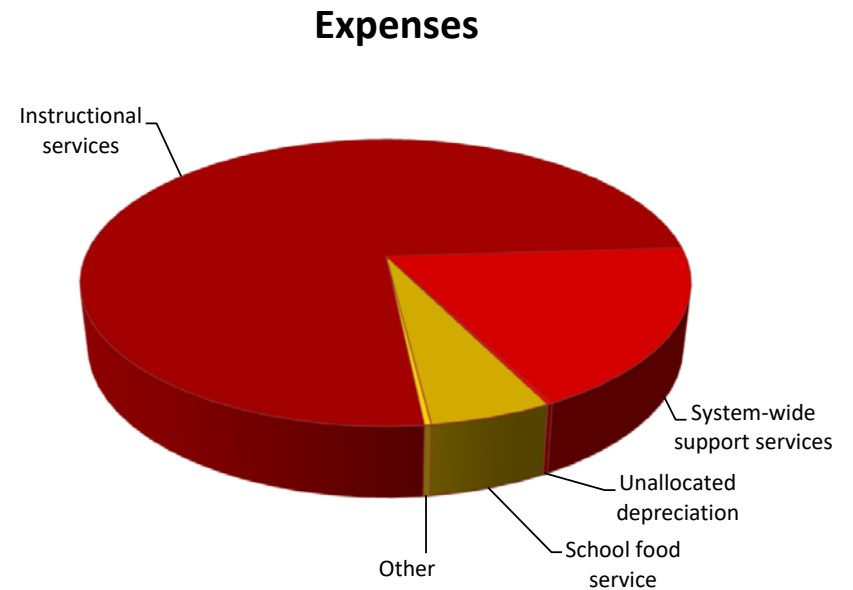
These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.



DUPLIN COUNTY BOARD OF EDUCATION
Financial Perspective
Governmental and Business-type Activities
For Year Ended June 30, 2020



State of North Carolina	\$ 67,979,497
Duplin County	9,762,068
Federal	9,058,999
School food service	4,828,491
Other	6,321,197
Total revenue sources	<u>\$ 97,950,252</u>



Instructional services	\$ 72,179,169
System-wide support services	17,488,847
Unallocated depreciation	215,431
School food service	5,212,462
Other	287,525
Total expenses	<u>\$ 95,383,434</u>

Table 2

DUPLIN COUNTY BOARD OF EDUCATION

**Net Position by Component
Last Ten Fiscal Years**

Year Ended June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Net investment in capital assets	\$ 49,107,021	\$ 47,963,740	\$ 47,883,304	\$ 47,932,022	\$ 46,290,246	\$ 52,574,657	\$ 97,007,738	\$ 101,580,043	\$ 96,289,378	\$ 94,345,620
Restricted	1,496,346	1,306,762	1,493,543	1,556,356	1,431,820	1,299,006	955,777	1,675,586	3,600,406	5,864,661
Unrestricted	4,068,752	8,061,690	6,680,552	2,160,957	(12,083,785)	(10,874,530)	(13,599,511)	(150,925,614)	(146,558,528)	(144,234,750)
Total governmental activities net position (deficit)	\$ 52,115,011	\$ 54,672,119	\$ 57,332,192	\$ 56,057,399	\$ 51,649,335	\$ 35,638,281	\$ 42,999,133	\$ 84,364,004	\$ (46,668,744)	\$ (44,024,469)
Business-type activities:										
Net investment in capital assets	\$ 271,140	\$ 267,655	\$ 218,169	\$ 190,493	\$ 179,510	\$ 180,366	\$ 175,329	\$ 192,456	\$ 196,112	\$ 329,921
Restricted	-	-	-	-	-	-	-	11,496	13,380	11,098
Unrestricted	4,520,266	4,477,419	5,049,354	5,899,471	5,498,256	5,742,280	6,142,603	2,292,343	2,632,266	2,423,282
Total business-type activities net position (deficit)	\$ 4,179,389	\$ 4,791,406	\$ 4,745,074	\$ 5,267,523	\$ 6,089,964	\$ 5,677,766	\$ 5,922,646	\$ 6,317,932	\$ 2,841,758	\$ 2,764,301
District-wide:										
Net investment in capital assets	\$ 49,378,161	\$ 48,231,395	\$ 48,101,473	\$ 48,122,515	\$ 46,469,756	\$ 52,755,023	\$ 97,183,067	\$ 101,772,499	\$ 96,485,490	\$ 94,675,541
Restricted	1,496,346	1,306,762	1,493,543	1,556,356	1,431,820	1,299,006	955,777	1,675,586	3,613,786	5,875,759
Unrestricted	8,589,018	12,539,109	11,729,906	8,060,428	(6,585,529)	(5,132,250)	(7,456,908)	(148,633,271)	(143,926,262)	(141,811,468)
Total primary government net position (deficit)	\$ 59,463,525	\$ 62,077,266	\$ 61,324,922	\$ 57,739,299	\$ 41,316,047	\$ 48,921,779	\$ 90,681,936	\$ (45,185,186)	\$ (43,826,986)	\$ (41,260,168)

Source: Duplin County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2020

Note: Net position for 2015 and before are not comparable to 2016 and after net position due to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*, for the year ended June 30, 2015.

Note: Net position for 2017 and before are not comparable to 2018 and after net position due to the implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2018.

