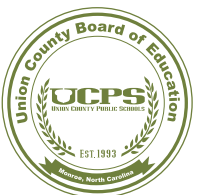




ANNUAL COMPREHENSIVE
**FINANCIAL
REPORT**

2023

Fiscal year ending June 30, 2023



Union County Board of Education
Monroe, North Carolina
Annual Comprehensive
Financial Report
For the Year Ended June 30, 2023

Board Members

Kathy Heintel, Chairperson	
Rev. Jimmy H. Bention, Sr., Vice-Chair	
Todd Price	Joseph Morreale
Rev. John L. Kirkpatrick, IV	Sandra Greene
Sarah May	Gary Sides
Matt Helms	

Principal Officers

Andrew G. Houlihan, Ed.D.	Superintendent
W. Colon Moore	Asst. Superintendent of Administration & Operations
Tahira Stalberte	Asst. Superintendent of Communications & Community Relations
Jarrod McCraw	Asst. Superintendent of Student Support
Susan Rodgers, Ed.D.	Asst. Superintendent of Academics
Jonathan Tyson, Ed.D.	Asst. Superintendent of School Performance
James Parker	Chief Technology Officer
Shanna McLamb	Chief Finance Officer
Michele Morris, JD	General Counsel

UNION COUNTY BOARD OF EDUCATION
TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal	i
Organizational Chart	vii
Certificate of Achievement for Excellence in Financial Reporting – GFOA	viii

FINANCIAL SECTION

<u>Exhibit</u>	<u>Page No.</u>
Independent Auditors' Report	1
Management's Discussion and Analysis.....	4
Basic Financial Statements:	
Government – wide Financial Statements:	
1 Statement of Net Position	12
2 Statement of Activities.....	13
Fund Financial Statements:	
3 Balance Sheet – Governmental Funds	14
4 Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds.....	16
5 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	17
6 Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund and Annually Budgeted Major Special Revenue Funds	18
7 Statement of Net Position – Proprietary Fund Type	22
8 Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund Type	23
9 Statement of Cash Flows – Proprietary Fund Type.....	24
Notes to the Basic Financial Statements	26
Required Supplementary Information:	
Schedule of the Board's Proportionate Share of the Net Pension Liability – Teachers' and State Employees' Retirement System	53
Schedule of Board Contributions – Teachers' and State Employees' Retirement System	54
Schedule of the Board's Proportionate Share of the Net OPEB Liability – Retiree Health Benefit Fund	55
Schedule of Board Contributions – Retiree Health Benefit Fund	56
Schedule of the Board's Proportionate Share of the Net OPEB Asset – Disability Income Plan of North Carolina	57
Schedule of Board Contributions – Disability Income Plan of North Carolina	58

UNION COUNTY BOARD OF EDUCATION
TABLE OF CONTENTS (continued)

Combining and Individual Fund Statements and Schedules:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	59
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Capital Outlay Fund.....	61
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) School Food Service Fund.....	62
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) After School Program.....	64

STATISTICAL SECTION

<u>Table</u>		<u>Page No.</u>
	Statistical Section (Unaudited).....	65
1	Financial Perspective Governmental and Business-type Activities – Fiscal year ended June 30, 2023	66
2	Net Position by Component.....	67
3	Changes in Net Position	69
4	Governmental Funds – Fund Balances	71
5	Governmental Funds – Changes in Fund Balances.....	72
6	Capital Project – Revenues by Source	74
7	Capital Project – Expenditures by Function.....	76
8	Proprietary Fund – Food Service Operations – Revenues by Source	78
9	Proprietary Fund – Food Service Operations – Expenses by Category.....	80
10	Operational Expenditures Per Pupil – Expenditures by Function.....	82
11	Final Average Daily Membership.....	84
12	Teachers’ Salaries	85
13	School Building Data	86
14	Ratios of Outstanding Debt by Type.....	88
Union County, North Carolina		
15	Governmental Funds Revenues by Source.....	89
16	Governmental Funds Expenditures by Function	90
17	Property Tax Levies and Current Collections.....	91
18	Demographic Statistics	92
19	Top Ten Principal Taxpayers.....	93
20	Property Tax Rates – All Overlapping Governments.....	94
21	Operating Indicators by Function/Program.....	95
22	Capital Asset Statistics by Function/Program.....	96
23	Principal Employers	97
24	Ratios of Outstanding Debt by Type.....	98

UNION COUNTY BOARD OF EDUCATION
TABLE OF CONTENTS (continued)

<u>COMPLIANCE SECTION</u>	<u>Page No.</u>
Compliance Section:	
Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	99
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	101
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	104
Schedule of findings and questioned costs	107
Summary schedule of prior audit findings	109
Schedule of expenditures of federal and State awards	110

Introductory Section

Finance Department

Letter of Transmittal

December 31, 2023

To the members of the Union County Board of Education and the citizens of Union County, North Carolina.

In compliance with the Public School Laws of North Carolina, The Annual Comprehensive Financial Report (ACFR) of the Union County Board of Education, operating as the “Union County Public Schools”, for the fiscal year ended June 30, 2023, is herewith submitted. Responsibility for the accuracy, completeness, and clarity of the report rests with the Superintendent and the Chief Finance Officer.

The accompanying financial report has been prepared in accordance with generally accepted accounting principles. We believe the data presented 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. All disclosures necessary to enable the reader to gain maximum understanding of the Board’s financial activity have been included.

The report consists of three sections: Introductory, Financial and Statistical. The Introductory Section, of which the transmittal letter is a part, includes a list of Board members, principal officials and the organizational chart. The Financial Section includes the independent auditors’ report, notes to the financial statements, the combining and individual fund statements and schedules arranged by fund type. It also includes the Management’s Discussion and Analysis (MD&A) of the Board’s financial performance which is a narrative introduction overview and analysis to accompany the basic financial statements. The Statistical Section includes several tables of unaudited data providing financial history of the Board, as well as demographics and other informative reports

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Union County Board of Education for its comprehensive annual financial report for the fiscal year ended June 30, 2021. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement for Excellence in Financial Reporting program requirements and we are submitting it to the GFOA to determine its eligibility for a certificate for fiscal year ended June 30, 2023.

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 Union County Board of Education, elected by the citizens of Union County, is the level of government having oversight responsibility and control over activities related to public school education in Union County, North Carolina. N. C. General Statutes empower the Union County Board of Education with general control and supervision of all matters pertaining to the schools in the system. The Board has no tax levying or borrowing



authority and is required to maintain accounting records in a Uniform State format. The Board consists of nine members elected for staggered terms of four years. The Chair and Vice Chair are elected by a majority vote of the Board each year. The Superintendent serves as secretary to the Board.

For the 2022-2023 school year, the school system served students from pre-kindergarten to 12th grade in 1 pre-kindergarten school, 30 elementary schools, 9 middle schools, 10 high schools, 1 alternative school and 1 early college. Additionally, local funds totaling more than \$11 million were paid to 24 area charter schools serving 4,245 county resident students and \$122,277.00 paid to 2 virtual schools serving 157 county resident students. The school system receives local, state and federal government funding and must comply with the legal requirements of each funding source entity. While the Board does receive county funding, the County is not entitled to share in any surplus nor is it required to finance any deficits.

ECONOMIC CONDITIONS AND FUTURE OUTLOOK

Union County's estimated 2024 population is 263,732 with a growth rate of 2.84% in the past year. The 2010 population was 201,292 and has seen a growth of 31.01% since that time. Union County is the 8th largest county in North Carolina. In the past 30 years, Union County has added over 150,000 residents and is projected to add nearly the same amount in the next 30 years. This rise in new residents can be contributed to many workers who previously endured long commutes to downtown Charlotte are now able to work from home, which makes Union County's quiet neighborhoods, excellent schools, and lower taxes an even bigger draw for growth. For fiscal year 2023, 6,031 residential construction permits were issued county-wide compared to fiscal year 2022 of 5,637 showing an increase in the residential number of permits. This trend is anticipated to continue into 2024.

Due to the County's rapid growth during the previous decade and forecast of continued growth for the next 30 years, maintenance of existing infrastructure and facilities will be an even greater challenge. State law provides for and funds the operating costs of a sound, basic education program which is supplemented by the county and federal governments. The building of public-school facilities has been a joint state and county effort. Local financial support is provided by the county for capital and operating expenses.

Union County voters continue to support bond referendums to address aging facilities and replace current buildings. Currently, there are two active Bond projects, one at East Elementary and Forest Hills High School. Since 2000, school bonds have resulted in nearly 30 new school construction and renovation projects.

Union County Public Schools is the sixth largest public-school system in North Carolina. UCPS serves approximately 41,000 students at 53 schools and employs more than 5,000 staff members.

UCPS continues to outperform the state and several large districts in multiple testing and accountability areas. Most notably, the district's 2023 four-year cohort graduation rate is 92.3 percent, taking the top spot among the 12 largest schools districts in the state. This graduation cohort began high school in the 2019-2020 school year, which was during the pandemic. UCPS also outperformed the state's four-year cohort graduation rate of 86.9 percent.

UCPS offers a wide variety of coursework to its students, ranging from 23 dual language programs to STEM (science, technology, engineering and math) to more than 44 pathways and 24 academies in the career and technical education department. UCPS in partnership with Wingate University offers the Wayfind program each year to 40 middle school students.



UCPS students have access to a variety of academic options, including the Benton Heights Elementary School of the Arts, the International Baccalaureate Program at Marvin Ridge High School, Union County Early College, Central Academy of Technology and Arts, Health Sciences Academy at Monroe Middle and High with the addition of the AgTech Academy at East Union Middle and Forest Hills High Schools.

With a long-term goal of ensuring all students are equipped to succeed in college, career and life, UCPS is committed and dedicated to offering quality instruction for all children in support of our mission of “Preparing All Students to Succeed.”

MAJOR INITIATIVES

UCPS is committed to a strategic framework that provides each student with the opportunity to receive a high-quality education and a safe school environment. Union County Board of Education is committed to the forward movement and expansion in academic programming, college and career readiness, equity, human capital development and continuous organizational improvement.

Union County Public Schools maintains a 5-year Strategic Plan to address five main goals or areas of focus:

- Goal 1: Expand opportunities and support all levels for college and career readiness.
- Goal 2: Enhance academic programs to meet the needs of all students.
- Goal 3: Engage parents and community.
- Goal 4: Support and develop UCPS employees.
- Goal 5: Foster positive learning experiences for all students.

The strategic plan includes two long-term outcomes: reducing gaps in student achievement and ensuring all students are equipped to succeed in college, career and life. To reach those outcomes, UCPS will focus on college and career readiness, academic programs, positive learning experiences, parent and community engagement and developing UCPS employees. Our students deserve the best. We must continue to push forward and ensure that all students are equipped with the tools they need to be successful.

FINANCIAL SYSTEM AND BUDGETARY CONTROLS

To meet the financial challenges facing public education, local boards of education must use a variety of funding sources including local, state, federal and private grants while complying with legal requirements of each funding source. In doing so, the Board is unable to summarize all governmental financial transactions and balances in one accounting entity. Instead, the accounting system is divided into separate entities; each referred to as a “Fund”.

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 appropriated.

The Board’s funds are divided into governmental and proprietary. Each fund is considered a separate accounting entity, to record allocation of and account for governmental resources for which they are spent and controlled. The governmental fund types include the general fund, special revenue fund and capital fund. The enterprise funds are presented as proprietary fund types. 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 enterprise funds are proprietary and are presented on a full accrual basis.



North Carolina General Statutes requires all governmental units in the state to adopt a balanced budget by July 1st of each year. The Board has the final approval over the budget and primary accountability for fiscal matters (including any deficits). The Board's annual Budget Resolution authorizes expenditures by purpose and on a modified accrual basis. For internal management purposes, the budget is detailed and compared to expenditures and encumbrances by line item within each function and project. The budget amounts reflected in the accompanying financial statements represent the final budgets as amended for the fiscal year. The Board also uses a purchase order encumbrance system that records and shows encumbrances outstanding against each line item of expenditures. Outstanding encumbrances at the end of the fiscal year related to normal operations are considered to be continuing contracts and are transferred at the end of the fiscal year to appropriations in future years.

Internal accounting controls are a primary consideration in developing and improving the Board's accounting system. Internal controls are designed to provide reliability of financial records for preparing financial statements and maintaining accountability for assets and are to provide reasonable assurance regarding the safeguarding of assets from unauthorized use or disposition. The concept of reasonable assurance recognizes that the cost and benefits require estimates and judgments by management.

We believe that the Board's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

INDEPENDENT AUDIT

The State statutes require an annual audit by independent certified public accountants and the Board has selected the firm of Anderson Smith & Wike, PLLC to audit the financial records and transactions for the year ending June 30, 2023. In addition to meeting the requirements set forth in North Carolina State Statutes, the audit was designed to meet the requirements of the Federal Single Audit Act of 1984, as amended, the related audit requirements of Title II U.S. code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance).

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, Anderson Smith & Wike, PLLC. We would like to express our appreciation to all employees who assisted in the timely closing of the Union County Board of Education's fiscal records as well as the preparation of this report.

We would also like to express our appreciation to the members of The Board of Education for their continued support in planning and conducting the financial affairs of the school system in a professional and responsible manner and their continuous commitment of providing a quality education to all Union County Public School students.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "A. Houlihan".

Dr. Andrew G. Houlihan, Ed.D.
Superintendent

A handwritten signature in blue ink, appearing to read "Shanna McLamb".

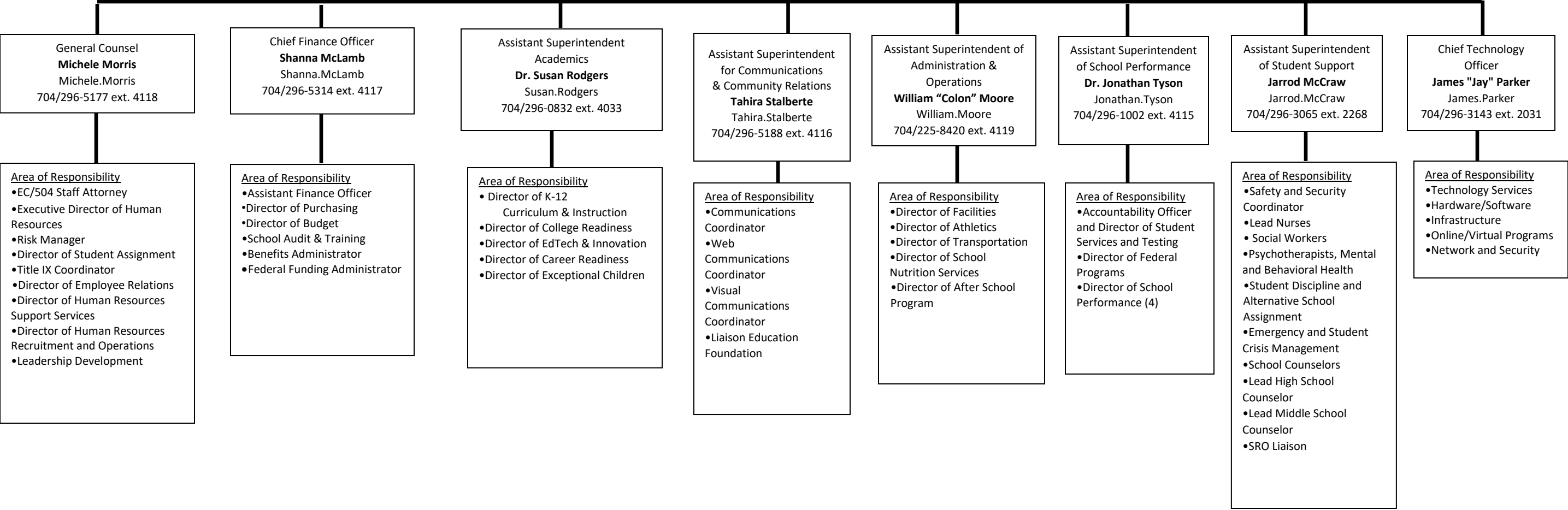
Shanna McLamb
Chief Financial Officer



Board of Education

Superintendent
Dr. Andrew Houlihan
Andrew.Houlihan
704/296-0766 ext. 4112

Executive Assistant
Donna Mullarkey
704/296-0810 ext. 4026





Government Finance Officers Association

Certificate of
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**Union County Board of Education
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

Financial Section



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Union County Board of Education
Monroe, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Union County Board of Education, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Union County Board of Education's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Union County Board of Education, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General, State Public School, Federal Grants and Other Special Revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Union County Board of Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Union County Board of Education's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Union County Board of Education's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 11 and the Schedules of the Board's Proportionate Share of the Net Pension Liability, OPEB Liability and OPEB liability and the Schedules of Board Contributions on pages 53 through 58, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, on our consideration of the Union County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Union County Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Union County Board of Education's internal control over financial reporting and compliance.

Other Information

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

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

Anderson Smith & Wike PLLC

November 30, 2023
West End, North Carolina
(910) 603-0508

UNION COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Union County Board of Education's (the "Board") financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2023. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- For the fiscal year ended June 30, 2023, the Board's total district-wide net position increased by \$35.7 million. Governmental activities net position increased by \$30.8 million, and business-type activities net position increased by \$4.9 million.
- The Board experienced an increase in student enrollment of 926 students from 40,284 students to 41,210 students.
- The Board's General fund reported a decrease in fund balance of \$3.0 million, to a balance of \$10.5 million. The Board's Other Special Revenue fund also reported a decrease in fund balance of \$456,000, to a balance of \$11.2 million as of June 30, 2023.

Overview of the Financial Statements

The audited financial statements of the Union 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.*
- *Supplemental 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 funds and proprietary funds. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The proprietary funds are presented on the full accrual basis of accounting. The fund financial statements focus on the Board's most significant funds. Because a different basis of accounting is used in the government-wide statements, reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statements provide information about the Board as an economic unit while the fund financial statements provide information on each of the financial resources of each of the Board's major funds.

UNION 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 district'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 after school services 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.

Union County Board of Education has two types of funds:

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

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

government-wide statements. Union County Board of Education has two proprietary funds - both enterprise funds – the School Food Service Fund and the After School Program Fund.

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

Financial Analysis of the Board as a Whole

Net position is an indicator of the fiscal health of the Board. Assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$90.8 million as of June 30, 2023 as compared to assets and deferred outflows exceeding liabilities and deferred inflows by \$55.1 million as of June 30, 2022, an increase of \$35.7 million. The largest component of net position is net investment in capital assets of \$614.8 million, while restricted and unrestricted net position have a combined balance of negative \$524.1 million.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/23	6/30/22	6/30/23	6/30/22	6/30/23	6/30/22
Current assets	\$ 47,477,981	\$ 40,594,189	\$ 10,297,952	\$ 9,437,196	\$ 57,775,933	\$ 50,031,385
Capital assets	614,890,000	625,391,235	942,495	902,243	615,832,495	626,293,478
Total assets	662,367,981	665,985,424	11,240,447	10,339,439	673,608,428	676,324,863
Deferred outflows of resources	196,661,681	120,315,014	4,702,044	3,450,455	201,363,725	123,765,469
Current liabilities	30,973,165	19,625,466	726,521	720,537	31,699,686	20,346,003
Long-term liabilities	552,514,800	463,980,776	12,989,408	13,246,472	565,504,208	477,227,248
Total liabilities	583,487,965	483,606,242	13,715,929	13,967,009	597,203,894	497,573,251
Deferred inflows of resources	182,632,613	240,562,456	4,366,619	6,898,978	186,999,232	247,461,434
Net investment in capital assets	613,904,885	624,218,257	942,495	902,243	614,847,380	625,120,500
Restricted net position	14,769,380	15,550,725	-	27,077	14,769,380	15,577,802
Unrestricted net position (deficit)	(535,765,181)	(577,637,242)	(3,082,552)	(8,005,413)	(538,847,733)	(585,642,655)
Total net position (deficit)	\$ 92,909,084	\$ 62,131,740	\$ (2,140,057)	\$ (7,076,093)	\$ 90,769,027	\$ 55,055,647

The net position of the Board's governmental activities increased \$30.8 million during the year, from \$62.1 million at June 30, 2022 to \$92.9 million at June 30, 2023 as a result of continued construction and low pension and OPEB expenses. Net investment in capital assets decreased by \$10.3 million as a result of depreciation expense exceeding capital additions for the year. The Board's restricted net position decreased by \$781,000 due to spending down Capital Outlay fund balance as well as a decrease in Other Special Revenue restricted fund balance related to special revenue programs such as Medicaid. Unrestricted net position increased by \$41.9 million compared to the prior year, due to lower than average pension and OPEB expenses of just \$2.5 million as a result of the net OPEB benefit recognized in the

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

Retirement Health Benefit plan. Deferred outflows and inflows of resources relate entirely to the pension and OPEB plans which the Board participates in. The Board is required to record its proportionate share of these items along with its proportionate share of the plan liabilities. See Note 2 of the financial statements for more details regarding these plans.

The net position of the Board's business-type activities increased \$4.9 million from \$(7.1) million at June 30, 2022 to \$(2.1) million at June 30, 2023. This increase of \$4.9 million is the net income generated by our School Food Service fund and the After School Program fund during the 2023 fiscal year. The following table shows the revenues and expenses for the Board for the current and prior fiscal years:

Table 2
Condensed Statement of Activities
For the Fiscal Years Ended June 30, 2023 and 2022

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/23	6/30/22	6/30/23	6/30/22	6/30/23	6/30/22
Revenues:						
Program revenues:						
Charges for services	\$ 11,189,905	\$ 9,624,712	\$ 11,094,367	\$ 5,096,352	\$ 22,284,272	\$ 14,721,064
Operating grants and contributions	319,015,600	317,630,032	12,507,549	21,870,520	331,523,149	339,500,552
Capital grants and contributions	2,168,758	1,311,178	20,563	31,701	2,189,321	1,342,879
General revenues:						
County appropriations	143,417,233	129,988,464	-	-	143,417,233	129,988,464
Other revenues	1,696,709	1,185,215	10,296	14,912	1,707,005	1,200,127
Total revenues	<u>477,488,205</u>	<u>459,739,601</u>	<u>23,632,775</u>	<u>27,013,485</u>	<u>501,120,980</u>	<u>486,753,086</u>
Expenses:						
Governmental activities:						
Instructional services	320,155,756	306,472,207	-	-	320,155,756	306,472,207
System-wide support services	113,202,444	81,971,931	-	-	113,202,444	81,971,931
Ancillary services	1,427,457	1,122,526	-	-	1,427,457	1,122,526
Payments to other governments	11,157,808	10,269,513	-	-	11,157,808	10,269,513
Interest on long-term debt	125,971	116,900	-	-	125,971	116,900
Unallocated depreciation	589,356	742,739	-	-	589,356	742,739
Business-type activities:						
School food service	-	-	16,925,786	20,939,710	16,925,786	20,939,710
After School Program	-	-	1,823,022	2,360,834	1,823,022	2,360,834
Total expenses	<u>446,658,792</u>	<u>400,695,816</u>	<u>18,748,808</u>	<u>23,300,544</u>	<u>465,407,600</u>	<u>423,996,360</u>
Excess (deficiency) before transfers	30,829,413	59,043,785	4,883,967	3,712,941	35,713,380	62,756,726
Transfers in (out)	<u>(52,069)</u>	<u>(49,472)</u>	<u>52,069</u>	<u>49,472</u>	<u>-</u>	<u>-</u>
Change in net position	30,777,344	58,994,313	4,936,036	3,762,413	35,713,380	62,756,726
Beginning net position (deficit)	<u>62,131,740</u>	<u>3,137,427</u>	<u>(7,076,093)</u>	<u>(10,838,506)</u>	<u>55,055,647</u>	<u>(7,701,079)</u>
Ending net position (deficit)	<u>\$ 92,909,084</u>	<u>\$ 62,131,740</u>	<u>\$ (2,140,057)</u>	<u>\$ (7,076,093)</u>	<u>\$ 90,769,027</u>	<u>\$ 55,055,647</u>

UNION COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

Total governmental activities generated revenues of \$477.5 million while expenses in this category totaled \$446.7 million for the year ended June 30, 2023, resulting in an increase in net position of \$30.8 million (including transfers out to business-type activities of \$52,000). Comparatively, revenues were \$459.7 million, expenses totaled \$400.7 million and transfers out were \$49,000 for the year ended June 30, 2022, resulting in an increase in net position of \$59.0 million. In comparing the two years, revenues increased by \$17.7 million or 3.9%, and expenses increased by \$46.0 million, or 11.5%. As State Public School fund allotments increased \$7.8 million because of rising ADM the receipt of Education Stabilization funds to help offset the cost of the COVID-19 pandemic has declined as a result of spending down allotments and the start of the expiration of some of the COVID-19 allotments, resulting in decreases in both revenue and expenses of \$1.6 million. The Board also recognized an increase in technology support expenses due to the purchase of \$14.3 million in student and staff computers.

The Board's primary sources of revenues were funding from the State of North Carolina, Union County, and the United States Government, which respectively comprised 57.3%, 29.9% and 9.1% of our total revenues. As would be expected, the major component of our expenses was instructional services which accounted for 71.7% of our total expenses during the most recent fiscal year. Of the remaining 28.3% of our total expenses, 25.3% was attributable to system-wide support services.

Our business-type activities generated revenues of \$23.6 million, while expenses in this category totaled \$18.7 million for the year ended June 30, 2023. For the year, net position increased by \$4.9 million (including transfers in of \$52,000). Comparatively, revenues were \$27.0 million, expenses were \$23.3 million and transfers in were \$49,000 for the year ended June 30, 2022, resulting in an increase in net position of \$3.8 million. In comparing the two years, revenues decreased by \$3.4 million, and expenses decreased by \$4.6 million, the decrease in revenues was recognized in the School Food Service fund due to the expiration of the COVID-19 USDA feeding program. During the 2023 year, the federal government did not provide free meals to all students and the district had to revert back to requiring students complete applications to determine if they qualify for free/reduced meal status. As would be expected with all students not receiving free breakfast and lunch, the district experienced a decline of \$9.3 million in USDA reimbursement revenues due to a decrease in the number of reimbursable meals served. This decline was partially offset by a \$5.5 million increase in food sales. These changes resulted in a slight decrease in participation, which also resulted in a decrease in food used, however inflationary pressures on the cost of food created a slight net increase in food cost of \$145,000. The Board's After School program recognized an increase in fees of \$508,000 attributing to increased profitability within this fund as more students are utilizing the program. Salaries and benefits expenses decreased in both the School Food Service and After School Program because of the allocation of pension and OPEB expenses across governmental and business activities has fluctuated over the last few years due to fluctuations in salaries within the business activities as a result of the pandemic.

Financial Analysis of the Board's Funds

Governmental Funds: The focus of Union 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 \$28.8 million at June 30, 2023, a decrease of \$3.3 million from the amount reported at June 30, 2022. The Board's General, Other Special Revenue and Capital Outlay Funds reported expenditures over revenues for the year ended June 30, 2023 of \$3.0 million, \$456,000 and \$76,000, respectively, while the Individual School fund reported an increase in fund balance of \$183,000. Overall, total governmental fund revenues increased by \$18.3 million or 4.0%, while total expenditures increased by \$37.8 million, or 8.2% over the prior year.