Net Position by Component District-wide

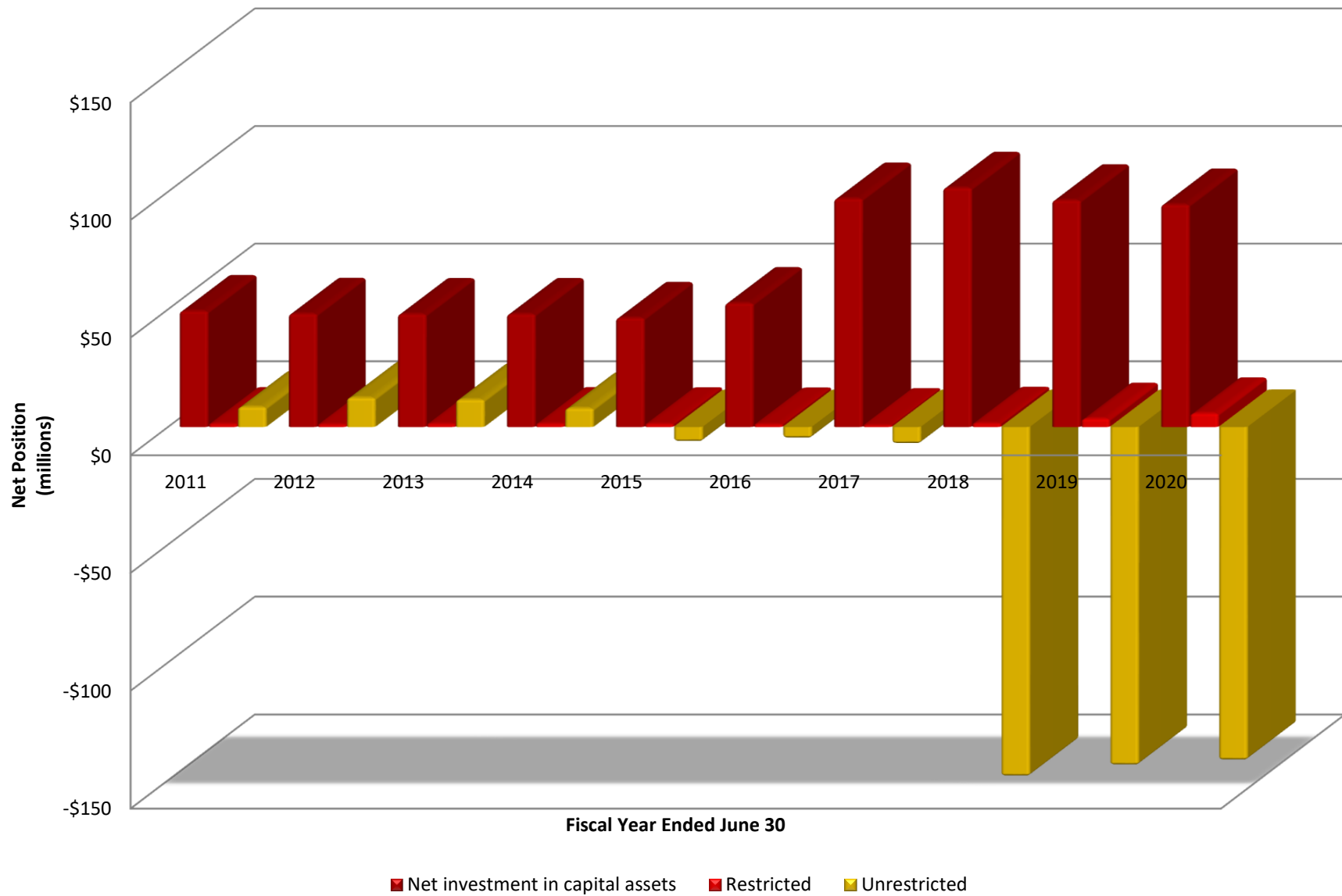


Table 3

DUPLIN COUNTY BOARD OF EDUCATION

**Changes in Net Position
Last Ten Fiscal Years**

Year Ended June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
Instructional services	\$ 60,262,412	\$ 59,583,949	\$ 63,414,764	\$ 64,523,958	\$ 67,033,854	\$ 68,343,664	\$ 73,491,168	\$ 77,343,214	\$ 70,768,984	\$ 72,179,169
System-wide support services	15,655,930	17,037,224	17,914,870	18,359,098	16,163,282	15,459,211	16,849,972	20,183,957	27,936,624	17,488,847
Ancillary services	10,529	105,019	102,045	29,315	21,141	24,800	21,156	3,990	7,337	12,548
Non-programmed charges	12,044	1,689	990	3,416	3,881	15,669	18,064	28,916	24,062	23,187
Interest on long-term debt	-	-	-	224,449	58,292	93,514	87,517	81,122	74,389	67,344
Unallocated depreciation expense	1,292,298	393,268	282,041	115,648	540,788	330,791	352,258	293,181	273,606	215,431
Total governmental activities expenses	77,233,213	77,121,149	81,714,710	83,255,884	83,821,238	84,267,649	90,820,135	97,934,380	99,085,002	89,986,526
Business-type activities:										
School food service	5,224,474	5,537,060	5,318,808	5,413,243	5,328,138	5,408,452	5,204,235	5,471,567	5,053,983	5,212,462
Child care	29,802	41,504	-	-	-	-	-	-	-	-
Liberty Hall	206,653	130,697	164,034	157,324	144,388	133,015	235,878	124,013	139,781	184,446
	5,460,929	5,709,261	5,482,842	5,570,567	5,472,526	5,541,467	5,440,113	5,595,580	5,193,764	5,396,908
Total district-wide expenses	\$ 82,694,142	\$ 82,830,410	\$ 87,197,552	\$ 88,826,451	\$ 89,293,764	\$ 89,809,116	\$ 96,260,248	\$ 103,529,960	\$ 104,278,766	\$ 95,383,434
Program Revenues										
Governmental activities:										
Charges for services	571,587	490,915	386,119	392,546	2,284,623	2,227,766	2,005,040	2,330,644	1,892,394	1,854,107
Operating grants and contributions	61,402,598	61,300,880	61,808,659	57,957,059	63,341,981	64,162,664	66,394,356	66,559,400	74,475,567	69,346,612
Capital grants and contributions	-	78,326	558,283	249,925	658,285	785,003	910,114	966,072	917,376	837,128
Total governmental activities program revenues	61,974,185	61,870,121	62,753,061	58,599,530	66,284,889	67,175,433	69,309,510	69,856,116	77,285,337	72,037,847
Business-type activities:										
Charges for services:										
Student meal services	1,067,573	1,025,967	991,501	951,787	587,084	585,668	318,054	152,077	131,644	114,090
Child care services	42,768	51,082	-	-	-	-	-	-	-	-
Liberty Hall	5,048	7,129	4,804	7,353	5,590	5,254	5,520	6,854	6,287	9,831
Operating grants and contributions	4,384,956	4,544,082	4,584,300	4,819,447	4,959,046	5,127,500	5,041,985	5,422,830	4,919,323	4,805,903
Capital grants and contributions	-	-	-	-	14,526	22,556	-	-	-	-
Total business-type activities program revenues	5,500,345	5,628,260	5,580,605	5,778,587	5,566,246	5,740,978	5,365,559	5,581,761	5,057,254	4,929,824
Total district-wide program revenues	\$ 67,474,530	\$ 67,498,381	\$ 68,333,666	\$ 64,378,117	\$ 71,851,135	\$ 72,916,411	\$ 74,675,069	\$ 75,437,877	\$ 82,342,591	\$ 76,967,671
Net (Expense) Revenue										
Governmental activities	\$ (15,259,028)	\$ (15,251,028)	\$ (18,961,649)	\$ (24,656,354)	\$ (17,536,349)	\$ (17,092,216)	\$ (21,510,625)	\$ (28,078,264)	\$ (21,799,665)	\$ (17,948,679)
Business-type activities	39,416	(81,001)	97,763	208,020	93,720	199,511	(74,554)	(13,819)	(136,510)	(467,084)
Total district-wide net (expense) revenue	\$ (15,219,612)	\$ (15,332,029)	\$ (18,863,886)	\$ (24,448,334)	\$ (17,442,629)	\$ (16,892,705)	\$ (21,585,179)	\$ (28,092,083)	\$ (21,936,175)	\$ (18,415,763)

Table 3(continued)

DUPLIN COUNTY BOARD OF EDUCATION
Changes in Net Position (continued)
Last Ten Fiscal Years

Year Ended June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental activities:										
Unrestricted county appropriations - operating	\$ 8,861,720	\$ 8,861,720	\$ 9,287,444	\$ 9,000,000	\$ 9,485,760	\$ 9,553,920	\$ 9,465,600	\$ 8,800,000	\$ 8,802,624	\$ 8,968,900
Unrestricted county appropriations - capital	1,131,017	956,217	1,147,462	1,520,827	995,965	6,298,294	47,187,685	10,808,052	1,215,814	793,168
Unrestricted State appropriations - operating	1,390,017	1,158,761	3,427,335	6,162,423	5,158,636	5,108,035	4,804,787	5,139,191	5,373,172	5,782,733
Unrestricted Federal appropriations - operating	-	-	-	-	-	-	-	-	-	179,548
Unrestricted State appropriations - capital	1,495,180	1,051,444	1,021,837	729,771	-	2,172,691	-	46,577	-	-
Unrestricted Federal appropriations - capital	-	-	-	-	-	-	-	-	-	1,046,724
Investment earnings, unrestricted	48,454	42,973	35,482	28,123	22,555	21,122	19,651	13,300	20	24
Miscellaneous, unrestricted	4,935,807	5,857,923	2,812,356	2,868,013	1,356,736	1,379,599	1,452,766	1,861,104	7,645,702	3,878,462
Transfers	(46,059)	(17,937)	(45,060)	(60,867)	(53,020)	(80,593)	(54,993)	(50,139)	(236,426)	(56,605)
Total governmental activities	17,816,136	17,911,101	17,686,856	20,248,290	16,966,632	24,453,068	62,875,496	26,618,085	22,800,906	20,592,954
Business-type activities:										
Investment earnings, unrestricted	526,542	16,732	379,626	553,554	(8,402)	(35,224)	414,847	410,953	245,547	333,022
Miscellaneous, unrestricted	-	-	-	-	-	-	-	11,776	-	-
Transfers	46,059	17,937	45,060	60,867	53,020	80,593	54,993	50,139	236,426	56,605
Total business-type activities	572,601	34,669	424,686	614,421	44,618	45,369	469,840	472,868	481,973	389,627
Total district-wide	\$ 18,388,737	\$ 17,945,770	\$ 18,111,542	\$ 20,862,711	\$ 17,011,250	\$ 24,498,437	\$ 63,345,336	\$ 27,090,953	\$ 23,282,879	\$ 20,982,581
Change in Net Position										
Governmental activities	\$ 2,565,108	\$ (1,050,548)	\$ (6,969,498)	\$ 2,711,941	\$ (125,584)	\$ 2,942,443	\$ 62,875,496	\$ 26,618,085	\$ 1,001,241	\$ 2,644,275
Business-type activities	491,600	132,432	632,706	708,141	244,129	(29,185)	469,840	472,868	345,463	(77,457)
Total district-wide change in net position	\$ 3,056,708	\$ (918,116)	\$ (6,336,792)	\$ 3,420,082	\$ 118,545	\$ 2,913,258	\$ 63,345,336	\$ 27,090,953	\$ 1,346,704	\$ 2,566,818

Source: Duplin County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2020

Table 4

DUPLIN COUNTY BOARD OF EDUCATION

Governmental Funds

Fund Balances

Last Ten Fiscal Years

Year Ended June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$ 213,423	\$ 243,155	\$ 173,414	\$ 237,037	\$ 449,602	\$ 400,441	\$ 590,125	\$ 526,653	\$ 1,179,503	\$ 993,799
Restricted	450,781	98,409	378,212	440,084	317,070	211,692	1,262,433	1,316,620	43,125	9,800
Assigned	1,932,743	4,022,835	3,500,000	4,284,138	1,149,850	-	-	-	-	-
Unassigned	5,736,044	7,703,299	7,361,670	2,171,210	3,964,619	3,609,689	1,530,977	251,999	1,396,144	2,432,167
Total General Fund	<u>\$ 8,332,991</u>	<u>\$ 12,067,698</u>	<u>\$ 11,413,296</u>	<u>\$ 7,132,469</u>	<u>\$ 5,881,141</u>	<u>\$ 4,221,822</u>	<u>\$ 3,383,535</u>	<u>\$ 2,095,272</u>	<u>\$ 2,618,772</u>	<u>\$ 3,435,766</u>
All Other Governmental Funds										
Restricted	\$ 1,090,045	\$ 1,208,353	\$ 1,115,331	\$ 1,116,272	\$ 1,114,750	\$ 1,087,314	\$ 893,344	\$ 1,208,271	\$ 3,144,972	\$ 5,515,834
Assigned	-	-	-	-	-	-	-	-	235,818	714,965
Total all other governmental funds	<u>\$ 1,090,045</u>	<u>\$ 1,208,353</u>	<u>\$ 1,115,331</u>	<u>\$ 1,116,272</u>	<u>\$ 1,114,750</u>	<u>\$ 1,087,314</u>	<u>\$ 893,344</u>	<u>\$ 1,208,271</u>	<u>\$ 3,380,790</u>	<u>\$ 6,230,799</u>