For the year, the Board's General Fund reported a decrease in fund balance of \$3.0 million compared to an increase of \$513,000 in the prior year. Revenues increased by \$4.9 million, or 4.3%, over the prior year primarily due to increased funding from County appropriations. Expenditures reported an increase of \$8.4 million, or 7.5%. An increase in both instructional services costs and system wide support services attributed to the overall increase in expenditures.

UNION COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

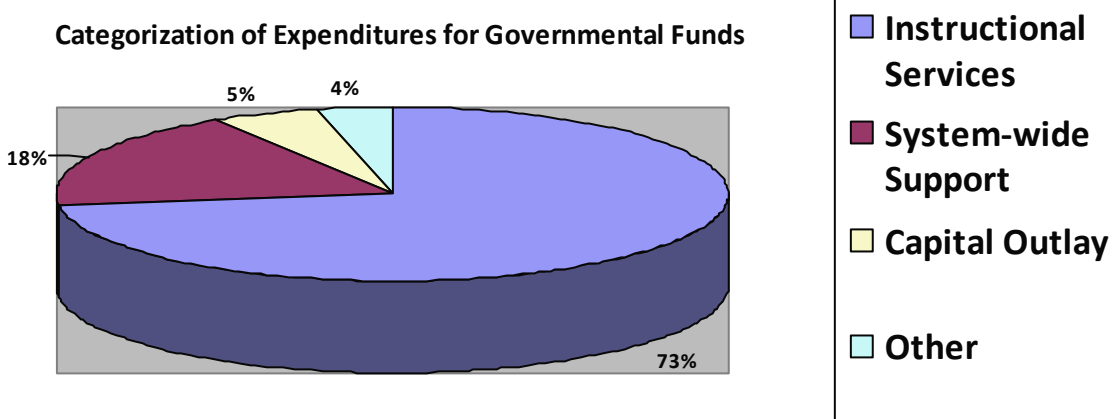
The State Public School Fund and Federal Grants Fund do not carry fund balance. All revenues in these funds are expended in the year received. In comparing the year ended June 30, 2023 to 2022, the State Public School Fund reported an increase in revenues (and expenditures) of \$7.8 million, or 2.9%, and the Federal Grants Fund reported a decrease of \$1.6 million, or 3.9% as a result of the COVID-19 funds received decreasing slightly, however COVID-19 federal funds still accounted for \$22.6 million of the Board's federal grants fund. These COVID-19 Education Stabilization funds were received and spent within the current year to help offset the cost of the coronavirus pandemic and provide bonuses and additional duties pay to employees employed during the pandemic and provide additional services to address learning loss overall student health.

The Other Special Revenue Fund reported fund balance of \$11.2 million at June 30, 2023, a decrease for the year of \$457,000 compared to an increase of \$2.0 million in the 2022 year. Revenues decreased \$4.5 from the previous year, while expenditures declined by only \$2.1 million as more locally funded expenditures were paid out of the rising fund balance within this fund. Revenues mainly decreased due to receipt of an \$8.1 million federal Teacher Incentive grant received in previous years that came to an end during the June 30, 2023, fiscal year. Revenues received from this grant in the current year only totaled \$3.7 million. These grant funds were expended and received on a reimbursement basis. Indirect cost revenues increased by \$432,000, due primarily to indirect costs charged to the federal COVID-19 grants in the Federal Grants Fund.

The Capital Outlay Fund reported fund balance of \$2.1 million at June 30, 2023, a decrease of \$76,000 from the prior year. The most significant revenue reported in the Capital Outlay Fund was \$27.0 million from Union County appropriations to fund various construction, renovation and maintenance projects. The district also received \$15.1 million from installment purchase agreements entered into to pay for DPI buses as well as \$14.3 million in computers for students and staff.

The Individual School fund benefited from continued reopening and growth in sporting events, fundraisers and field trips, revenues and expenditures in the Individual School fund increased \$1.7 million and \$2.0 million, respectively.

The following chart summarizes governmental fund expenditures:



Expenditures presented on modified accrual basis of accounting.

UNION COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary Fund: The Board's business-type funds, the School Food Service Fund and the After School Program Fund, reported a combined increase in net position of \$4.9 million for the fiscal year ended June 30, 2023 compared to an increase of \$3.8 million for the same 2022 period. See the discussion above under "Financial Analysis of the Board as a Whole" for further details regarding the year-over-year change in operating results for these two funds.

General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget several times to account for changes in revenue expectations and program allocations. Since several revenue sources are either unknown or uncertain at the beginning of the fiscal year when the original budget is adopted, budget revisions are often necessary throughout the year to recognize these adjustments. The Board's General Fund reported a decrease in fund balance for the year ended June 30, 2023 of \$3.0 million, compared to an increase of \$513,000 in 2022. Through effective cost-containment and budget management practices, the Board was able to keep expenditures below budget and only use \$3.0 million of fund balance, that had been appropriated.

Capital Assets

Total primary government capital assets were \$615.8 million at June 30, 2023 compared to \$626.3 million at June 30, 2022, a decrease of 1.7%. The decrease is attributable 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, 2023 and 2022:

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/23	6/30/22	6/30/23	6/30/22	6/30/23	6/30/22
Land	\$ 64,242,660	\$ 63,975,991	\$ -	\$ -	\$ 64,242,660	\$ 63,975,991
Construction in progress	9,895,583	9,328,445	-	-	9,895,583	9,328,445
Buildings and improvements	525,568,706	536,925,712	-	-	525,568,706	536,925,712
Equipment and furniture	2,996,390	2,861,095	942,495	902,243	3,938,885	3,763,338
Vehicles	12,186,661	12,299,992	-	-	12,186,661	12,299,992
Total	<u>\$ 614,890,000</u>	<u>\$ 625,391,235</u>	<u>\$ 942,495</u>	<u>\$ 902,243</u>	<u>\$ 615,832,495</u>	<u>\$ 626,293,478</u>

Debt Outstanding

During the year, the Board's long-term debt increased from \$4.5 million at June 30, 2022 to \$15.6 million at June 30, 2023. The Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used. The County holds virtually all debt issued for school capital construction. More detailed information about the Board's outstanding debt is contained in Note 2- Detail Notes to the basic financial statements.

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

Economic Factors

The Board anticipates an increased enrollment over the next several years and will need continued increases in classroom space, teachers and equipment. County funding is a major source of income for the Board; therefore, the County's economic outlook directly affects that of the school district. The following factors have affected the economic outlook of Union County.

- Union County's population estimation of approximately 249,000 is an increase of approximately 23.9% since 2010. Union County also has the 10th largest population growth since 2010 in the State. The future expected growth in the County will continue to increase the demands on funding sources for the Board.
- The unadjusted unemployment rate in Union County at June 30, 2023 was 3.1%, slightly below that of the State at 3.6%.

Requests for Information

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

Shanna McLamb, Chief Finance Officer
Union County Board of Education
400 N. Church Street
Monroe, NC 28112

GOVERNMENT-WIDE FINANCIAL STATEMENTS

UNION COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
June 30, 2023

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 24,842,661	\$ 8,835,791	\$ 33,678,452
Investments	16,416,666	1,116,809	17,533,475
Due from other governments	5,593,231	398,404	5,991,635
Receivables	202,976	59,646	262,622
Internal balances	422,447	(422,447)	-
Inventories	-	309,749	309,749
Capital assets:			
Land and construction in progress	74,138,243	-	74,138,243
Other capital assets, net of depreciation	540,751,757	942,495	541,694,252
Total capital assets	614,890,000	942,495	615,832,495
 Total assets	 662,367,981	 11,240,447	 673,608,428
 Deferred Outflows of Resources	 196,661,681	 4,702,044	 201,363,725
 Liabilities			
Accounts payable and accrued expenses	17,907,554	73,284	17,980,838
Unearned revenue	735,001	376,398	1,111,399
Long-term liabilities:			
Due within one year	12,330,610	276,839	12,607,449
Due in more than one year	24,575,106	366,736	24,941,842
Net pension liability	222,014,031	5,308,202	227,322,233
Net OPEB liability	305,925,663	7,314,470	313,240,133
 Total liabilities	 583,487,965	 13,715,929	 597,203,894
 Deferred Inflows of Resources	 182,632,613	 4,366,619	 186,999,232
 Net position			
Net investment in capital assets	613,904,885	942,495	614,847,380
Restricted for:			
Stabilization by State statute	2,753,022	-	2,753,022
School capital outlay	2,096,137	-	2,096,137
Instructional services	4,929,448	-	4,929,448
Individual schools activities	4,990,773	-	4,990,773
Unrestricted (deficit)	(535,765,181)	(3,082,552)	(538,847,733)
 Total net position (deficit)	 \$ 92,909,084	 \$ (2,140,057)	 \$ 90,769,027

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

UNION COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Instructional services:							
Regular instructional	\$ 197,583,430	\$ -	\$ 183,840,287	\$ -	\$ (13,743,143)	\$ -	\$ (13,743,143)
Special populations	44,608,572	-	45,525,797	-	917,225	-	917,225
Alternative programs	15,984,262	-	16,542,082	-	557,820	-	557,820
School leadership	21,679,042	-	11,776,560	-	(9,902,482)	-	(9,902,482)
Co-curricular	12,009,316	9,784,552	4,306	-	(2,220,458)	-	(2,220,458)
School-based support	28,291,134	-	22,029,070	-	(6,262,064)	-	(6,262,064)
System-wide support services:							
Support and development	2,342,387	-	498,859	-	(1,843,528)	-	(1,843,528)
Special population support and development	661,733	-	448,298	-	(213,435)	-	(213,435)
Alternative programs and services support and development	3,100,639	-	4,243	-	(3,096,396)	-	(3,096,396)
Technology support	21,416,732	-	2,109,879	-	(19,306,853)	-	(19,306,853)
Operational support	74,681,850	-	33,260,641	2,168,758	(39,252,451)	-	(39,252,451)
Financial and human resource services	6,162,651	1,405,353	506,734	-	(4,250,564)	-	(4,250,564)
Accountability	1,027,114	-	2,153	-	(1,024,961)	-	(1,024,961)
System-wide pupil support	484,996	-	13,971	-	(471,025)	-	(471,025)
Policy, leadership and public relations	3,324,342	-	330,205	-	(2,994,137)	-	(2,994,137)
Ancillary services	1,427,457	-	724,526	-	(702,931)	-	(702,931)
Non-programmed charges	11,157,808	-	1,397,989	-	(9,759,819)	-	(9,759,819)
Interest on long-term debt	125,971	-	-	-	(125,971)	-	(125,971)
Unallocated depreciation expense**	589,356	-	-	-	(589,356)	-	(589,356)
Total governmental activities	446,658,792	11,189,905	319,015,600	2,168,758	(114,284,529)	-	(114,284,529)
Business-type activities:							
School food service	16,925,786	7,861,668	12,507,549	20,563	-	3,463,994	3,463,994
After School Program	1,823,022	3,232,699	-	-	-	1,409,677	1,409,677
Total business-type activities	18,748,808	11,094,367	12,507,549	20,563	-	4,873,671	4,873,671
Total primary government	\$ 465,407,600	\$ 22,284,272	\$ 331,523,149	\$ 2,189,321	(114,284,529)	4,873,671	(109,410,858)
General revenues:							
Unrestricted county appropriations - operating					116,450,157	-	116,450,157
Unrestricted county appropriations - capital					26,967,076	-	26,967,076
Investment earnings, unrestricted					213,512	14,814	228,326
Miscellaneous, unrestricted					1,483,197	(4,518)	1,478,679
Transfers					(52,069)	52,069	-
Total general revenues and transfers					145,061,873	62,365	145,124,238
Change in net position					30,777,344	4,936,036	35,713,380
Net position (deficit) - beginning					62,131,740	(7,076,093)	55,055,647
Net position (deficit) - ending					\$ 92,909,084	\$ (2,140,057)	\$ 90,769,027

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

FUND FINANCIAL STATEMENTS

UNION COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

Exhibit 3

	Major Funds						Total Governmental Funds
	General	State Public School	Federal Grants	Other Special Revenue	Capital Outlay	Individual Schools	
Assets							
Cash and cash equivalents	\$ 5,720,828	\$ -	\$ -	\$ 4,974,547	\$ 9,156,513	\$ 4,990,773	\$ 24,842,661
Investments	7,433,438	-	-	5,774,263	3,208,965	-	16,416,666
Due from other governments	491,493	-	-	46,855	5,054,883	-	5,593,231
Accounts receivable	10,325	-	-	169,754	22,897	-	202,976
Due from other funds	-	-	-	864,627	-	-	864,627
Total assets	<u>\$ 13,656,084</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,830,046</u>	<u>\$ 17,443,258</u>	<u>\$ 4,990,773</u>	<u>\$ 47,920,161</u>
Liabilities and fund balances							
Liabilities:							
Accounts payable and accrued liabilities	\$ 2,712,913	\$ -	\$ -	\$ 81,280	\$ 15,113,361	\$ -	\$ 17,907,554
Due to other funds	442,180	-	-	-	-	-	442,180
Unearned revenue	-	-	-	501,241	233,760	-	735,001
Total liabilities	<u>3,155,093</u>	<u>-</u>	<u>-</u>	<u>582,521</u>	<u>15,347,121</u>	<u>-</u>	<u>19,084,735</u>
Fund balances:							
Restricted:							
Stabilization by State statute	1,671,786	-	-	1,081,236	-	-	2,753,022
School capital outlay	-	-	-	-	2,096,137	-	2,096,137
Special revenue programs	-	-	-	4,929,448	-	-	4,929,448
Individual schools	-	-	-	-	-	4,990,773	4,990,773
Assigned:							
Subsequent year's expenditures	2,429,533	-	-	-	-	-	2,429,533
Special revenues	-	-	-	5,236,841	-	-	5,236,841
Unassigned	6,399,672	-	-	-	-	-	6,399,672
Total fund balances	<u>10,500,991</u>	<u>-</u>	<u>-</u>	<u>11,247,525</u>	<u>2,096,137</u>	<u>4,990,773</u>	<u>28,835,426</u>
Total liabilities and fund balances	<u>\$ 13,656,084</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,830,046</u>	<u>\$ 17,443,258</u>	<u>\$ 4,990,773</u>	<u>\$ 47,920,161</u>

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

UNION COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

Exhibit 3 (continued)

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

Total fund balance (All Governmental Funds)	28,835,426
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	614,890,000
Deferred outflows of resources related to pensions	137,028,296
Deferred outflows of resources related to OPEB plans	59,633,385
Some liabilities, including those for compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(36,905,716)
Net pension liability	(222,014,031)
Net OPEB liability	(305,925,663)
Deferred inflows of resources related to pensions	(10,074,078)
Deferred inflows of resources related to OPEB plans	<u>(172,558,535)</u>
Net position of governmental activities	<u>\$ 92,909,084</u>

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

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

Exhibit 4

	Major Funds						Total Governmental Funds
	General	State Public School	Federal Grants	Other Special Revenue	Capital Outlay	Individual Schools	
Revenues:							
State of North Carolina	\$ -	\$ 272,587,352	\$ -	\$ -	\$ 2,168,758	\$ -	\$ 274,756,110
Union County							
Local current expense	116,450,157	-	-	-	-	-	116,450,157
Other	-	-	-	-	26,967,076	-	26,967,076
U.S. Government	-	-	38,964,780	4,842,886	-	-	43,807,666
Other	1,067,532	-	-	6,838,269	179,103	9,784,552	17,869,456
Total revenues	117,517,689	272,587,352	38,964,780	11,681,155	29,314,937	9,784,552	479,850,465
Expenditures:							
Current:							
Instructional services:							
Regular instructional	26,274,349	171,747,888	6,629,652	4,543,906	14,564,503	-	223,760,298
Special populations	4,086,408	32,684,023	10,917,096	4,153,358	-	-	51,840,885
Alternative programs	148,075	4,329,849	12,212,233	1,112,172	-	-	17,802,329
School leadership	13,831,117	10,894,567	881,993	119,609	-	-	25,727,286
Co-curricular	2,607,022	-	4,306	5,233	-	9,601,832	12,218,393
School-based support	9,996,541	17,517,675	4,511,395	986,190	-	-	33,011,801
System-wide support services:							
Support and development	2,334,604	435,891	62,968	590	-	-	2,834,053
Special population support and development	309,769	156,976	291,322	3,692	-	-	761,759
Alternative programs and services							
support and development	3,131,429	-	4,243	49,001	-	-	3,184,673
Technology support	5,321,011	2,016,347	93,532	-	241,252	-	7,672,142
Operational support	29,272,067	32,098,301	1,110,271	463,390	-	-	62,944,029
Financial and human resource services	6,916,637	348,477	158,257	18,164	-	-	7,441,535
Accountability	513,451	-	2,153	543,873	-	-	1,059,477
System-wide pupil support	541,067	1,053	12,918	-	-	-	555,038
Policy, leadership and public relations	3,428,288	294,093	36,112	300	-	-	3,758,793
Ancillary services	640,832	10,143	638,340	138,142	-	-	1,427,457
Non-programmed charges	11,157,808	-	1,397,989	-	-	-	12,555,797
Debt service:							
Principal retirement	-	-	-	-	4,009,735	-	4,009,735
Interest and fees	-	-	-	-	125,971	-	125,971
Capital outlay	-	-	-	-	25,571,117	-	25,571,117
Total expenditures	120,510,475	272,535,283	38,964,780	12,137,620	44,512,578	9,601,832	498,262,568
Revenues over (under) expenditures	(2,992,786)	52,069	-	(456,465)	(15,197,641)	182,720	(18,412,103)
Other financing sources (uses):							
Transfers from (to) other funds	-	(52,069)	-	-	-	-	(52,069)
Installment purchase obligations issued	-	-	-	-	15,121,471	-	15,121,471
Total other financing sources (uses)	-	(52,069)	-	-	15,121,471	-	15,069,402
Net change in fund balance	(2,992,786)	-	-	(456,465)	(76,170)	182,720	(3,342,701)
Fund balances:							
Beginning of year	13,493,777	-	-	11,703,990	2,172,307	4,808,053	32,178,127
End of year	\$ 10,500,991	\$ -	\$ -	\$ 11,247,525	\$ 2,096,137	\$ 4,990,773	\$ 28,835,426

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

UNION COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023

Exhibit 5

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

Net changes in fund balances - total governmental funds	\$ (3,342,701)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(10,105,704)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	42,195,515
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	16,970,465
Proceeds from the sale of capital assets are recorded as revenues in the fund statements but not in the statement of activities.	(99,644)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	2,322,487
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 issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(11,111,736)
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	(42,471,796)
OPEB (expense) benefit	37,403,583
Compensated absences	(687,238)
Loss on disposal of capital assets	<u>(295,887)</u>
Total changes in net position of governmental activities	<u>\$ 30,777,344</u>

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

UNION 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, 2023

Exhibit 6

	General Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Union County	116,450,157	116,488,452	116,450,157	(38,295)
U.S. Government	-	-	-	-
Other	<u>760,000</u>	<u>760,000</u>	<u>1,067,532</u>	<u>307,532</u>
Total revenues	<u>117,210,157</u>	<u>117,248,452</u>	<u>117,517,689</u>	<u>269,237</u>
Expenditures:				
Current:				
Instructional services				
Regular instructional	32,029,087	26,331,372	26,274,349	57,023
Special populations	3,019,814	4,086,408	4,086,408	-
Alternative programs	108,910	148,075	148,075	-
School leadership	11,787,297	13,831,117	13,831,117	-
Co-curricular	3,523,536	2,607,022	2,607,022	-
School-based support	8,898,154	9,996,541	9,996,541	-
System-wide support services				
Support and development	2,473,999	2,334,604	2,334,604	-
Special populations	302,974	309,769	309,769	-
Alternative programs	3,818,664	3,131,429	3,131,429	-
Technology support	4,192,935	5,351,089	5,321,011	30,078
Operational support	27,707,950	29,272,067	29,272,067	-
Financial and human resource	6,282,914	6,916,637	6,916,637	-
Accountability	627,876	513,451	513,451	-
System-wide pupil support	633,239	633,239	541,067	92,172
Policy, leadership and public relations	2,840,035	3,428,288	3,428,288	-
Ancillary services				
Community	-	-	-	-
Nutrition	842,377	640,832	640,832	-
Nonprogrammed charges	<u>11,119,513</u>	<u>11,157,808</u>	<u>11,157,808</u>	<u>-</u>
Total expenditures	<u>120,209,274</u>	<u>120,689,748</u>	<u>120,510,475</u>	<u>179,273</u>
Revenues over (under) expenditures	(2,999,117)	(3,441,296)	(2,992,786)	448,510
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	<u>2,999,117</u>	<u>3,441,296</u>	<u>-</u>	<u>(3,441,296)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(2,992,786)</u>	<u>\$ (2,992,786)</u>
Fund balances:				
Beginning of year			<u>13,493,777</u>	
End of year			<u>\$ 10,500,991</u>	

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

UNION 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, 2023

Exhibit 6 (continued)

	State Public School Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
State of North Carolina	\$ 261,690,166	\$ 282,812,127	\$ 272,587,352	\$ (10,224,775)
Union County	-	-	-	-
U.S. Government	-	-	-	-
Other	-	-	-	-
Total revenues	<u>261,690,166</u>	<u>282,812,127</u>	<u>272,587,352</u>	<u>(10,224,775)</u>
Expenditures:				
Current:				
Instructional services				
Regular instructional	165,767,947	174,693,965	171,747,888	2,946,077
Special populations	31,936,134	32,684,023	32,684,023	-
Alternative programs	4,414,738	4,914,282	4,329,849	584,433
School leadership	10,512,790	11,115,474	10,894,567	220,907
Co-curricular	-	-	-	-
School-based support	18,306,423	19,479,112	17,517,675	1,961,437
System-wide support services				
Support and development	69,284	435,891	435,891	-
Special populations	3,337	156,976	156,976	-
Alternative programs	-	-	-	-
Technology support	1,333,632	3,992,628	2,016,347	1,976,281
Operational support	27,043,160	34,308,389	32,098,301	2,210,088
Financial and human resource	1,597,553	674,029	348,477	325,552
Accountability	-	-	-	-
System-wide pupil support	-	1,053	1,053	-
Policy, leadership and public relations	705,168	294,093	294,093	-
Ancillary services				
Community	-	-	-	-
Nutrition	-	10,143	10,143	-
Nonprogrammed charges	-	-	-	-
Total expenditures	<u>261,690,166</u>	<u>282,760,058</u>	<u>272,535,283</u>	<u>10,224,775</u>
Revenues over (under) expenditures	-	52,069	52,069	-
Other financing uses:				
Transfers to other funds	-	(52,069)	(52,069)	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances:				
Beginning of year			-	
End of year			<u>\$ -</u>	

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

UNION 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, 2023

Exhibit 6 (continued)

	Federal Grants Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Union County	-	-	-	-
U.S. Government	72,085,848	64,330,127	38,964,780	(25,365,347)
Other	-	-	-	-
Total revenues	<u>72,085,848</u>	<u>64,330,127</u>	<u>38,964,780</u>	<u>(25,365,347)</u>
Expenditures:				
Current:				
Instructional services				
Regular instructional	33,576,180	18,047,529	6,629,652	11,417,877
Special populations	13,963,967	16,379,266	10,917,096	5,462,170
Alternative programs	14,435,557	17,357,089	12,212,233	5,144,856
School leadership	647,726	1,255,343	881,993	373,350
Co-curricular	4,306	4,306	4,306	-
School-based support	5,014,653	5,963,084	4,511,395	1,451,689
System-wide support services				
Support and development	154,369	124,407	62,968	61,439
Special populations	315,866	364,381	291,322	73,059
Alternative programs	4,806	4,806	4,243	563
Technology support	105,081	105,081	93,532	11,549
Operational support	1,114,554	1,214,433	1,110,271	104,162
Financial and human resource	151,133	158,257	158,257	-
Accountability	2,153	2,153	2,153	-
System-wide pupil support	12,918	12,918	12,918	-
Policy, leadership and public relations	36,601	36,601	36,112	489
Ancillary services				
Community	85,044	85,043	85,043	-
Nutrition	541,849	583,235	553,297	29,938
Nonprogrammed charges	<u>1,919,085</u>	<u>2,632,195</u>	<u>1,397,989</u>	<u>1,234,206</u>
Total expenditures	<u>72,085,848</u>	<u>64,330,127</u>	<u>38,964,780</u>	<u>25,365,347</u>
Revenues over (under) expenditures	-	-	-	-
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances:				
Beginning of year			-	
End of year			<u>\$ -</u>	

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

UNION 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, 2023

Exhibit 6 (continued)

	Other Special Revenue Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Union County	-	-	-	-
U.S. Government	8,270,464	7,448,464	4,842,886	(2,605,578)
Other	2,429,564	3,492,948	6,838,269	3,345,321
Total revenues	10,700,028	10,941,412	11,681,155	739,743
Expenditures:				
Current:				
Instructional services				
Regular instructional	4,749,683	4,825,663	4,543,906	281,757
Special populations	5,608,055	5,608,055	4,153,358	1,454,697
Alternative programs	1,393,116	1,403,881	1,112,172	291,709
School leadership	317,614	317,614	119,609	198,005
Co-curricular	-	9,350	5,233	4,117
School-based support	1,626,336	1,665,644	986,190	679,454
System-wide support services				
Support and development	46,350	71,350	590	70,760
Special populations	53,000	56,000	3,692	52,308
Alternative programs	359,576	359,576	49,001	310,575
Technology support	-	22,365	-	22,365
Operational support	440,718	470,891	463,390	7,501
Financial and human resource	88,075	48,075	18,164	29,911
Accountability	1,213,440	1,213,440	543,873	669,567
System-wide pupil support	-	-	-	-
Policy, leadership and public relations	-	-	300	(300)
Ancillary services				
Community	210,457	211,957	138,142	73,815
Nutrition	15,000	15,000	-	15,000
Nonprogrammed charges	348,867	348,867	-	348,867
Total expenditures	16,470,287	16,647,728	12,137,620	4,510,108
Revenues over (under) expenditures	(5,770,259)	(5,706,316)	(456,465)	5,249,851
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	5,770,259	5,706,316	-	(5,706,316)
Net change in fund balance	\$ -	\$ -	(456,465)	\$ (456,465)
Fund balances:				
Beginning of year			11,703,990	
End of year			\$ 11,247,525	

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

UNION COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPES
June 30, 2023

Exhibit 7

	Enterprise		
	Major Funds		
	School Food Service	After School Program	Totals
Assets			
Current assets:			
Cash and cash equivalents	\$ 7,482,690	\$ 1,353,101	\$ 8,835,791
Investments	1,116,809	-	1,116,809
Due from other governments	398,404	-	398,404
Receivables	57,125	2,521	59,646
Due from other funds	442,180	-	442,180
Inventories	309,749	-	309,749
Total current assets	<u>9,806,957</u>	<u>1,355,622</u>	<u>11,162,579</u>
Noncurrent assets:			
Capital assets:			
Furniture, equipment and vehicles, net	942,495	-	942,495
Total noncurrent assets	<u>942,495</u>	<u>-</u>	<u>942,495</u>
Total assets	<u>10,749,452</u>	<u>1,355,622</u>	<u>12,105,074</u>
Deferred Outflows of Resources	<u>4,005,930</u>	<u>696,114</u>	<u>4,702,044</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	70,750	2,534	73,284
Due to other funds	864,627	-	864,627
Compensated absences	230,955	45,884	276,839
Unearned revenue	363,760	12,638	376,398
Total current liabilities	<u>1,530,092</u>	<u>61,056</u>	<u>1,591,148</u>
Noncurrent liabilities:			
Net pension liability	4,522,349	785,853	5,308,202
Net OPEB liability	6,231,599	1,082,871	7,314,470
Compensated absences	327,966	38,770	366,736
Total noncurrent liabilities	<u>11,081,914</u>	<u>1,907,494</u>	<u>12,989,408</u>
Total liabilities	<u>12,612,006</u>	<u>1,968,550</u>	<u>14,580,556</u>
Deferred Inflows of Resources	<u>3,720,163</u>	<u>646,456</u>	<u>4,366,619</u>
Net position			
Investment in capital assets	942,495	-	942,495
Unrestricted (deficit)	<u>(2,519,282)</u>	<u>(563,270)</u>	<u>(3,082,552)</u>
Total net position (deficit)	<u>\$ (1,576,787)</u>	<u>\$ (563,270)</u>	<u>\$ (2,140,057)</u>