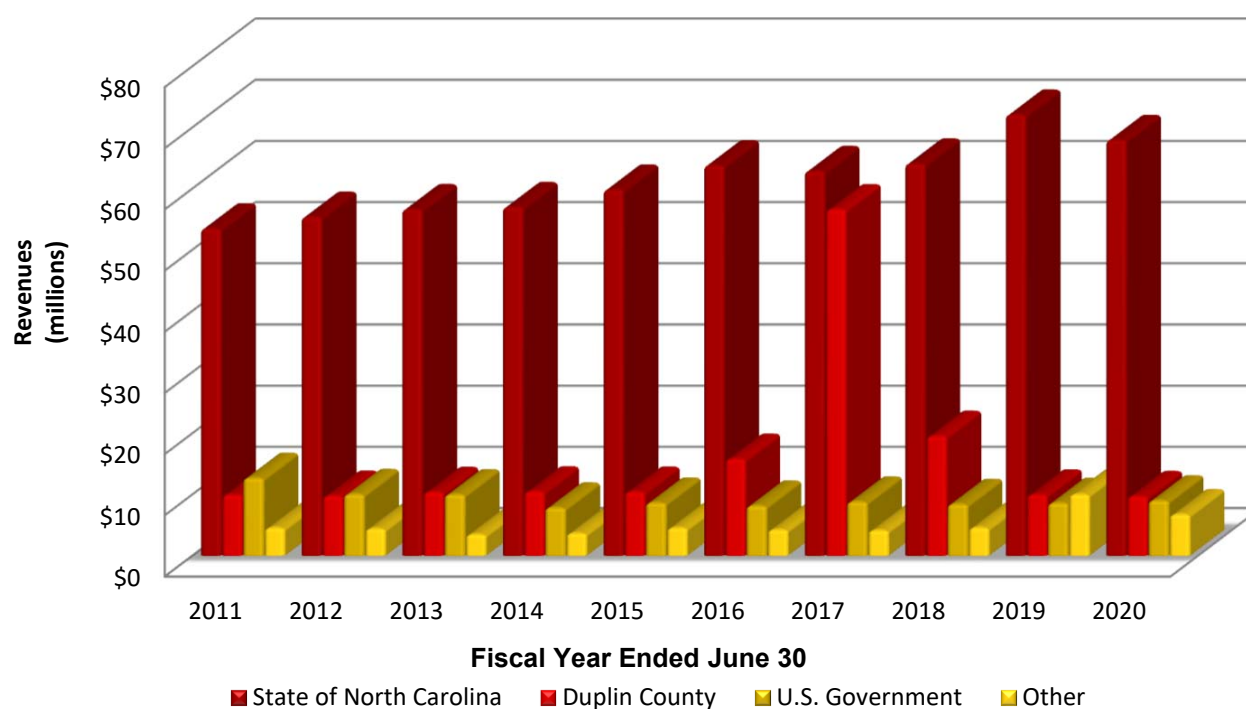
Source: Duplin County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2020

Table 5

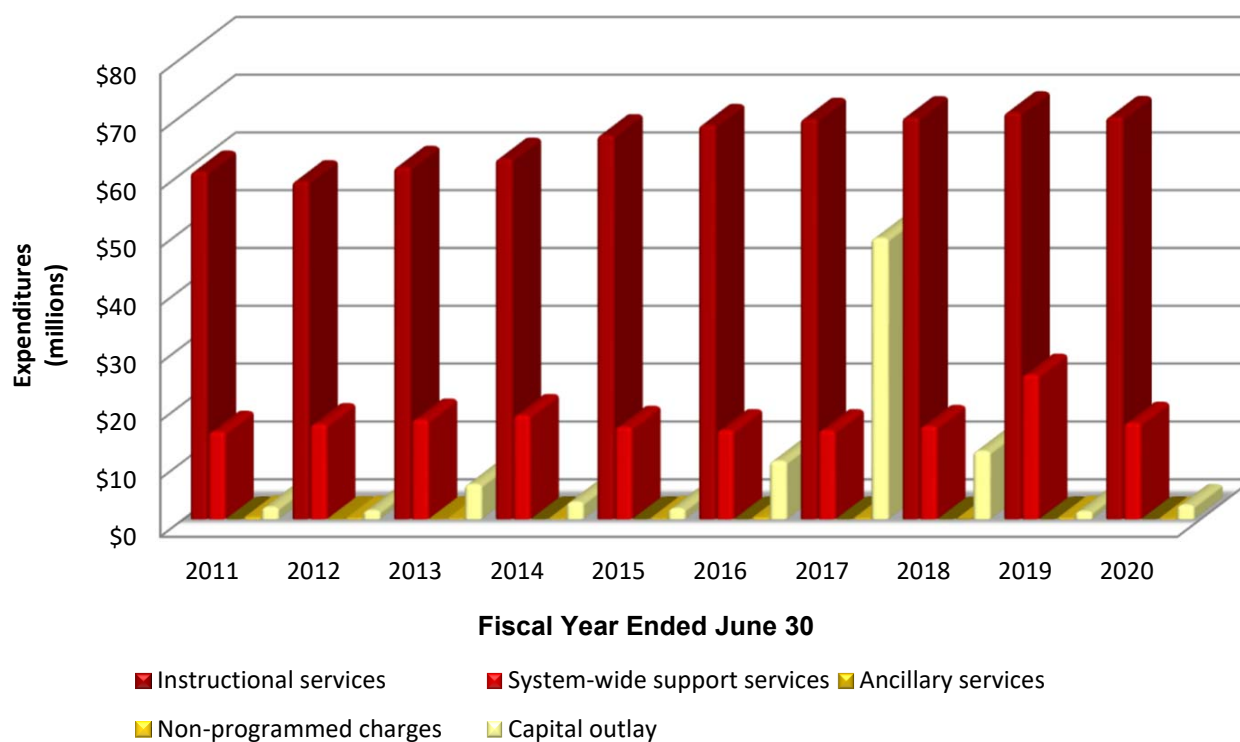
DUPLIN COUNTY BOARD OF EDUCATION Governmental Funds Changes in Fund Balances Last Ten Fiscal Years						
Year Ended June 30	2011	2012	2013	2014	2015	
Revenues						
State of North Carolina	\$ 53,518,605	\$ 55,417,688	\$ 56,665,606	\$ 57,006,199	\$ 59,859,404	
Duplin County	9,992,737	9,817,937	10,434,906	10,520,827	10,481,725	
U.S. Government	12,740,339	10,094,282	10,045,217	7,885,009	8,690,170	
Other	4,583,883	4,439,520	3,519,871	3,712,542	4,594,767	
Total revenues	80,835,564	79,769,427	80,665,600	79,124,577	83,626,066	
Expenditures						
Instructional services	60,143,940	58,500,422	60,970,614	62,386,917	66,466,858	
System-wide support services	15,127,513	16,449,405	17,263,429	18,039,949	15,989,892	
Ancillary services	10,519	104,882	102,045	29,315	21,158	
Non-programmed charges	369,355	239,804	181,613	130,766	185,406	
Debt service - Principal	117,980	78,880	558,283	451,925	951,224	
Debt service - Interest	-	-	-	22,449	58,292	
Capital outlay	2,134,231	1,554,512	6,064,226	3,008,758	1,906,136	
Total expenditures	77,903,538	76,927,905	85,140,210	84,070,079	85,578,966	
Revenues over (under) expenditures	2,932,026	2,841,522	(4,474,610)	(4,945,502)	(1,952,900)	
Other financing sources						
Transfers to other funds	(46,059)	(17,937)	(45,060)	(60,867)	(53,020)	
Installment purchase obligations	82,753	999,698	3,841,987	720,365	816,720	
Total other financing sources	36,694	981,761	3,796,927	659,498	763,700	
Net change in fund balances	\$ 2,968,720	\$ 3,823,283	\$ (677,683)	\$ (4,286,004)	\$ (1,189,200)	
Ratio of debt service expenditures to total non-capital expenditures	0.16%	0.11%	0.71%	0.59%	1.22%	
Year Ended June 30	2016	2017	2018	2019	2020	
Revenues						
State of North Carolina	\$ 63,832,009	\$ 62,896,807	\$ 64,125,093	\$ 72,117,633	\$ 67,979,497	
Duplin County	15,852,214	56,653,285	19,608,052	10,018,438	9,762,068	
U.S. Government	8,197,181	8,854,372	8,466,239	8,648,331	9,058,999	
Other	4,288,626	4,184,623	4,621,318	10,072,727	6,786,225	
Total revenues	92,170,030	132,589,087	96,820,702	100,857,129	93,586,789	
Expenditures						
Instructional services	68,231,260	69,292,061	69,577,068	70,411,669	69,618,663	
System-wide support services	15,432,110	15,420,181	16,138,701	25,017,269	16,699,179	
Ancillary services	24,818	21,144	3,958	7,360	12,554	
Non-programmed charges	336,605	227,152	49,425	258,522	172,481	
Debt service - Principal	1,045,721	1,186,437	1,258,668	1,222,789	1,159,072	
Debt service - Interest	93,514	87,517	81,122	74,389	67,344	
Capital outlay	10,086,660	48,622,266	11,801,205	1,406,214	2,487,087	
Total expenditures	95,250,688	134,856,758	98,910,147	98,398,212	90,216,380	
Revenues over (under) expenditures	(3,080,658)	(2,267,671)	(2,089,445)	2,458,917	3,370,409	
Other financing sources (uses)						
Transfers to other funds	(80,593)	(54,993)	(50,139)	(236,426)	(56,605)	
Installment purchase obligations	1,510,574	1,313,160	1,040,556	617,932	376,864	
Total other financing sources (uses)	1,429,981	1,258,167	990,417	381,506	320,259	
Net change in fund balances	\$ (1,650,677)	\$ (1,009,504)	\$ (1,099,028)	\$ 2,840,423	\$ 3,690,668	
Ratio of debt service expenditures to total non-capital expenditures	1.36%	1.49%	1.52%	1.35%	1.40%	

Source: Duplin County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2020

Governmental Funds Revenues by Source



Expenditures by Function



DUPLIN COUNTY BOARD OF EDUCATION

Operational Expenditures Per Pupil

Expenditures by Function

Last Ten Fiscal Years

EXPRESSED IN NOMINAL DOLLARS

Year Ended June 30	2011	2012	2013	2014	2015
Average Daily Membership	8,945	9,158	9,315	9,597	9,881
Instructional	\$ 6,724	\$ 6,388	\$ 6,545	\$ 6,501	\$ 6,727
System-wide support	1,691	1,796	1,853	1,880	1,618
Ancillary	1	11	11	3	2
Total expenditures per pupil	\$ 8,416	\$ 8,195	\$ 8,409	\$ 8,384	\$ 8,347

EXPRESSED IN NOMINAL DOLLARS

Year Ended June 30	2016	2017	2018	2019	2020
Average Daily Membership	9,952	9,860	9,644	9,652	9,634
Instructional	\$ 6,856	\$ 7,028	\$ 7,215	\$ 7,295	\$ 7,226
System-wide support	1,551	1,564	1,673	2,592	1,733
Ancillary	2	2	-	1	1
Total expenditures per pupil	\$ 8,409	\$ 8,594	\$ 8,888	\$ 9,888	\$ 8,960

EXPRESSED IN CONSTANT DOLLARS

Year Ended June 30	2011	2012	2013	2014	2015
Instructional	\$ 2,979	\$ 2,784	\$ 2,803	\$ 2,728	\$ 2,819
System-wide support	749	783	794	789	678
Ancillary	-	5	5	1	1
Total expenditures per pupil	\$ 3,728	\$ 3,572	\$ 3,602	\$ 3,518	\$ 3,498

EXPRESSED IN CONSTANT DOLLARS

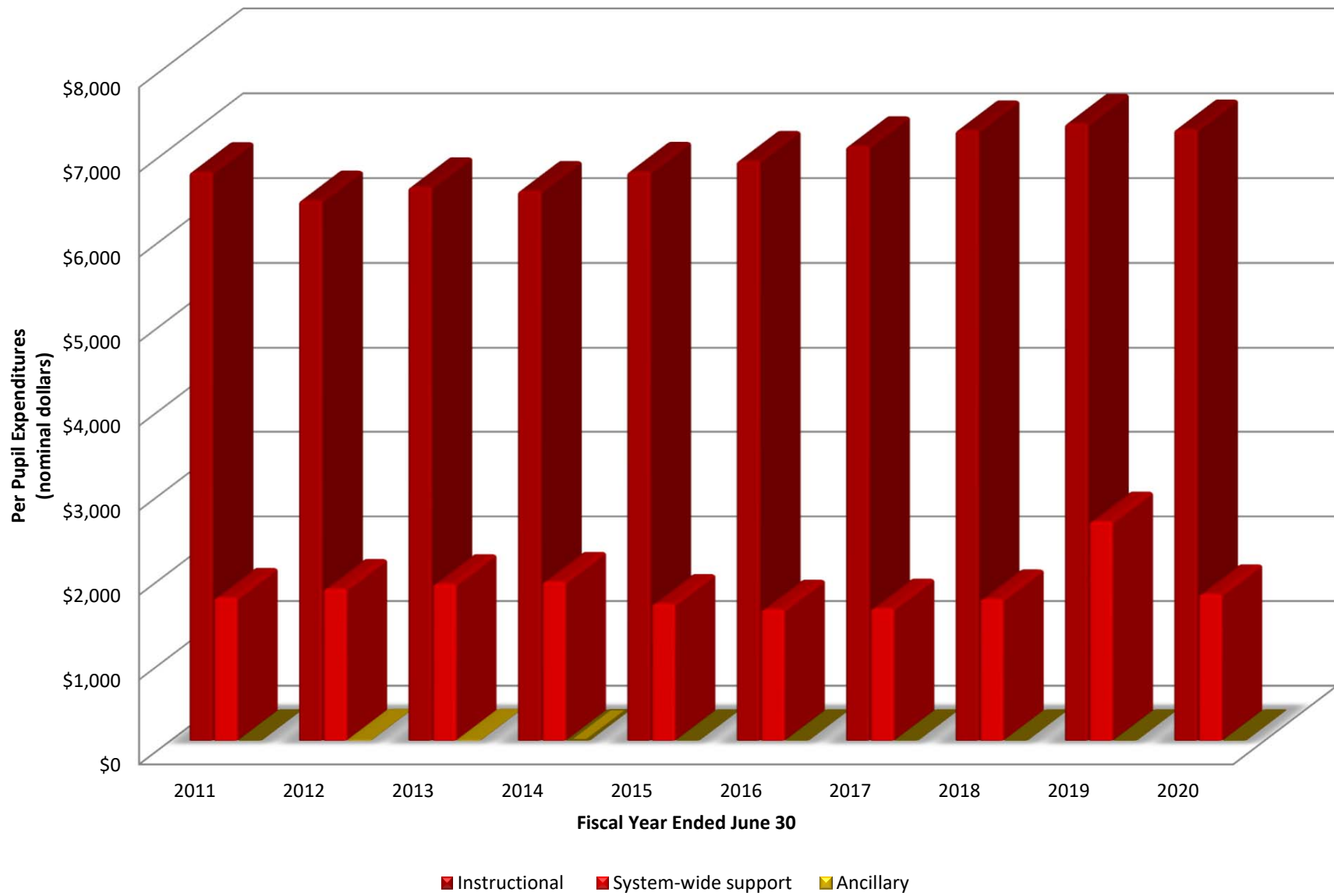
Year Ended June 30	2016	2017	2018	2019	2020
Instructional	\$ 2,845	\$ 2,869	\$ 2,863	\$ 2,848	\$ 2,803
System-wide support	644	638	664	1,012	672
Ancillary	1	1	-	-	-
Total expenditures per pupil	\$ 3,490	\$ 3,508	\$ 3,527	\$ 3,860	\$ 3,475

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

The above operational expenditures per pupil include all governmental funds.

Note: Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984=100).

Operational Expenditures Per Pupil Expenditures by Function



DUPLIN COUNTY BOARD OF EDUCATION
Proprietary Fund - Food Services Operations
Revenues by Source
Last Ten Fiscal Years

EXPRESSED IN NOMINAL DOLLARS

Year Ended June 30	2011	2012	2013	2014	2015
Food sales	\$ 1,067,573	\$ 1,025,967	\$ 991,501	\$ 951,787	\$ 587,084
Federal reimbursements	3,740,341	3,941,518	4,192,117	4,356,053	4,572,431
Federal commodities	332,199	285,987	293,128	354,616	278,557
Other	34,300	239,559	18,831	16,510	16,527
Total revenues	\$ 5,103,492	\$ 5,174,413	\$ 5,493,031	\$ 5,495,577	\$ 5,678,966

EXPRESSED IN NOMINAL DOLLARS

Year Ended June 30	2016	2017	2018	2019	2020
Food sales	\$ 585,668	\$ 318,054	\$ 152,077	\$ 131,644	\$ 114,090
Federal reimbursements	4,628,794	4,565,804	4,961,687	4,477,614	4,342,029
Federal commodities	387,771	398,780	386,008	346,559	365,524
Other	15,112	7,201	4,268	5,713	6,848
Total revenues	\$ 5,454,599	\$ 5,617,345	\$ 5,289,839	\$ 5,504,040	\$ 4,828,491

EXPRESSED IN CONSTANT DOLLARS

Year Ended June 30	2011	2012	2013	2014	2015
Food sales	\$ 472,959	\$ 447,087	\$ 424,618	\$ 399,335	\$ 246,014
Federal reimbursements	1,657,056	1,717,602	1,795,308	1,827,640	1,916,053
Federal commodities	147,172	124,625	125,534	148,784	116,728
Other	15,196	104,393	8,065	6,927	6,926
Total revenues	\$ 2,292,383	\$ 2,393,707	\$ 2,353,525	\$ 2,382,686	\$ 2,285,721

EXPRESSED IN CONSTANT DOLLARS

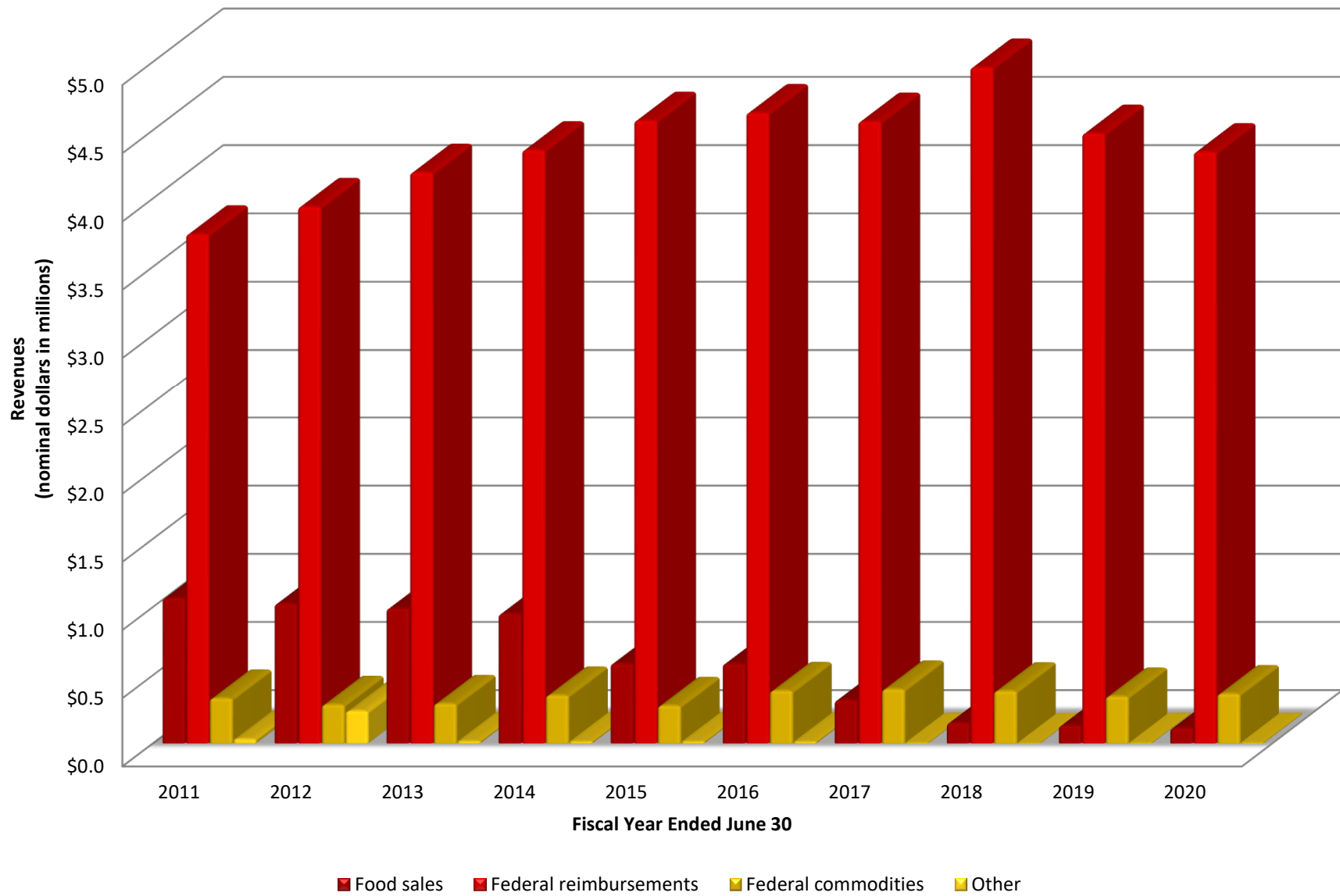
Year Ended June 30	2016	2017	2018	2019	2020
Food sales	\$ 242,998	\$ 129,842	\$ 60,351	\$ 51,395	\$ 44,256
Federal reimbursements	1,920,518	1,863,936	1,969,009	1,748,091	1,684,282
Federal commodities	160,889	162,797	153,184	135,299	141,788
Other	6,270	2,940	1,694	2,230	2,656
Total revenues	\$ 2,330,675	\$ 2,159,515	\$ 2,184,238	\$ 1,937,015	\$ 1,872,982