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

UNION COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2023

Exhibit 8

	Enterprise		
	Major Funds		
	School Food Service	After School Program	Totals
Operating revenues:			
Food sales	\$ 7,861,668	\$ -	\$ 7,861,668
Child care fees	-	3,232,699	3,232,699
Total operating revenues	<u>7,861,668</u>	<u>3,232,699</u>	<u>11,094,367</u>
Operating expenses:			
Food cost:			
Purchase of food	6,515,375	100,781	6,616,156
Donated commodities	1,319,120	-	1,319,120
Salaries and benefits	7,436,953	1,518,748	8,955,701
Indirect costs	864,627	-	864,627
Materials and supplies	73,325	101,986	175,311
Repairs and maintenance	142,878	-	142,878
Depreciation	216,612	-	216,612
Non-capitalized equipment	59,737	-	59,737
Contracted services	92,369	810	93,179
Field trips	-	9,851	9,851
Bank service fees	-	63,870	63,870
Other	<u>204,790</u>	<u>26,976</u>	<u>231,766</u>
Total operating expenses	<u>16,925,786</u>	<u>1,823,022</u>	<u>18,748,808</u>
Operating income (loss)	<u>(9,064,118)</u>	<u>1,409,677</u>	<u>(7,654,441)</u>
Nonoperating revenues:			
Federal reimbursements	11,126,920	-	11,126,920
Federal commodities	1,319,120	-	1,319,120
State reimbursements	61,509	-	61,509
Loss on disposal of capital assets	(4,518)	-	(4,518)
Interest earned	<u>14,767</u>	<u>47</u>	<u>14,814</u>
Total nonoperating revenues	<u>12,517,798</u>	<u>47</u>	<u>12,517,845</u>
Income before transfers and contributions	3,453,680	1,409,724	4,863,404
Transfers from other funds	52,069	-	52,069
Capital contributions	<u>20,563</u>	<u>-</u>	<u>20,563</u>
Change in net position	3,526,312	1,409,724	4,936,036
Net position (deficit), beginning	<u>(5,103,099)</u>	<u>(1,972,994)</u>	<u>(7,076,093)</u>
Net position (deficit), end of year	<u>\$ (1,576,787)</u>	<u>\$ (563,270)</u>	<u>\$ (2,140,057)</u>

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

UNION COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2023

Exhibit 9

	Enterprise		
	Major Funds		
	School Food Service	After School Program	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 7,827,152	\$ 3,231,851	\$ 11,059,003
Cash paid for goods and services	(8,058,053)	(304,284)	(8,362,337)
Cash paid to employees for services	(10,746,815)	(2,147,303)	(12,894,118)
Net cash provided (used) by operating activities	(10,977,716)	780,264	(10,197,452)
Cash flows from noncapital financing activities:			
Due to other funds	32,855	-	32,855
Due from other funds	(442,180)	-	(442,180)
Federal and State reimbursements	11,112,714	-	11,112,714
Net cash provided by noncapital activities	10,703,389	-	10,703,389
Cash flows from capital and related financing activities:			
Proceeds from disposal of capital assets	1,484	-	1,484
Purchase of capital assets	(242,303)	-	(242,303)
Net cash used by capital and related financing activities	(240,819)	-	(240,819)
Cash flows from investing activities:			
Interest earned on investments	14,767	47	14,814
Purchase of investments	(14,530)	-	(14,530)
Net cash provided by investing activities	237	47	284
Net increase (decrease) in cash and cash equivalents	(514,909)	780,311	265,402
Cash and cash equivalents, beginning of year	7,997,599	572,790	8,570,389
Cash and cash equivalents, end of year	\$ 7,482,690	\$ 1,353,101	\$ 8,835,791
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (9,064,118)	\$ 1,409,677	\$ (7,654,441)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	216,612	-	216,612
Donated commodities	1,319,120	-	1,319,120
Salaries paid by special revenue fund	52,069	-	52,069
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(11,442)	3,638	(7,804)
Increase in inventories	(93,849)	-	(93,849)
Decrease in accounts payable and accrued liabilities	(11,103)	(10)	(11,113)

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

**UNION COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2023**

Exhibit 9 (continued)

	Enterprise		
	Major Funds		
	School Food Service	After School Program	Totals
Decrease in unearned revenue	(23,074)	(4,486)	(27,560)
Increase in pension liability	2,895,358	499,532	3,394,890
Decrease in OPEB liability	(3,122,533)	(563,286)	(3,685,819)
Decrease in OPEB asset	4,991	878	5,869
Increase in deferred outflow	(1,071,823)	(179,766)	(1,251,589)
Decrease in deferred inflow	(2,146,405)	(385,954)	(2,532,359)
Increase in compensated absences payable	78,481	41	78,522
Total adjustments	(1,913,598)	(629,413)	(2,543,011)
Net cash provided (used) by operating activities	\$ (10,977,716)	\$ 780,264	\$ (10,197,452)

NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:

The School Food Service Fund received donated commodities with a value of \$1,319,120 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 State Public School Fund paid salaries and benefits of \$52,069 to personnel of the School Food Service Fund during the fiscal year. The payment is reflected as a transfer in and an operating expense on Exhibit 8.

School Food Service capital assets with a value of \$20,563 were purchased by the Federal Grants Fund during the year. The value of these assets is reflected as a capital contribution on Exhibit 8.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Union 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 Union 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 Union County, North Carolina. The Board provides public school education to the children of Union County not living within the boundaries of the Kannapolis Local Educational Agency. The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the Board. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses, however 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.

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.

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

The Board reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Board. The General Fund accounts for all financial resources except those that are accounted for in another fund.

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

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

Other Special Revenue Fund. The Other Special Revenue Fund is used to account for revenues from reimbursements (including indirect costs), fees for actual costs, tuition, sales tax refunds, gifts and grants restricted as to use, 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.

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.

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 Union County appropriations, restricted sales tax moneys, proceeds of Union County bonds issued for public school construction 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.

After School Program Fund. The After School Program Fund is used to account for the before and after school child care program within the school system.

C. Measurement Focus and Basis of Accounting

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

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

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

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

All governmental and business-type activities and enterprise funds of the Board follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

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 move moneys (up to \$100,000) from one function to another within a fund. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$100,000. 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.

The Board's investments are reported at amortized cost or at fair value determined by either quoted market prices or a matrix pricing model. The NCCMT Government Portfolio's securities are measured at fair value. The STIF securities (as valued under level 2 of the fair value hierarchy) are reported at cost and maintain a constant \$1 per share value. Investments valued under level 2 of the fair value hierarchy are valued using prices that are either directly or indirectly observable for an asset or liability. 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.

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

2. Cash and Cash Equivalents

The Board pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Inventories

The inventories of the Board are valued at cost and the Board uses the first-in, first-out (FIFO) flow assumption in determining cost. Proprietary Fund inventories consist of food and supplies and are recorded as expenses when consumed.

4. 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, 1995 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.

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

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

	<u>Years</u>
Buildings	20 – 50
Equipment and furniture	5 – 10
Vehicles	6 – 20
Computer equipment	3 – 5

Depreciation for equipment serves multiple purposes and cannot be allocated ratably, therefore it is reported as “unallocated depreciation” on the Statement of Activities. Land and construction in progress are not depreciated.

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

5. 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.

6. Long-term Obligations

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

7. Compensated Absences

The Board follows the State's policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board's liability for accumulated earned vacation and the salary-related payments as of June 30, 2023 is recorded in the district-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years' records of the current portion of compensated absences.

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

8. Net Position/Fund Balances

Net Position

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

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

Restricted for special revenue programs– grant and other revenues restricted for expenditure for various instructional services, as allowable by the funding source.

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.

Assigned fund balance – portion of fund balance that the Board of Education intends to use for specific purposes. Any amounts assigned are established by the Board’s Budget Committee.

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

Special revenue programs – 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. These amounts can be expended for 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, and lastly 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 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.

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

9. Reconciliation of District-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 \$64,073,658 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 at historical cost on government-wide statement in governmental activities column)	\$ 955,541,520
Less Accumulated Depreciation	<u>(340,651,520)</u>
Net capital assets	614,890,000
Pension related deferred outflows of resources	137,028,296
OPEB related deferred outflows of resources	59,633,385
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 financing	(15,642,000)
Compensated absences	(21,263,716)
Net pension liability	(222,014,031)
Net OPEB liability	(305,925,663)
Deferred inflows of resources related to pensions	(10,074,078)
Deferred inflows of resources related to OPEB	<u>(172,558,535)</u>
Total adjustment	<u><u>\$ 64,073,658</u></u>

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

- b. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the district-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 \$34,120,045 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 11,052,973
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	(21,158,677)
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	(15,121,471)
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	4,009,735
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	42,195,515
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	16,970,465
Proceeds from the sale of capital assets are recorded as revenues in the fund statements but not in the statement of activities.	(99,644)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	2,322,487
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	(42,471,796)
OPEB (expense) benefit	37,403,583
Loss on disposal of asset	(295,887)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(687,238)
Total adjustment	<u>\$ 34,120,045</u>

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

10. 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, 2023, the Board had deposits with banks and savings and loans with a carrying amount of \$33,678,452 and deposits with the State Treasurer with a carrying amount of \$-0-. The bank balances with the financial institutions and the State Treasurer were \$38,446,852 and \$3,325,119, respectively. Of these balances, \$4,870,688 was covered by federal depository insurance and \$36,901,283 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2023, the Board of Education had \$10,052,731 invested in US Treasury Notes. The Board also had \$5,521,484 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. In addition, the Board has \$1,959,260 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is classified in Level 2 of the fair value hierarchy and valued using prices that are either directly or indirectly observable for an asset or liability.

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

At June 30, 2023, the Board had the following investments and maturities:

Investment Type	Rating	Valuation Measurement Method	Fair Value	Less Than 6 Months	6-12 Months	1-3 Years	3-5 Years
U.S. Treasuries	AAA	Fair Value - Level 1	\$ 10,052,731	\$ 887,850	\$ 1,489,072	\$ 4,582,271	\$ 3,093,538
NC Capital Management Trust Dept. of State Treasurer Short Term Investment Fund (STIF)	AAAm		5,521,484	5,521,484	-	-	-
	Unrated	Fair Value - Level 2	1,959,260	1,959,260	-	-	-
		Totals	<u>\$ 17,533,475</u>	<u>\$ 8,368,594</u>	<u>\$ 1,489,072</u>	<u>\$ 4,582,271</u>	<u>\$ 3,093,538</u>

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

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

Interest Rate Risk

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, 2023.

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 US Treasuries, that account for more than 5% of total invested funds.

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

3. Accounts Receivable

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

	Due from (to) other funds (Internal Balances)	Due from other governments	Other	Total
Governmental activities:				
General Fund	\$ (442,180)	\$ 491,493	\$ 10,325	\$ 59,638
Other governmental activities	<u>864,627</u>	<u>5,101,738</u>	<u>192,651</u>	<u>6,159,016</u>
Total governmental activities	<u>\$ 422,447</u>	<u>\$ 5,593,231</u>	<u>\$ 202,976</u>	<u>\$ 6,218,654</u>
Business-type activities:				
School Food Service	\$ (422,447)	\$ 398,404	\$ 57,125	\$ 33,082
Child Care	<u>-</u>	<u>-</u>	<u>2,521</u>	<u>2,521</u>
Total business-type activities	<u>\$ (422,447)</u>	<u>\$ 398,404</u>	<u>\$ 59,646</u>	<u>\$ 35,603</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 491,493	Due from Cities and Colleges
Other Special Revenue Fund	46,855	Due from State & Federal governments
Capital Outlay Fund	<u>5,054,883</u>	Due from County
Total	<u>\$ 5,593,231</u>	
Business-type activities:		
School Food Service Fund	<u>\$ 398,404</u>	Federal grant funds

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

4. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 63,975,991	\$ 266,669	\$ -	\$ 64,242,660
Construction in progress	9,328,445	8,218,935	7,651,797	9,895,583
Total capital assets not being depreciated	73,304,436	8,485,604	7,651,797	74,138,243
Capital assets being depreciated:				
Buildings and improvements	801,597,528	7,385,128	1,071,815	807,910,841
Equipment and furniture	28,858,257	725,401	12,275	29,571,383
Vehicles	42,906,252	2,108,637	1,093,836	43,921,053
Total capital assets being depreciated	873,362,037	10,219,166	2,177,926	881,403,277
Less accumulated depreciation for:				
Buildings and improvements	264,671,816	18,425,610	755,291	282,342,135
Equipment and furniture	25,997,162	589,356	11,525	26,574,993
Vehicles	30,606,260	2,143,711	1,015,579	31,734,392
Total accumulated depreciation	321,275,238	21,158,677	1,782,395	340,651,520
Total capital assets being depreciated, net	552,086,799			540,751,757
Governmental activity capital assets, net	\$ 625,391,235			\$ 614,890,000
	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment, furniture and vehicles	\$ 6,651,324	\$ 262,866	\$ 80,074	\$ 6,834,116
Less accumulated depreciation for:				
Equipment, furniture and vehicles	5,749,081	216,612	74,072	5,891,621
School Food Service capital assets, net	902,243			942,495
Child Care Fund:				
Capital assets being depreciated:				
Equipment and furniture	110,550	-	-	110,550
Less accumulated depreciation for:				
Equipment and furniture	110,550	-	-	110,550
Child Care Fund capital assets, net	-			-
Business-type activities capital assets, net	\$ 902,243			\$ 942,495

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

Depreciation was charged to governmental functions as follows:

Regular instructional services	\$ 18,425,610
System-wide support services	2,143,711
Unallocated depreciation	<u>589,356</u>
Total	<u>\$ 21,158,677</u>

5. Construction Commitments

As of June 30, 2023, the Board has various construction, renovation and repair projects in progress at several schools in the district. At year end, the Board's commitments with contractors for the remaining portion of the contracts to complete these projects totaled approximately \$97 million.

B. Liabilities

1. Pension Plan and Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

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

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

TSERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55,

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

or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2023 was 17.38% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$43,204,381 for the year ended June 30, 2023.

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

At June 30, 2023, the Board reported a liability of \$227,322,233 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2022 and at June 30, 2021, the Board's proportion was 1.53159% and 1.46562%, respectively.

For the year ended June 30, 2023, the Board recognized pension expense of \$43,035,219. At June 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 989,775	\$ 3,098,437
Changes of assumptions	17,934,858	-
Net difference between projected and actual earnings on pension plan investments	74,661,735	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	3,513,801	7,216,504
Board contributions subsequent to the measurement date	43,204,381	-
Total	<u>\$ 140,304,550</u>	<u>\$ 10,314,941</u>

\$43,204,381 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

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

Year ended June 30:

2024	\$ 21,732,630
2025	20,223,664
2026	9,038,203
2027	35,790,731
2028	-
Thereafter	-
Total	<u>\$ 86,785,228</u>

Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset liability and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.50%. All rates of return and inflation are annualized.

Discount rate. The discount rates used to measure the total pension liability reported at June 30, 2023 and 2022 was 6.50% for both years. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Board's proportionate share of the net pension liability (asset)	\$ 401,917,290	\$ 227,322,233	\$ 83,207,976

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

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 in Chapter 135, Article 1 of the General Statutes. It is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of former employees of the State, the University of North Carolina System, and community colleges. In addition, LEAs, charter schools, and some select local governments also participate.

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

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

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

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

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

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

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

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the year ended June 30, 2023, the

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

Board contributed 6.89% of covered payroll, which amounted to \$17,127,629. During the current fiscal year, the plan also recognized a one-time transfer of excess funding from the Public Employees Health Benefits Fund totaling \$180.5 million, which was isolated from the OPEB expense and allocated to participating employers as a separate contribution. The Board's proportionate share of this contribution totaled \$2,378,016.

At June 30, 2023, Board reported a liability of \$312,844,184 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. The total OPEB liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2022 and at June 30, 2021, the Board's proportion was 1.31741% and 1.27629%, respectively.

\$17,127,629 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2024	\$ (49,335,555)
2025	(30,459,894)
2026	(33,178,333)
2027	(20,846,095)
2028	-
Thereafter	-
Total	<u>\$ (133,819,877)</u>

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

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

Healthcare cost trend rates:

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

Discount rate. The discount rates used to measure the total OPEB liability for the RHBF at June 30, 2023 and 2022 were 3.54% and 2.16%, respectively. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.54% was used as the discount rate used to measure the total OPEB liability. The 3.54% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2022.

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

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

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Net OPEB liability	\$ 368,494,404	\$ 312,844,184	\$ 267,393,061

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:

	1% Decrease (Medical- 4.00-5.00%, Pharmacy- 4.00-8.50%, Medicare Advantage - 4.00%, Administrative - 2.00%)	Healthcare Trend Rates (Medical - 5.00-6.00%, Pharmacy - 5.00-9.50%, Medicare Advantage - 5.00%, Administrative - 3.00%)	1% Increase (Medical- 6.00-7.00%, Pharmacy- 6.00-10.50%, Medicare Advantage - 6.00%, Administrative - 4.00%)
Net OPEB liability	\$ 257,520,808	\$ 312,844,184	\$ 384,357,553

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

Disability Benefits

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

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members. Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members. The financial statements and other required disclosures for the plan are presented in the State of North Carolina's ACFR, which can be found at <https://www.osc.nc.gov/public-information/reports>.

Benefits Provided. Long-term disability benefits are payable as an OPEB from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. An employee is eligible to receive long-term disability benefits provide the following requirements are met: (1) the employee has five or more years of contributing membership service in TSERS or ORP, earned within 96 months prior to the end of the short-term disability period or cessation of salary continuation payments, whichever is later; (2) the employee

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

must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from TSERS after (1) reaching the age of 65 and completing 5 years of membership service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of service at any age.

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2023, employers made a statutory contribution of 0.10% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$248,587 for the year ended June 30, 2023.

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

At June 30, 2023, Board reported an OPEB liability of \$395,949 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. The total OPEB liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2022 and at June 30, 2021, the Board's proportion was 1.33101% and 1.28889%, respectively.

\$248,587 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2024	\$	204,913
2025		233,746
2026		166,880
2027		128,560
2028		25,461
Thereafter		<u>58,985</u>
Total	\$	<u>818,545</u>

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

Inflation	2.50%
Salary increases	3.25%-8.05%, include 3.25% inflation and productivity factor
Investment rate of return	3.00%, net of OPEB plan expense, including inflation

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

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.00 percent) or 1-percentage point higher (4.00 percent) than the current discount rate:

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
Net OPEB asset	\$ 487,562	\$ 395,949	\$ 304,109

Common actuarial assumptions for both OPEB plans. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2021 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2022. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

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

The actuarial assumptions were based on the results of an actuarial experience review for the period January 1, 2015 through December 31, 2019.

DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2021. The long-term expected rate of return was determined based on the combination of expected future real rates of return and expected inflation. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2022 is 1.2%.

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

Following is information related to OPEB expense, proportionate share, assets, liabilities, deferred outflows of resources and deferred inflows of resources reported by the Board as of and for the year ended June 30, 2023:

	RHBF	DIPNC	Total
OPEB Expense (Benefit)	\$ (41,114,504)	\$ 548,633	\$ (40,565,871)
OPEB Liability (Asset)	312,844,184	395,949	313,240,133
Proportionate share of the net OPEB liability (asset)	1.31741%	1.33101%	
Deferred Outflows of Resources			
Differences between expected and actual experience	3,037,303	443,825	3,481,128
Changes of assumptions	25,047,242	25,449	25,072,691
Net difference between projected and actual earnings on plan investments	2,709,095	418,789	3,127,884
Changes in proportion and differences between Board contributions and proportionate share of contributions	11,947,320	53,936	12,001,256
Board contributions subsequent to the measurement date	17,127,629	248,587	17,376,216
Total Deferred Outflows of Resources	<u>59,868,589</u>	<u>1,190,586</u>	<u>61,059,175</u>
Deferred Inflows of Resources			
Differences between Expected and actual experience	865,672	-	865,672
Changes of assumptions	142,382,754	73,352	142,456,106
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	33,312,411	50,102	33,362,513
Total Deferred Inflows of Resources	<u>176,560,837</u>	<u>123,454</u>	<u>176,684,291</u>

2. Accounts Payable

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

	Vendors
Governmental activities:	
General Fund	\$ 2,712,913
Other Governmental	<u>15,194,641</u>
Total governmental activities	<u>\$ 17,907,554</u>
Business-type activities:	
School Food Service Fund	\$ 70,750
Child Care Fund	<u>2,534</u>
Total business-type activities	<u>\$ 73,284</u>

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

3. Unearned Revenues

The balances in unearned revenues at year-end have no time restrictions and are composed of the following elements:

	Unearnd Revenues
Governmental Activities:	
Grants not yet earned	\$ 735,001
Business-Type Activities:	
Prepaid lunch balances (School Food Service Fund)	\$ 363,760
Prepaid summer camp (After School Program Fund)	12,638
Total	\$ 376,398

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	\$ 4,470,903	\$ 3,964,109
Changes of assumptions	43,007,549	142,456,106
Net difference between projected and actual earnings on pension plan investments	77,789,619	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	15,515,057	40,579,017
Board contributions subsequent to the measurement date	60,580,597	-
Total	\$ 201,363,725	\$ 186,999,232

5. Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Board maintains general liability and error and omissions coverage of \$1 million per claim with \$2 million aggregate limit through commercial insurers. The Board also participates in the Public School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing fund administered by the North Carolina Department of Insurance. The Fund insures the tangible property assets of the Board. Coverage is provided on an "all risk" perils contract. Buildings and contents are insured on a replacement cost basis. The Fund purchases excel reinsurance to protect the assets of the Fund in the event of a catastrophic event. The Fund maintains a self-insured retention of \$10 million. Excess reinsurance is purchased through commercial insurers. A limit of \$5 million per occurrence is provided on flood, earthquake, business interruption and extra expense. \$10 million per occurrence is provided on increased cost of construction.

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

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

care benefits. The Board pays most of the cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

Statutory workers' compensation coverage is provided by The Board through a self-insured fund for employees to the extent they are paid from Federal and local funds. Workers' compensation is provided by the State of North Carolina through a self-insured fund, to the extent employees are paid from State fund. Excess reinsurance is purchased through commercial insurers with a limit of \$350,000 per occurrence.

In accordance with G.S. 115C-442, the Board's employees who have custody of the Board's monies at any given time are performance bonded through a commercial surety bond. The finance officer is bonded for \$150,000. The remaining employees that have access to funds are bonded under a blanket bond for \$100,000.

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

6. Contingent Liabilities

At June 30, 2023, the Board was a defendant to various lawsuits and legal claims. In the opinion of the Board's management and the Board's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Board's financial position.

7. Long-Term Obligations

a. Installment Purchases

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 arrangements. The Board entered into such financing contracts for the purchase of school buses during the 2020-2021 and 2021-2022 fiscal years. The original amount of the Board's school bus direct placement installment purchase contracts outstanding at June 30, 2023 totaled \$2,929,382. The financing contract requires four 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 Board also entered into two direct placement installment purchase contracts for computers, the first contract had an original purchase amount totaling \$7,818,198. The financing contract requires quarterly principal and interest payments for 5 years with an interest rate of 3.06%. The second contract had an original purchase amount totaling \$14,110,391. The financing contract requires quarterly principal and interest payments for 5 years with an interest rate of 3.79%.

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

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

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2024	\$ 3,733,906	\$ 448,437
2025	3,325,332	375,259
2026	2,981,778	270,446
2027	3,089,582	162,643
2028	2,511,402	55,504
Total	<u>\$ 15,642,000</u>	<u>\$ 1,312,289</u>

b. Long-Term Obligation Activity

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2023:

	July 1, 2022	Increases	Decreases	June 30, 2023	Current Portion
Governmental activities:					
Installment purchases	\$ 4,530,264	\$ 15,121,471	\$ 4,009,735	\$ 15,642,000	\$ 3,733,906
Net pension liability	66,715,825	155,298,206	-	222,014,031	-
Net OPEB liability	383,572,271	-	77,646,608	305,925,663	-
Compensated absences	20,576,478	15,118,256	14,431,018	21,263,716	8,596,704
Total	<u>\$ 475,394,838</u>	<u>\$ 185,537,933</u>	<u>\$ 96,087,361</u>	<u>\$ 564,845,410</u>	<u>\$ 12,330,610</u>
Business-type activities:					
Net pension liability	\$ 1,913,312	\$ 3,394,890	\$ -	\$ 5,308,202	\$ -
Net OPEB liability	11,000,289	-	3,685,819	7,314,470	-
Compensated absences	565,053	572,305	493,783	643,575	276,839
Total	<u>\$ 13,478,654</u>	<u>\$ 3,967,195</u>	<u>\$ 4,179,602</u>	<u>\$ 13,266,247</u>	<u>\$ 276,839</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, 2023 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Special Revenue Fund	School Food Service Fund	<u>\$ 864,627</u>
School Food Service Fund	General Fund	<u>\$ 442,180</u>

The amounts above represent indirect cost owed by the School Food Service Fund and meal charges owed by the General Fund. These amounts are expected to be paid prior to June 30, 2024.