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

Note: Other revenue includes interest earned, State reimbursements, indirect costs not paid, and other revenue.

Note: Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984 = 100).

Proprietary Fund - Food Services Operations Revenues by Source



DUPLIN COUNTY BOARD OF EDUCATION
Proprietary Fund - Food Services Operations
Expenses by Category
Last Ten Fiscal Years

EXPRESSED IN NOMINAL DOLLARS

Year Ended June 30	2011	2012	2013	2014	2015
Purchase of food	\$ 2,154,849	\$ 2,246,664	\$ 2,545,769	\$ 2,548,443	\$ 2,410,025
Salaries and benefits	2,357,396	2,484,177	2,622,182	2,650,849	2,618,349
Other	712,229	806,219	150,857	213,951	299,764
Total expenses	<u>\$ 5,224,474</u>	<u>\$ 5,537,060</u>	<u>\$ 5,318,808</u>	<u>\$ 5,413,243</u>	<u>\$ 5,328,138</u>

EXPRESSED IN NOMINAL DOLLARS

Year Ended June 30	2016	2017	2018	2019	2020
Purchase of food	\$ 2,469,686	\$ 2,257,049	\$ 2,274,957	\$ 2,171,354	\$ 1,723,718
Salaries and benefits	2,626,208	2,628,160	2,705,337	2,391,464	2,596,287
Other	312,558	319,026	491,273	491,165	892,457
Total expenses	<u>\$ 5,408,452</u>	<u>\$ 5,204,235</u>	<u>\$ 5,471,567</u>	<u>\$ 5,053,983</u>	<u>\$ 5,212,462</u>

EXPRESSED IN CONSTANT DOLLARS

Year Ended June 30	2011	2012	2013	2014	2015
Purchase of food	\$ 954,647	\$ 979,032	\$ 1,090,246	\$ 1,069,233	\$ 1,009,908
Salaries and benefits	1,044,380	1,082,534	1,122,971	1,112,199	1,097,205
Other	315,534	351,327	64,606	89,766	125,615
Total expenses	<u>\$ 2,314,561</u>	<u>\$ 2,412,893</u>	<u>\$ 2,277,823</u>	<u>\$ 2,271,198</u>	<u>\$ 2,232,728</u>

EXPRESSED IN CONSTANT DOLLARS

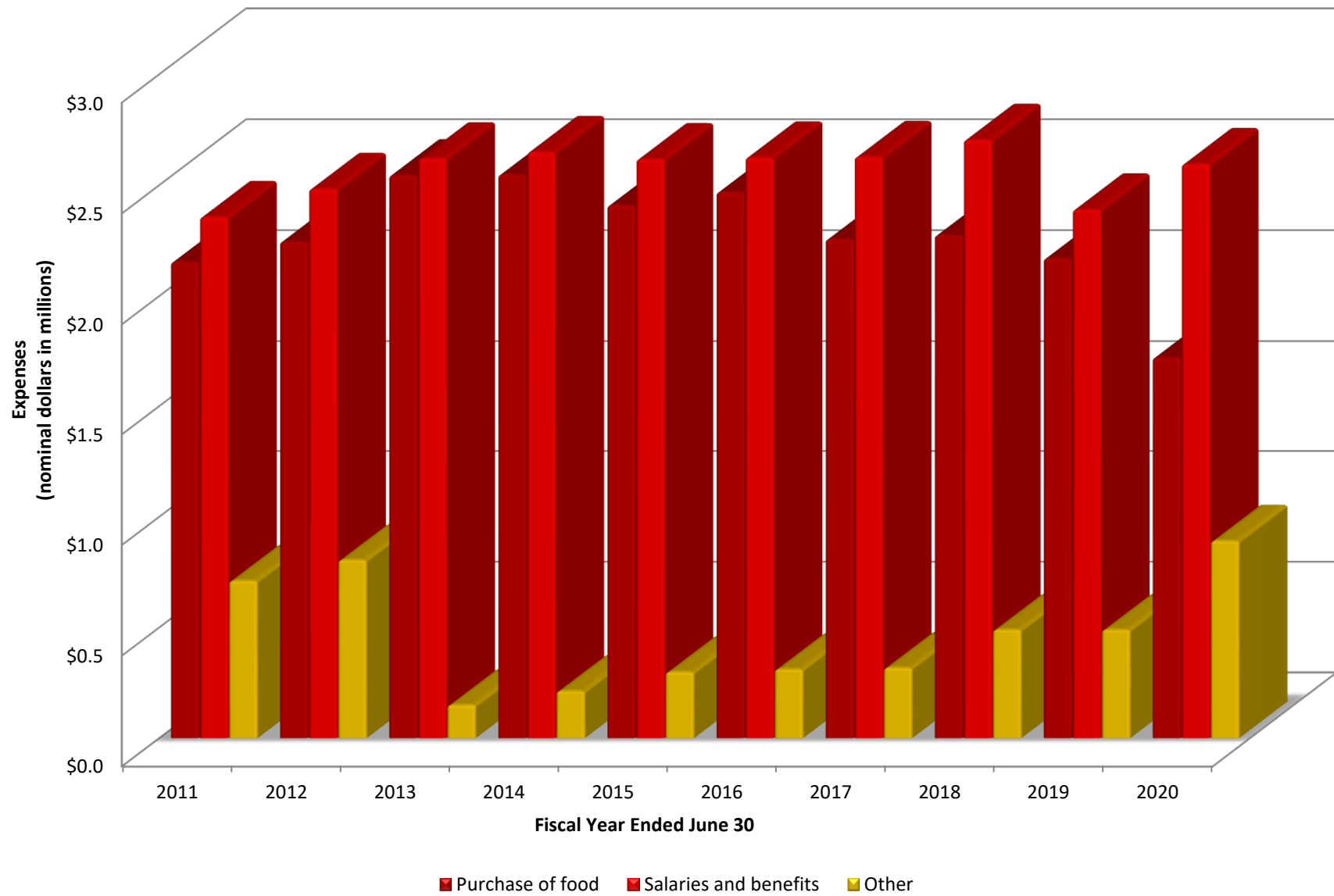
Year Ended June 30	2016	2017	2018	2019	2020
Purchase of food	\$ 1,024,689	\$ 921,414	\$ 902,800	\$ 847,712	\$ 668,634
Salaries and benefits	1,089,631	1,072,915	1,073,593	933,644	1,007,105
Other	129,682	130,239	194,958	191,754	346,186
Total expenses	<u>\$ 2,244,002</u>	<u>\$ 2,124,568</u>	<u>\$ 2,171,351</u>	<u>\$ 1,973,110</u>	<u>\$ 2,021,925</u>

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

Note: Other expense includes indirect costs, materials and supplies, repairs and maintenance, depreciation, and other expenses.

Note: Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984 = 100).

Proprietary Fund - Food Services Operations Expenses by Category



DUPLIN COUNTY BOARD OF EDUCATION
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Year Ended June 30	Installment Purchases	Total Primary Government	Percentage of Personal Income	Per Capita
2020	\$ 3,664,171	\$ 3,664,171	N/A	N/A
2019	4,446,379	4,446,379	N/A	76
2018	5,051,236	5,051,236	0.26%	85
2017	5,269,348	5,269,348	0.46%	88
2016	5,142,625	5,142,625	0.49%	87
2015	4,677,772	4,677,772	0.24%	80
2014	4,812,276	4,812,276	0.25%	72
2013	4,341,836	4,341,836	0.23%	18
2012	1,058,132	1,058,132	0.06%	3
2011	137,314	137,314	0.01%	0

N/A = Not available

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

Note: Duplin County School System cannot incur debt without obtaining prior approval from the Board.

Note: This table is a ten year schedule. However, current year county level annual population estimates are not released by the U.S. Census Bureau until the spring of the following year. Therefore, June 30, 2019 population based information will be shown above as "N/A", and the information will be reported for the year ended June 30, 2021, if applicable.

Note: This table is a ten year schedule. However, county level annual income data is not released by the U.S. Bureau of Economic Analysis until the month of April, and is always two years behind. Therefore, June 30, 2019 and June 30, 2020 income based information will be shown above as "N/A", and the June 30, 2019 information will be reported for the year ended June 30, 2021, if applicable.