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

2. Transfers to/from other Funds

Transfers to/from other funds at June 30, 2023 consist of the following:

	<u>Amount</u>
From the State Public School Fund to the School Food Service Fund for personnel costs.	<u>\$ 52,069</u>

D. Net Position/Fund Balance

1. Net Investment in Capital Assets – Governmental Activities

Net investment in capital assets presented in Exhibit 1 is calculated as follows:

Total governmental activities capital assets	\$ 614,890,000
Less:	
Installment purchase obligations for school buses	<u>(985,115)</u>
Net investment in capital assets, governmental activities	<u>\$ 613,904,885</u>

2. 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	\$ 10,500,991
Less:	
Stabilization by State statute	(1,671,786)
Appropriated Fund Balance in the 2023-2024 budget	<u>(2,429,533)</u>
Remaining fund balance	<u>\$ 6,399,672</u>

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

NOTE 3 – OTHER SPECIAL REVENUE FUND – OTHER REVENUES

Other revenues for the fiscal year ended June 30, 2023 in the Other Special Revenue Fund consists of the following:

Tuition and fees	\$ 1,269,311
Medicaid reimbursements	1,924,678
Indirect costs allocated	2,262,616
Private grants and donations	251,467
Facility rentals	136,042
Contributions and donations	191,347
Investment income	134,053
Insurance proceeds	125,260
Contracted services	253,090
Miscellaneous	<u>290,405</u>
Total other revenues	<u>\$ 6,838,269</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

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

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

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

Schedule of Board Contributions
Retiree Health Benefit Fund

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

Schedule of Board Contributions
Disability Income Plan of North Carolina

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

	2023	2022	2021	2020	2019
Board's proportion of the net pension liability (asset)	1.53159%	1.46562%	1.58662%	1.58218%	1.55636%
Board's proportionate share of the net pension liability (asset)	\$ 227,322,233	\$ 68,629,137	\$ 191,695,381	\$ 164,023,920	\$ 154,952,587
Board's covered payroll	\$ 239,723,906	\$ 222,905,839	\$ 230,000,188	\$ 230,661,877	\$ 214,696,602
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	94.83%	30.79%	83.35%	71.11%	72.17%
Plan fiduciary net position as a percentage of the total pension liability	84.14%	94.86%	89.51%	87.56%	87.61%
	2018	2017	2016	2015	2014
Board's proportion of the net pension liability (asset)	1.59601%	1.58302%	1.57303%	1.52723%	1.54150%
Board's proportionate share of the net pension liability (asset)	\$ 126,634,472	\$ 145,495,891	\$ 57,969,270	\$ 17,905,565	\$ 93,584,758
Board's covered payroll	\$ 209,780,447	\$ 205,208,988	\$ 203,706,430	\$ 186,085,512	\$ 181,741,673
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	60.37%	70.90%	28.46%	9.62%	51.49%
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.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 43,204,381	\$ 39,266,776	\$ 32,927,904	\$ 30,022,566	\$ 28,348,345
Contributions in relation to the contractually required contribution	<u>43,204,381</u>	<u>39,266,776</u>	<u>32,927,904</u>	<u>30,022,566</u>	<u>28,348,345</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 248,586,771	\$ 239,723,906	\$ 222,905,839	\$ 230,000,188	\$ 230,661,877
Contributions as a percentage of covered payroll	17.38%	16.38%	14.87%	12.97%	12.29%

54

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 23,144,294	\$ 20,936,089	\$ 18,776,622	\$ 18,639,139	\$ 16,170,831
Contributions in relation to the contractually required contribution	<u>23,144,294</u>	<u>20,936,089</u>	<u>18,776,622</u>	<u>18,639,139</u>	<u>16,170,831</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 214,696,602	\$ 209,780,447	\$ 205,208,988	\$ 203,706,430	\$ 186,085,512
Contributions as a percentage of covered payroll	10.78%	9.98%	9.15%	9.15%	8.69%

**UNION COUNTY BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
RETIREE HEALTH BENEFIT FUND
LAST SEVEN FISCAL YEARS***

55

	2023	2022	2021	2020	2019
Board's proportion of the net OPEB liability/asset	1.31741%	1.27629%	1.37306%	1.37258%	1.27629%
Board's proportionate share of the net OPEB liability (asset)	\$ 312,844,184	\$ 394,572,560	\$ 380,897,241	\$ 434,277,197	\$ 394,819,992
Board's covered-employee payroll	\$ 239,723,906	\$ 222,905,839	\$ 230,000,188	\$ 230,661,877	\$ 214,696,602
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	130.50%	177.01%	165.61%	188.27%	183.90%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	10.58%	7.72%	6.92%	4.40%	4.40%
	2018	2017			
Board's proportion of the net OPEB liability/asset	1.45493%	1.39123%			
Board's proportionate share of the net OPEB liability (asset)	\$ 477,021,010	\$ 605,230,565			
Board's covered-employee payroll	\$ 209,780,447	\$ 205,208,988			
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	227.39%	294.93%			
Plan fiduciary net position as a percentage of the total OPEB liability/asset	3.52%	2.41%			

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

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 17,127,629	\$ 15,078,634	\$ 14,882,165	\$ 14,976,562	\$ 14,462,500
Contributions in relation to the contractually required contribution	<u>17,127,629</u>	<u>15,078,634</u>	<u>14,882,165</u>	<u>14,976,562</u>	<u>14,462,500</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 248,586,771	\$ 239,723,906	\$ 222,905,839	\$ 230,000,188	\$ 230,661,877
Contributions as a percentage of covered payroll	6.89%	6.29%	6.68%	6.47%	6.27%

56

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 12,989,144	\$ 12,165,615	\$ 11,436,286	\$ 11,100,414	\$ 10,027,418
Contributions in relation to the contractually required contribution	<u>12,989,144</u>	<u>12,165,615</u>	<u>11,436,286</u>	<u>11,100,414</u>	<u>10,027,418</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 214,696,602	\$ 209,780,447	\$ 205,208,988	\$ 203,706,430	\$ 185,692,926
Contributions as a percentage of covered payroll	6.05%	5.81%	5.60%	5.49%	5.40%

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

	2023	2022	2021	2020	2019
Board's proportion of the net OPEB liability/asset	1.33101%	1.28889%	1.38670%	1.39364%	1.37598%
Board's proportionate share of the net OPEB liability (asset)	\$ 395,949	\$ (210,527)	\$ (682,173)	\$ (601,356)	\$ (417,968)
Board's covered-employee payroll	\$ 239,723,906	\$ 222,905,839	\$ 230,000,188	\$ 230,661,877	\$ 214,696,602
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	0.17%	0.09%	0.30%	0.26%	0.19%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	90.34%	105.18%	115.57%	113.00%	108.47%
	2018	2017			
Board's proportion of the net OPEB liability/asset	1.40907%	1.41358%			
Board's proportionate share of the net OPEB liability (asset)	\$ (861,224)	\$ (877,833)			
Board's covered-employee payroll	\$ 209,780,447	\$ 205,208,988			
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	0.41%	0.43%			
Plan fiduciary net position as a percentage of the total OPEB liability/asset	116.23%	116.06%			

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

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 248,587	\$ 215,752	\$ 200,508	\$ 230,000	\$ 322,927
Contributions in relation to the contractually required contribution	<u>248,587</u>	<u>215,752</u>	<u>200,508</u>	<u>230,000</u>	<u>322,927</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 248,586,771	\$ 239,723,906	\$ 222,905,839	\$ 230,000,188	\$ 230,661,877
Contributions as a percentage of covered payroll	0.10%	0.09%	0.09%	0.10%	0.14%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 300,575	\$ 795,686	\$ 837,300	\$ 828,993	\$ 817,049
Contributions in relation to the contractually required contribution	<u>300,575</u>	<u>795,686</u>	<u>837,300</u>	<u>828,993</u>	<u>817,049</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 214,696,602	\$ 209,780,447	\$ 205,208,988	\$ 203,706,430	\$ 185,692,955
Contributions as a percentage of covered payroll	0.14%	0.38%	0.41%	0.41%	0.44%

Supplementary Information

General Fund

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
Union County:			
County appropriation	\$ 116,488,452	\$ 116,450,157	\$ (38,295)
Other:			
Fines and forfeitures	700,000	1,042,812	342,812
ABC revenues	60,000	24,720	(35,280)
Total other	<u>760,000</u>	<u>1,067,532</u>	<u>307,532</u>
Total revenues	<u>117,248,452</u>	<u>117,517,689</u>	<u>269,237</u>
Expenditures:			
Current:			
Instructional services:			
Regular instructional	26,331,372	26,274,349	57,023
Special populations	4,086,408	4,086,408	-
Alternative programs	148,075	148,075	-
School leadership	13,831,117	13,831,117	-
Co-curricular	2,607,022	2,607,022	-
School-based support	9,996,541	9,996,541	-
Total instructional services	<u>57,000,535</u>	<u>56,943,512</u>	<u>57,023</u>
System-wide support services:			
Support and development	2,334,604	2,334,604	-
Special population support and development	309,769	309,769	-
Alternative programs and services			
support and development	3,131,429	3,131,429	-
Technology support	5,351,089	5,321,011	30,078
Operational support	29,272,067	29,272,067	-
Financial and human resource services	6,916,637	6,916,637	-
Accountability	513,451	513,451	-
System-wide pupil support	633,239	541,067	92,172
Policy, leadership and public relations	3,428,288	3,428,288	-
Total system-wide support services	<u>51,890,573</u>	<u>51,768,323</u>	<u>122,250</u>

UNION COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)
GENERAL FUND
For the Fiscal Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures: (Continued)			
Current:			
Ancillary services:			
Nutrition	<u>640,832</u>	<u>640,832</u>	<u>-</u>
Nonprogrammed charges:			
Payments to other governments	<u>11,157,808</u>	<u>11,157,808</u>	<u>-</u>
Total expenditures	<u>120,689,748</u>	<u>120,510,475</u>	<u>179,273</u>
Revenues over (under) expenditures	(3,441,296)	(2,992,786)	448,510
Fund balance appropriated	<u>3,441,296</u>	<u>-</u>	<u>(3,441,296)</u>
Net change in fund balance	<u>\$ -</u>	(2,992,786)	<u>\$ (2,992,786)</u>
Fund balance:			
Beginning of year		<u>13,493,777</u>	
End of year		<u>\$ 10,500,991</u>	

Supplementary Information

Capital Outlay Fund

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
State of North Carolina:			
K-12 Athletic Facilities Grant	\$ 1,200,000	\$ 969,815	\$ (230,185)
State Buses Appropriation	<u>1,198,943</u>	<u>1,198,943</u>	<u>-</u>
Total State of North Carolina	<u>2,398,943</u>	<u>2,168,758</u>	<u>(230,185)</u>
Union County:			
Bond proceeds	2,275,893	3,064,977	789,084
County appropriations	<u>47,259,828</u>	<u>23,902,099</u>	<u>(23,357,729)</u>
Total Union County	<u>49,535,721</u>	<u>26,967,076</u>	<u>(22,568,645)</u>
Other:			
Interest earned on investments	-	79,459	79,459
Proceeds from disposal of capital assets	<u>99,644</u>	<u>99,644</u>	<u>-</u>
Total other	<u>99,644</u>	<u>179,103</u>	<u>79,459</u>
Total revenues	<u>52,034,308</u>	<u>29,314,937</u>	<u>(22,719,371)</u>
Expenditures:			
Debt service:			
Principal retirement	4,009,735	4,009,735	-
Interest and fees	<u>125,971</u>	<u>125,971</u>	<u>-</u>
Total debt service	<u>4,135,706</u>	<u>4,135,706</u>	<u>-</u>
Current:			
Instructional services	18,034,495	14,564,503	3,469,992
System-wide support services	<u>1,037,980</u>	<u>241,252</u>	<u>796,728</u>
Capital outlay:			
Real property and buildings	40,919,992	22,913,554	18,006,438
Furnishings and equipment	<u>118,997</u>	<u>118,997</u>	<u>-</u>
Buses and motor vehicles	<u>4,449,357</u>	<u>2,538,566</u>	<u>1,910,791</u>
Total capital outlay	<u>45,488,346</u>	<u>25,571,117</u>	<u>19,917,229</u>
Total expenditures	<u>68,696,527</u>	<u>44,512,578</u>	<u>24,183,949</u>
Revenues over (under) expenditures	(16,662,219)	(15,197,641)	1,464,578
Other financing sources:			
Installment purchase obligations issued	16,304,660	15,121,471	(1,183,189)
Fund balance appropriated	<u>357,559</u>	<u>-</u>	<u>(357,559)</u>
Net change in fund balance	<u>\$ -</u>	<u>(76,170)</u>	<u>\$ (76,170)</u>
Fund balance:			
Beginning of year		<u>2,172,307</u>	
End of year		<u>\$ 2,096,137</u>	

Supplementary Information

Enterprise Funds

UNION COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
SCHOOL FOOD SERVICE FUND
For the Fiscal Year Ended June 30, 2023

	Final Budget	Actual	Variance With Final Budget
Operating revenues - food sales	\$ 7,900,972	\$ 7,861,668	\$ (39,304)
Operating expenditures:			
Business support services:			
Purchase of food	-	6,609,224	-
Donated commodities	-	1,319,120	-
Salaries and benefits	-	10,798,884	-
Indirect costs	-	864,627	-
Materials and supplies	-	73,325	-
Repairs and maintenance	-	142,878	-
Non-capitalized equipment	-	59,737	-
Contracted services	-	92,369	-
Other	-	204,790	-
Capital outlay	-	242,303	-
Total operating expenditures	21,337,829	20,407,257	930,572
Operating loss	(13,436,857)	(12,545,589)	891,268
Nonoperating revenues:			
Federal reimbursements	8,390,987	11,126,920	2,735,933
Federal commodities	1,155,838	1,319,120	163,282
State reimbursements	82,853	61,509	(21,344)
Proceeds from disposal of capital assets	1,000	1,484	484
Interest earned	5,146	14,767	9,621
Total nonoperating revenues	9,635,824	12,523,800	2,887,976
Revenues over (under) expenditures	(3,801,033)	(21,789)	3,779,244
Other financing sources:			
Transfers from other funds	-	52,069	52,069
Fund balance appropriated	3,801,033	-	(3,801,033)
Net change in fund balance	\$ -	30,280	\$ 30,280

UNION COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
SCHOOL FOOD SERVICE FUND (continued)
For the Fiscal Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(216,612)	
Capital contributions		20,563	
Net OPEB asset		(4,991)	
Net pension liability		(2,895,358)	
Net OPEB liability		3,122,533	
Deferred outflows		1,071,823	
Deferred inflows		2,146,405	
Equipment purchases		242,303	
Proceeds from disposal of capital assets		(1,484)	
Loss on disposal of capital assets		(4,518)	
Increase in compensated absences payable		(78,481)	
Increase in inventories		<u>93,849</u>	
Change in net position (full accrual)		<u>\$ 3,526,312</u>	

UNION COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
AFTER SCHOOL PROGRAM
For the Fiscal Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Operating revenues:			
Child care fees	\$ 2,804,823	\$ 3,232,699	\$ 427,876
Operating expenditures:			
Regular community services:			
Purchase of food	-	100,781	-
Salaries and benefits	-	2,147,303	-
Materials and supplies	-	101,986	-
Contracted services	-	810	-
Field trips	-	9,851	-
Bank service fees	-	63,870	-
Other	-	26,976	-
Total operating expenditures	<u>2,804,823</u>	<u>2,451,577</u>	<u>353,246</u>
Operating income	<u>-</u>	<u>781,122</u>	<u>781,122</u>
Nonoperating revenues:			
Interest earned	<u>-</u>	<u>47</u>	<u>47</u>
Net change in fund balance	<u>\$ -</u>	781,169	<u>\$ 1,562,338</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Net OPEB asset		(878)	
Net pension liability		(499,532)	
Net OPEB liability		563,286	
Deferred outflows		179,766	
Deferred inflows		385,954	
Increase in compensated absences payable		<u>(41)</u>	
Change in net position (full accrual)		<u>\$ 1,409,724</u>	

Statistical Section

STATISTICAL SECTION

(Unaudited)

The Statistical Section of the District's Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information 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 Union County, these schedules on the county's revenue sources are relevant to an understanding of Union 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 Union provides significant funding to the school system. Selected fiscal data from the County of Union has been included to help the reader better understand the school system and its financial operations.