DUPLIN COUNTY BOARD OF EDUCATION
Direct and Overlapping Governmental Activities Debt
As of June 30, 2020

Governmental Unit ⁽¹⁾	Debt Outstanding ⁽²⁾	Estimated Percentage Applicable	Amount Applicable to Primary Government
Duplin County Schools	\$ 3,664,171	100.00%	\$ 3,664,171
Direct Debt Total	<u>3,664,171</u>		<u>3,664,171</u>
Duplin County	63,387,870	100.00%	63,387,870
Overlapping Debt Total	<u>63,387,870</u>		<u>63,387,870</u>
Total Direct and Overlapping Debt	<u>\$ 67,052,041</u>		<u>\$ 67,052,041</u>

Notes:

(1) Overlapping governments are those that coincide, at least in part, with geographic boundaries within the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of Duplin County. This process recognizes that, when considering the County's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(2) Total outstanding Governmental activities debt is provided by each governmental unit.

Sources: Duplin County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2020,
and Duplin County, North Carolina, Annual Financial Report for the year ended June 30, 2019.

DUPLIN COUNTY BOARD OF EDUCATION **Average Daily Membership** **Last Ten Fiscal Years**

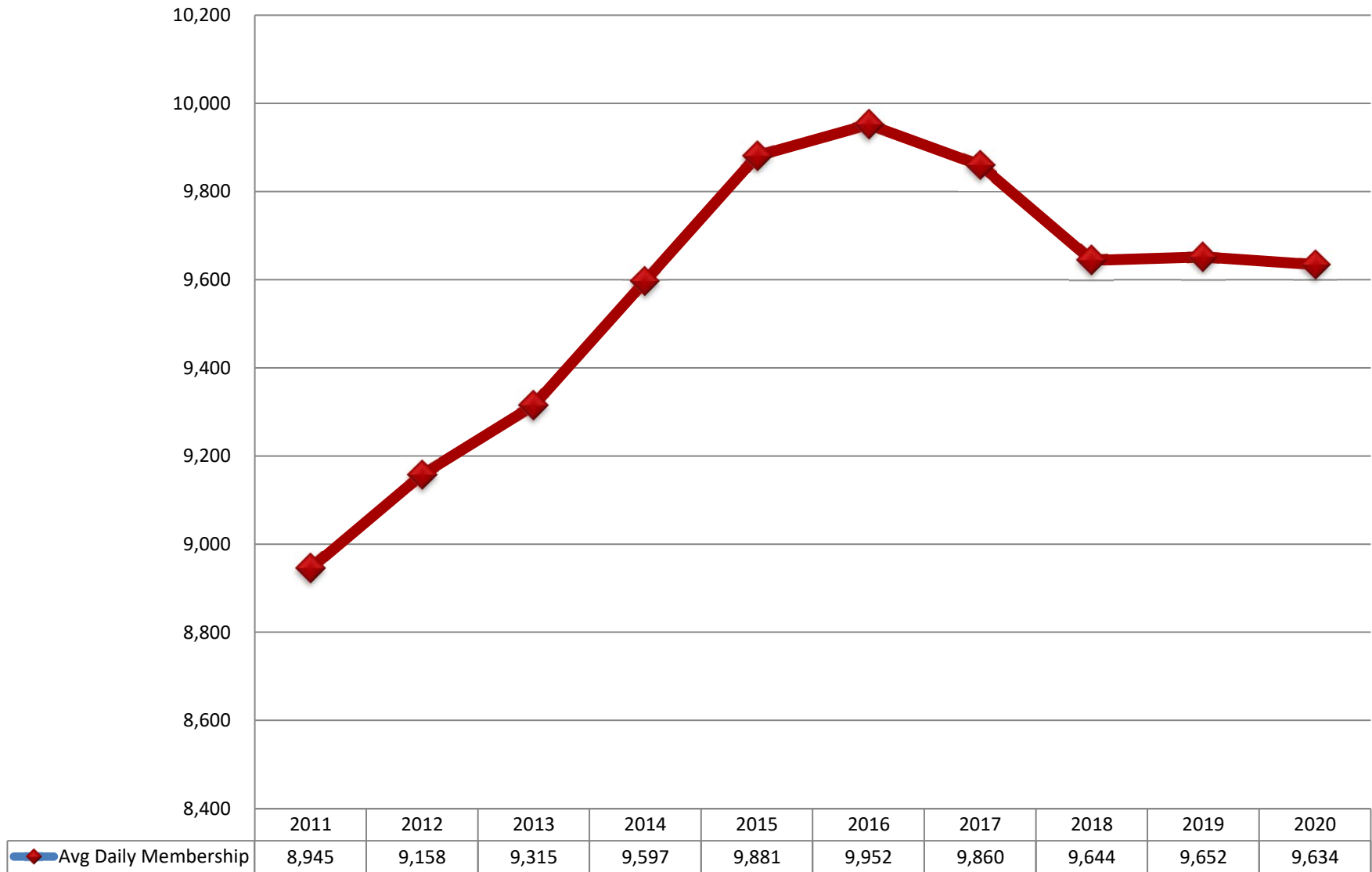


Table 12

DUPLIN COUNTY BOARD OF EDUCATION

Student Statistics Last Ten Fiscal Years

Year Ended June 30	Teaching Staff ⁽¹⁾	Students ⁽²⁾	Pupil/ Teacher Ratio	Student Attendance Percentage ⁽²⁾	Percentage of Students Eligible for Free/Reduced Lunch ⁽³⁾
2020	597	9,634	1/16	95.86%	68.89%
2019	614	9,652	1/15	94.67%	68.58%
2018	635	9,644	1/16	94.67%	75.25%
2017	635	9,860	1/15	94.52%	75.41%
2016	648	9,952	1/16	94.40%	74.89%
2015	636	9,881	1/16	94.25%	74.74%
2014	619	9,597	1/16	92.00%	71.83%
2013	616	9,315	1/15	94.82%	72.33%
2012	610	9,158	1/15	95.47%	76.40%
2011	614	8,945	1/15	95.53%	69.76%

DUPLIN COUNTY BOARD OF EDUCATION

Student Statistics (continued)

Last Ten Fiscal Years

Year Ended June 30	Ethnic Distribution Percentage ⁽⁴⁾					Graduates ⁽³⁾	Percentage of Graduates Continuing Education ⁽³⁾
	White	Black	Asian	Hispanic	Other		
2020	33%	22%	0%	44%	1%	638	82%
2019	33%	22%	0%	42%	3%	611	76%
2018	33%	22%	1%	41%	3%	618	74%
2017	34%	24%	1%	40%	3%	574	83%
2016	42%	28%	1%	27%	2%	602	84%
2015	40%	31%	0%	28%	1%	551	81%
2014	35%	24%	0%	38%	3%	469	85%
2013	36%	25%	0%	37%	2%	456	85%
2012	38%	25%	0%	35%	2%	533	85%
2011	38%	26%	0%	34%	2%	422	87%

Sources:

(1) Public School Personnel Summary, North Carolina Department of Public Instruction

(2) NC Department of Public Instruction Average Daily Attendance(ADA):Average Daily Membership(ADM) Ratio Reports

(3) Duplin County Board of Education Student Data

(4) North Carolina Public Schools Statistical Profile (2011-2020 Editions).

Table 13

DUPLIN COUNTY BOARD OF EDUCATION
Full-time Equivalent Governmental Employees by Function/Program
Last Ten Fiscal Years

Year Ended June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Officials, admins, mgrs	13	13	17	16	17	21	21	19	18	20
Principals	16	16	15	16	16	17	16	13	13	13
Asst. Principals, non-teaching	15	13	15	17	20	20	20	22	21	21
Total administrators	44	42	47	49	53	58	57	54	52	54
Elementary teachers	434	438	445	443	450	473	456	458	442	437
Secondary teachers	177	171	169	170	175	170	173	173	168	158
Other teachers	3	1	2	6	11	5	6	4	4	2
Total teachers	614	610	616	619	636	648	635	635	614	597
Guidance	22	23	20	21	21	23	26	22	24	22
Psychological	-	1	1	1	0	0	1	2	2	4
Librarian, audiovisual	15	15	14	14	14	15	15	13	13	13
Consultant, supervisor	-	-	2	0	0	0	0	1	0	0
Other professionals	27	31	30	35	37	41	30	35	35	36
Total professionals	722	722	730	739	761	785	764	762	740	726
Teacher Assistants	208	203	202	211	208	203	195	187	175	170
Technicians	6	6	7	8	8	8	8	8	8	8
Clerical, secretarial	68	69	67	68	68	68	66	60	63	61
Service workers	125	122	124	132	131	131	120	110	108	101
Skilled crafts	30	28	26	24	27	29	27	32	31	28
Laborers, unskilled	2	2	2	3	3	0	0	0	0	1
Total employees	1,161	1,152	1,158	1,185	1,206	1,224	1,180	1,159	1,125	1,095

Source: North Carolina Public Schools Statistical Profile (2011 -2020 Editions)

DUPLIN COUNTY BOARD OF EDUCATION

Instructional Personnel Last Ten Fiscal Years

Year Ended June 30	Teacher Salaries ⁽¹⁾			Bachelors Degree ⁽²⁾	Masters Degree ⁽²⁾	Advanced Degree ⁽²⁾	Doctorate Degree ⁽²⁾
	Minimum	Maximum	Average				
2020	\$ 35,000	\$ 63,440	\$ 41,741	N/A	N/A	N/A	N/A
2019	35,000	65,970	41,898	504	157	51	2
2018	35,000	63,440	46,549	514	109	3	1
2017	35,000	63,530	40,755	505	117	4	1
2016	35,000	61,380	42,498	516	126	2	2
2015	33,000	61,380	39,299	490	116	1	1
2014	30,800	59,500	37,977	479	148	1	1
2013	30,800	65,270	39,714	497	90	0	1
2012	30,430	64,625	39,734	489	106	1	1
2011	30,430	64,750	40,046	485	113	2	2

The above tabulation represents total salaries but does not include the following:

- (a) Longevity payments, ranging from 1 1/2% to 4 1/2% of the annual salary, made to each teacher for 10 or more years of service.
- (b) Payments of varying amounts for performing extra duties.
- (c) Bonus payments

Sources:

- (1) Duplin County Board of Education Payroll Data
- (2) Public Schools of North Carolina - Statistical Profile

Table 15

DUPLIN COUNTY BOARD OF EDUCATION

School Building Data

June 30, 2020

Site	Year Built	Capacity	Current Membership	Over/(Under) Capacity	Condition
B. F. Grady Elementary	1994	1,155	884	-23%	Good
Beulaville Elementary	1996	935	897	-5%	Good
Chinquapin Elementary	1955	600	508	-16%	Good
Warsaw Elementary	1974	1,347	787	-43%	Good
Duplin Early College	2009	160	204	28%	Good
East Duplin High	1962	750	877	18%	Good
James Kenan High	1956	645	647	1%	Good
Kenansville Elementary	1980	726	557	-23%	Good
North Duplin Elementary	1974	669	719	7%	Good
North Duplin Jr. Sr. High	1955	654	538	-18%	Good
Rose Hill-Magnolia Elementary	1972	1,155	1,162	1%	Good
Wallace Elementary	1974	919	1,160	26%	Good
Wallace-Rose Hill High	1955	715	672	-7%	Good

Source: Duplin County Board of Education PowerSchool software, final ADM.

Table 16

DUPLIN COUNTY, NORTH CAROLINA
Demographic Statistics
Last Ten Fiscal Years

Year Ended June 30	2011	2012	2013	2014	2015
Population estimate (1)	59,596	60,033	60,084	58,710	59,159
Personal income (2)	\$1,709,665,000	\$1,849,253,000	\$1,851,108,000	\$1,932,762,000	\$1,911,853,000
Per capita income (2)	\$28,688	\$30,804	\$30,809	\$32,920	\$32,317
Median age (3)	35.6	35.7	35.7	35.6	35.6
School enrollment (4)	8,945	9,158	9,315	9,597	9,881
Unemployment rate (5)	9.6%	9.0%	9.8%	9.4%	6.9%
Year Ended June 30	2016	2017	2018	2019	2020
Population estimate (1)	58,969	60,130	59,350	58,741	N/A
Personal income (2)	\$1,059,083,240	\$1,139,162,850	\$1,974,270,000	N/A	N/A
Per capita income (2)	\$17,960	\$18,945	\$33,265	N/A	N/A
Median age (3)	35.7	38.9	38.7	41.1	40.6
School enrollment (4)	9,952	9,860	9,644	9,652	9,877
Unemployment rate (5)	5.8%	5.5%	4.6%	4.4%	4.0%

N/A = Not Available

Sources:

- (1) U.S. Census Bureau. Estimates are as of beginning of fiscal year.
- (2) Bureau of Economic Analysis
- (3) Office of State Budget and Management
- (4) North Carolina Department of Public Instruction, best 1 of 2.
- (5) North Carolina Employment Security Commission, annual average for prior calendar year

Note: This table is a ten year schedule. However, current year county level annual population estimates are not released by the U.S. Census Bureau until the spring of the following year. Therefore, June 30, 2020 population based information will be shown above as "N/A", and the information will be reported for the year ended June 30, 2021, if applicable.

Note: This table is a ten year schedule. However, county level annual income data is not released by the U.S. Bureau of Economic Analysis until the month of April, and is always two years behind. Therefore, June 30, 2019 and June 30, 2020 income based information will be shown above as "N/A", and the June 30, 2019 information will be reported for the year ended June 30, 2021, if applicable.

DUPLIN COUNTY, NORTH CAROLINA

Principal Employers
For Years Ended June 30, 2019 and 2010

Employer	2019			2010		
	Employees ⁽¹⁾	Rank	Percentage of Total County Employment	Employees ⁽¹⁾	Rank	Percentage of Total County Employment
Butterball LLC	1000+	1	5%	1000+	1	5%
Smithfield Foods, Inc.	1000+	2	5%	1000+	2	5%
House of Raeford, Inc.	1000+	3	5%	1000+	3	5%
Duplin County Schools	1000+	4	5%	1000+	4	5%
Murphy Family Ventures, LLC	500-999	5	3%	500-999	5	3%
County of Duplin	500-999	6	3%	500-999	6	3%
Guilford Mills, Inc	500-999	7	3%	500-999	7	3%
Vidant Medical Center	250-499	8	2%	-	-	-
Johnson Breeders, Inc.	250-499	9	2%	250-499	9	2%
Bay Valley Foods, LLC	250-499	10	2%	250-499	8	2%
Duplin General Hospital, Inc.	-	-	-	250-499	10	2%
			<u>35.00%</u>			<u>35.00%</u>
Total County Employment ⁽¹⁾	<u>23,911</u>			<u>23,312</u>		

Sources:

(1) Duplin County Economic Development

DUPLIN COUNTY, NORTH CAROLINA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Year Ended June 30	Governmental Activities					Business -Type Activities				Percentage of		
	Notes Payable	Certificates of Participation	Board of Education Judgment	General Obligation Debt	Limited Obligation Debt	Capitalized Leases	Notes Payable	General Obligation Debt	Limited Obligation Debt	Total Primary Government	Personal Income	Per Capita
2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2019	9,309,757	-	-	-	47,385,000	-	3,470,513	-	12,690,000	72,855,270	N/A	N/A
2018	9,496,305	-	-	-	49,160,000	-	4,309,676	-	13,275,000	76,240,981	3.86%	1,285
2017	9,675,462	-	-	-	58,345,538	-	3,410,297	-	14,221,311	85,652,608	7.52%	1,424
2016	9,847,522	-	-	-	60,514,251	-	3,626,882	-	14,775,403	88,764,058	8.38%	1,505
2015	10,012,316	-	-	-	-	-	3,883,629	-	15,314,495	29,210,440	1.53%	494
2014	10,171,014	1,357,827	-	-	-	-	1,359,427	-	15,843,587	28,731,855	1.49%	489
2013	10,323,424	2,655,657	-	-	-	-	1,711,577	15,915,000	15,915,000	46,520,658	2.51%	774
2012	10,470,245	4,093,487	-	450,000	-	-	1,181,223	16,593,300	-	32,788,255	1.77%	546
2011	10,633,783	5,451,317	-	910,000	-	-	1,294,521	16,958,500	-	35,248,121	2.06%	591

N/A = Not Available

Source: Duplin County, North Carolina, Annual Financial Report for the year ended June 30, 2019.

Note: This table is a ten year schedule. However, current year county level annual population estimates are not released by the U.S. Census Bureau until the spring of the following year. Therefore, June 30, 2020 population based information will be shown above as "N/A", and the information will be reported for the year ended June 30, 2021, if applicable.

Note: This table is a ten year schedule. However, county level annual income data is not released by the U.S. Bureau of Economic Analysis until the month of April, and is always two years behind. Therefore, June 30, 2019 and June 30, 2020 income based information will be shown above as "N/A", and the June 30, 2019 information will be reported for the year ended June 30, 2021, if applicable.

Note: This table is a ten year schedule. However, Duplin County's financial statements for the year ended June 30, 2020 had not been released at the time of this report. Therefore, June 30, 2020 information from Duplin County's financial statements will be shown above as "N/A" and will be reported for the year ended June 30, 2021, if applicable.

Table 19

DUPLIN COUNTY, NORTH CAROLINA

**Principal Property Taxpayers
June 30, 2019 and June 30, 2010**

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Butterball, Inc.	\$ 171,784,024	1	3.80%	\$ 91,890,704	2	2.94%
Smithfield	145,351,857	2	3.22%	96,190,524	1	3.08%
House of Raeford	142,223,906	3	3.15%	42,393,605	6	1.36%
Duke Progress Energy	62,817,359	4	1.39%	38,492,909	7	1.23%
Guilford Mills	50,044,647	5	1.11%	27,802,536	9	0.89%
Duplin Land Development	45,680,452	6	1.01%	81,183,974	3	2.60%
United States Cold Storage	37,930,567	7	0.84%	-	-	-
Murphy Family Ventures	40,952,224	8	0.91%	42,938,954	5	1.37%
Nash Johnson & Sons	46,037,575	9	1.02%	46,739,959	4	1.49%
Four County EMC	27,452,120	10	0.61%	-	-	-
Coastal Carolina Green Power	-	-	-	34,090,555	8	1.09%
Case Farms, LLC	-	-	-	24,332,148	10	0.78%
	<u>\$ 770,274,731</u>		<u>17.06%</u>	<u>\$ 526,055,868</u>		<u>16.83%</u>
Total Assessed Valuation	<u>\$ 4,517,740,358</u>			<u>\$ 3,127,953,367</u>		

Source: Duplin County, North Carolina, Annual Financial Report for the year ended June 30, 2019.

Note: This table is a ten year schedule. However, Duplin County's financial statements for the year ended June 30, 2020 had not been released at the time of this report. Therefore, the most recent ten year comparison of principal property tax payers released by Duplin County is shown above

Table 20

DUPLIN COUNTY, NORTH CAROLINA
Property Tax Levies and Current Collections
Last Ten Fiscal Years

EXPRESSED IN NOMINAL DOLLARS						
Year Ended June 30	Total Tax Levy	Collected Within Fiscal Year of Levy		Subsequent Collections	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy Collected
2020	N/A	N/A	N/A	N/A	N/A	N/A
2019	28,076,164	27,257,917	97.09%	210,277	27,468,194	97.83%
2018	26,922,617	26,031,164	96.69%	418,352	26,449,516	98.24%
2017	27,647,111	26,755,749	96.78%	568,905	27,324,654	98.83%
2016	26,948,314	26,102,572	96.86%	931,952	27,034,524	100.32%
2015	29,749,210	28,972,293	97.39%	1,324,670	30,296,963	101.84%
2014	29,583,852	28,461,798	96.21%	1,299,617	29,761,415	100.60%
2013	28,023,946	26,579,982	94.85%	1,346,268	27,926,250	99.65%
2012	27,109,094	25,724,577	94.89%	1,429,287	27,153,864	100.17%
2011	25,952,188	24,537,688	94.55%	1,340,765	25,878,453	99.72%

EXPRESSED IN CONSTANT DOLLARS						
Year Ended June 30	Original Tax Levy	Collected Within Fiscal Year of Levy		Subsequent Collections	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy Collected
2020	N/A	N/A	N/A	N/A	N/A	N/A
2019	11,648,024	11,308,556	97.09%	88,115	11,395,794	97.83%
2018	11,281,781	10,908,222	96.69%	175,308	11,083,531	98.24%
2017	11,599,716	11,225,733	96.78%	238,692	11,464,425	98.83%
2016	11,540,836	11,178,640	96.86%	399,116	11,577,756	100.32%
2015	12,963,861	12,625,303	97.39%	577,254	13,202,557	101.84%
2014	13,106,322	12,609,226	96.21%	575,760	13,184,986	100.60%
2013	12,857,085	12,194,610	94.85%	617,653	12,812,263	99.65%
2012	12,568,370	11,926,477	94.89%	662,649	12,589,126	100.17%
2011	11,860,333	11,213,897	94.55%	612,739	11,826,636	99.72%

Source: Duplin County Finance Department

Note: Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984=100).

Note: This table is a ten year schedule. However, Duplin County's financial statements for the year ended June 30, 2020 had not been released at the time of this report. Therefore, June 30, 2020 information from Duplin County's financial statements will be shown above as "N/A" and will be reported for the year ended June 30, 2021, if applicable.



Compliance Section



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

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*

INDEPENDENT AUDITORS' REPORT

To the Duplin County Board of Education
Kenansville, 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 Duplin County Board of Education, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprises the Duplin County Board of Education, North Carolina's basic financial statements and have issued our report thereon dated September 21, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Duplin 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. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Duplin 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*.

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

*September 21, 2020
West End, North Carolina*



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT

To the Duplin County Board of Education
Kenansville, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Duplin 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 federal programs for the year ended June 30, 2020. The Duplin County Board of Education's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Duplin County Board of Education's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Duplin County of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Duplin County Board of Education's compliance.

Opinion on Each Major Federal Program

In our opinion, the Duplin 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, 2020.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Anderson Smith & Wike PLLC

*September 21, 2020
West End, North Carolina*



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT

To the Duplin County Board of Education
Kenansville, North Carolina

Report on Compliance for Each Major State Program

We have audited Duplin County Board of Education, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the Board's major State programs for the year ended June 30, 2020. The Duplin County Board of Education's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Duplin County Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the Duplin County Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Duplin County Board of Education's compliance.

Opinion on Each Major State Program

In our opinion, the Duplin 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, 2020.

Report on Internal Control Over Compliance

Management of the Duplin County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Duplin County Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Duplin County Board of Education's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Anderson Smith & Wike PLLC

*September 21, 2020
West End, North Carolina*

DUPLIN COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	<i>Unmodified</i>
Internal control over financial reporting:	
• Material weakness(es) identified?	<i>No</i>
• Significant deficiency(ies) identified that are not considered to be material weaknesses	<i>None Reported</i>
Noncompliance material to financial statements noted	<i>No</i>

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	<i>No</i>
• Significant deficiency(ies) identified that are not considered to be material weaknesses	<i>None Reported</i>
Type of auditors' report issued on compliance for major federal programs	<i>Unmodified</i>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<i>No</i>
Identification of major federal programs:	

CFDA Numbers	Names of Federal Programs or Clusters
84.010	Title I, Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B Programs	<u><i>\$ 750,000</i></u>
Auditee qualified as low-risk auditee?	<i>Yes</i>

DUPLIN COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2020

State Awards

Internal control over major State programs:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified that are not considered to be material weaknesses *None Reported*

Type of auditors' report issued on compliance for major State programs

Unmodified

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

No

Identification of major State programs:

Program Name

State Public School Fund

Section II - Financial Statement Findings

No findings were noted that are required to be reported under *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

No findings and questioned costs related to the audit of federal awards aggregating \$25,000 or more were noted.

Section IV - State Award Findings and Questioned Costs

No findings and questioned costs related to the audit of federal awards aggregating \$25,000 or more were noted.

***DUPLIN COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2020***

There were no audit findings reported in the prior year.

DUPLIN COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures
Federal Grants:			
<u>U. S. Department of Agriculture</u>			
School Nutrition Program			
<u>Child Nutrition Cluster:</u>			
Noncash Assistance (Commodities):			
Passed-through the N.C. Department of Agriculture:			
National School Lunch Program	10.555	PRC 035	\$ 365,524
Cash Assistance:			
Passed-through the N.C. Department of Public Instruction:			
School Breakfast Program	10.553	PRC 035	996,448
National School Lunch Program	10.555	PRC 035	2,968,095
Summer Food Service Program for Children	10.559	PRC 035	377,486
Cash Assistance Subtotal			4,342,029
Total Child Nutrition Cluster:			4,707,553
Total U.S. Department of Agriculture			4,707,553
<u>U.S. Department of Education</u>			
<u>Office of Elementary and Secondary Education</u>			
Passed-through the N.C. Department of Public Instruction:			
Title I, Grants to Local Educational Agencies			
Educationally Deprived Children	84.010	PRC 050	3,295,594
Education for Homeless Children	84.196	PRC 026	17,976
Supporting Effective Instruction	84.367	PRC 103	272,474
Student Support and Academic Enrichment	84.424	PRC 108	139,569
Rural and Low Income Education	84.658	PRC 109	121,413
English Language Acquisition Grants	84.365	PRC 104	151,218
Special Education - State Personnel Development	84.323	PRC 082	18,629
Title I, Migrant Education	84.011	PRC 051	135,036
<u>Office of Special Education and Rehabilitative Services</u>			
Passed-through the N.C. Department of Public Instruction:			
<u>Special Education Cluster:</u>			
Individuals with Disabilities Education Act			
- Education of the Handicapped	84.027	PRC 060	1,761,763
- Targeted Assistance	84.027	PRC 118	8,414
- Targeted Assistance for Preschool	84.027	PRC 119	169
- Preschool Handicapped	84.173	PRC 049	63,003
Total Special Education Cluster:			1,833,349

DUPLIN COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures
Passed-through the N.C. Department of Public Instruction: Carl D. Perkins Vocational and Applied Technology Education Act Amendments of 1990 Basic Grants to States - Program Development & Career Pathways Grant	84.048	PRC 017 & 058	188,673
Total U.S. Department of Education			6,252,078
<u>U.S. Department of Defense</u> Direct Program: JROTC	12.000		172,361
U.S. Department of Homeland Security <u>Federal Emergency Management Agency</u> Passed through the N.C. Department of Public Safety Hurricane Florence	97.036		179,548
<u>U.S. Department of Health and Human Services</u> <u>Health Resources and Services Administration</u> Direct Program: Head Start	93.600		2,404,085
Passed-through the N.C. Department of Public Instruction: Title V Abstinence Education	93.235	PRC 101	50,927
Total U.S. Department of Health and Human Services			2,455,012
Total federal assistance			13,766,552
State Grants:			
<u>N.C. Department of Public Instruction:</u> Cash Assistance: State Public School Fund Driver Training - SPSF School Technology Fund - SPSF Vocational Education - State Months of Employment - Program Support Funds FAST NC Grant State COVID-19 Supplemental Funds		PRC 012 PRC 015 PRC 013 PRC 014 PRC 154	61,090,918 105,598 114,095 2,978,507 132,206 12,490 390,528
Cash assistance subtotal			64,824,342
Non-Cash Assistance: School buses - Noncash			837,128
Total N.C. Department of Public Instruction			65,661,470

DUPLIN COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures
<u>N.C. Department of Health and Human Services:</u>			
North Carolina Pre-Kindergarten Program			1,612,889
Passed-through the Duplin County Partnership for Children Smart Start			<u>196,866</u>
Total N.C. Department of Health and Human Services			<u>1,809,755</u>
<u>N.C. Department of Transportation:</u>			
State Highway Improvements			433,202
<u>N.C. Department of Cultural Resources</u>			
N.C. Arts Council Grant			<u>28,273</u>
<u>Office of the Governor</u>			
Education Workforce & Innovation Program			<u>46,797</u>
Total State assistance			<u>67,979,497</u>
Total federal and State assistance			<u><u>\$ 81,746,049</u></u>

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

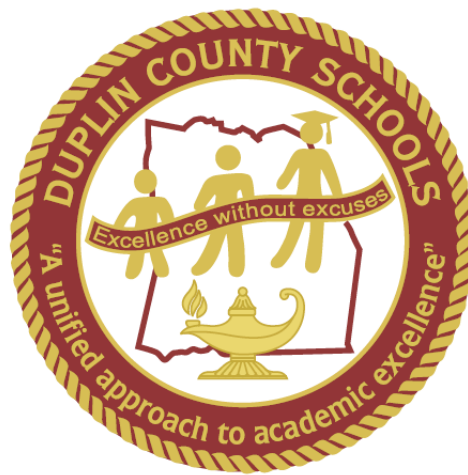
Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Duplin County Board of Education under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Duplin County Board of Education, it is not intended to and does not present the financial position, changes in net assets or cash flows of Duplin County Schools.

Note 2. Summary of Significant Accounting Policies

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

Duplin County Schools has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



**DUPLIN COUNTY BOARD OF EDUCATION
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