Demographic and Economic Information

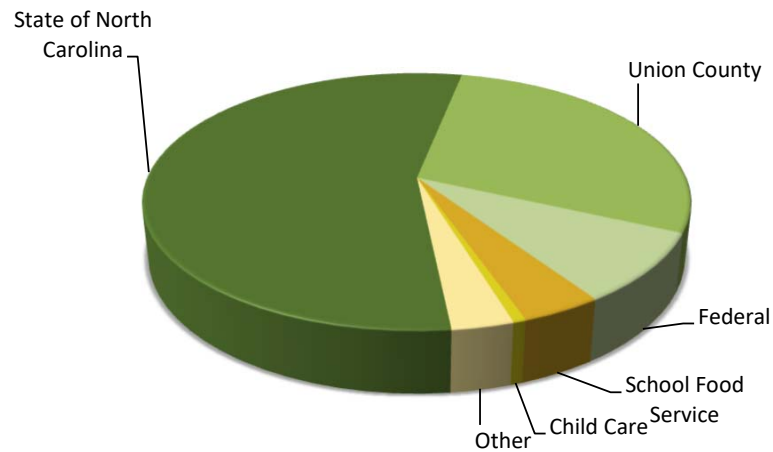
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. County information is included.

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.

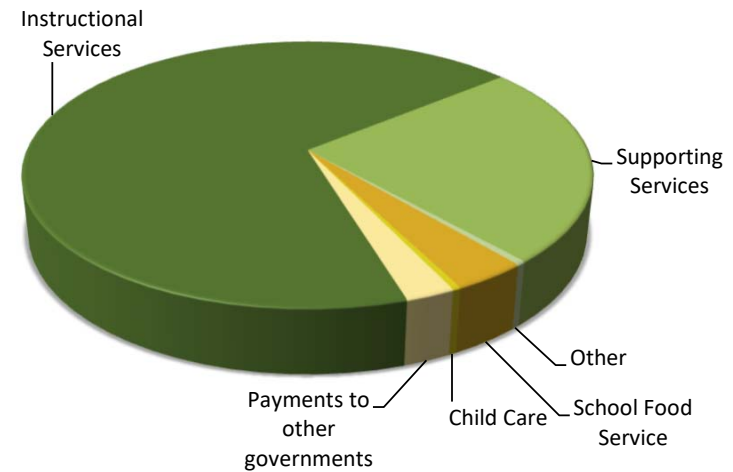
Union County Public Schools
Financial Perspective
Governmental and Business-type Activities
for Fiscal Year 2022-2023

Revenue Sources



State of North Carolina	\$274,756,110
Union County	143,417,233
Federal	43,807,666
School Food Service	20,379,466
Child Care	3,232,746
Other	15,527,759
Total	<u>\$501,120,980</u>

Expenditures/Expenses



Instructional Services	\$320,155,756
Supporting Services	113,202,444
Other	2,142,784
School Food Service	16,925,786
Child Care	1,823,022
Payments to other governments	11,157,808
Total	<u>\$465,407,600</u>

Table 2

UNION COUNTY BOARD OF EDUCATION

Net Position by Component

Last Ten Fiscal Years

Year Ended June 30	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Net investment in capital assets	\$ 610,035,846	\$ 610,994,214	\$ 613,175,982	\$ 610,517,140	\$ 608,109,615	\$ 616,289,064	\$ 635,033,673	\$ 636,437,194	\$ 624,218,257	\$ 613,904,885
Restricted	13,328,036	10,313,176	12,931,221	11,174,475	13,965,960	18,226,389	17,194,566	13,137,634	15,550,725	14,769,380
Unrestricted	(4,836,300)	(71,587,900)	(61,287,021)	(65,657,560)	(668,185,109)	(663,752,069)	(663,378,236)	(646,437,401)	(577,637,242)	(535,765,181)
Total governmental activities net position (deficit)	\$ 618,527,582	\$ 549,719,490	\$ 564,820,182	\$ 556,034,055	\$ (46,109,534)	\$ (29,236,616)	\$ (11,149,997)	\$ 3,137,427	\$ 62,131,740	\$ 92,909,084
Business-type activities:										
Net investment in capital assets	\$ 3,008,959	\$ 2,685,584	\$ 2,326,313	\$ 2,258,881	\$ 2,019,233	\$ 1,715,381	\$ 1,353,447	\$ 1,092,521	\$ 902,243	\$ 942,495
Restricted	-	-	-	-	40,047	46,315	39,911	28,590	27,077	-
Unrestricted	8,472,723	6,219,304	5,898,083	5,921,625	(10,241,650)	(10,592,734)	(11,770,212)	(11,959,617)	(8,005,413)	(3,082,552)
Total business-type activities net position (deficit)	\$ 11,481,682	\$ 8,904,888	\$ 8,224,396	\$ 8,180,506	\$ (8,182,370)	\$ (8,831,038)	\$ (10,376,854)	\$ (10,838,506)	\$ (7,076,093)	\$ (2,140,057)
District-wide										
Net investment in capital assets	\$ 613,044,805	\$ 613,679,798	\$ 615,502,295	\$ 612,776,021	\$ 610,128,848	\$ 618,004,445	\$ 636,387,120	\$ 637,529,715	\$ 625,120,500	\$ 614,847,380
Restricted	13,328,036	10,313,176	12,931,221	11,174,475	14,006,007	16,828,764	17,234,477	13,166,224	15,577,802	14,769,380
Unrestricted	3,636,423	(65,368,596)	(55,388,938)	(59,735,935)	(678,426,759)	(672,900,863)	(675,148,448)	(658,397,018)	(585,642,655)	(538,847,733)
Total primary government net position (deficit)	\$ 630,009,264	\$ 558,624,378	\$ 573,044,578	\$ 564,214,561	\$ (54,291,904)	\$ (38,067,654)	\$ (21,526,851)	\$ (7,701,079)	\$ 55,055,647	\$ 90,769,027

Source: Union County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2023

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**

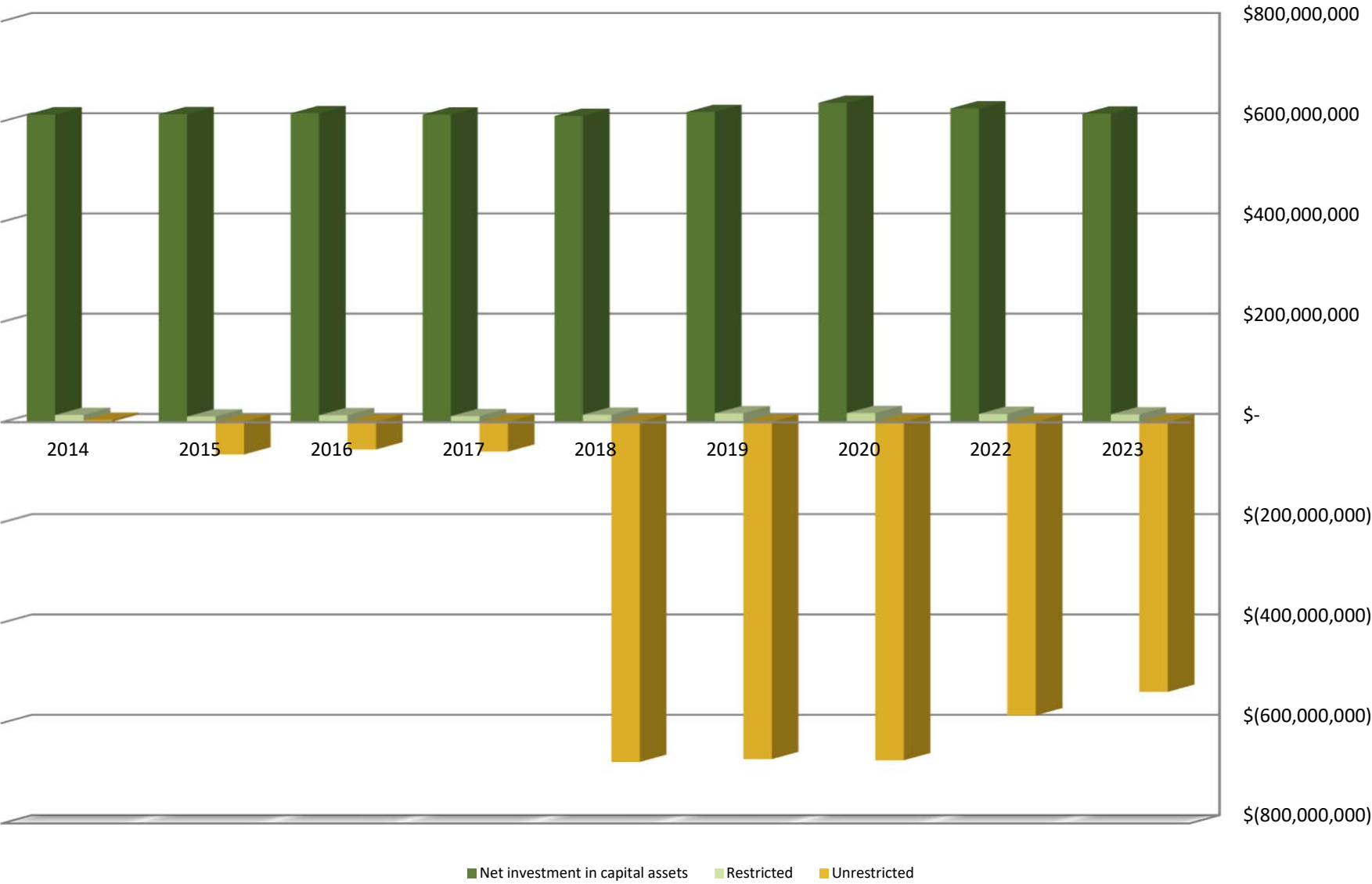


Table 3

UNION COUNTY BOARD OF EDUCATION

Changes in Net Position

Last Ten Fiscal Years

Year Ended June 30	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
Instructional programs	\$ 255,003,125	\$ 269,176,047	\$ 268,863,424	\$ 297,441,622	\$ 318,252,404	\$ 309,812,306	\$ 324,831,555	\$ 314,393,802	\$ 306,472,207	\$ 320,155,756
Support services	69,405,375	67,044,079	67,447,945	70,562,303	78,469,303	80,904,190	77,365,356	82,778,542	81,971,931	113,202,444
Ancillary services and non-programed charges	441,262	304,431	396,986	406,072	334,533	381,556	1,148,373	1,157,982	1,122,526	1,427,457
Payments to other governments	3,486,700	3,676,088	4,134,834	6,336,147	7,689,071	8,259,022	9,155,819	10,123,908	10,269,513	11,157,808
Interest on long-term debt	-	-	-	-	-	181,782	175,542	181,597	116,900	125,971
Unallocated depreciation expense	3,374,337	2,549,877	2,242,067	2,195,386	1,895,343	1,225,276	1,434,253	894,306	742,739	589,356
Total governmental activities expenses	331,710,799	342,750,522	343,085,256	376,941,530	406,640,654	400,764,132	414,110,898	409,530,137	400,695,816	446,658,792
Business-type activities:										
School food service	17,625,741	16,305,878	17,050,233	16,662,707	16,940,632	16,139,109	14,765,642	11,396,561	20,939,710	16,925,786
After School Program	4,072,442	4,683,902	4,720,871	4,484,919	4,498,938	4,549,198	3,910,634	175,895	2,360,834	1,823,022
Total business-type activities expenses	21,698,183	20,989,780	21,771,104	21,147,626	21,439,570	20,688,307	18,676,276	11,572,456	23,300,544	18,748,808
Total primary government expenses	\$ 353,408,982	\$ 363,740,302	\$ 364,856,360	\$ 398,089,156	\$ 428,080,224	\$ 421,452,439	\$ 432,787,174	\$ 421,102,593	\$ 423,996,360	\$ 465,407,600
Program Revenues										
Governmental activities:										
Charges for services:										
Tuition and fees	\$ 874,438	\$ 1,467,144	\$ 1,416,419	\$ 1,644,574	\$ 1,893,507	\$ 1,297,441	\$ 1,232,155	\$ 1,235,937	\$ 1,389,395	\$ 1,269,311
Rental of school property	138,810	204,387	179,149	148,777	190,842	197,046	135,139	61,051	109,077	136,042
Co-curricular	11,670,859	10,409,814	11,689,239	12,020,996	11,179,848	10,223,717	9,285,934	4,156,101	8,126,240	9,784,552
Operating grants and contributions	214,069,008	231,068,466	232,060,542	240,419,051	249,108,658	269,100,942	275,242,644	284,002,564	317,630,032	319,015,600
Capital grants and contributions	968,490	904,927	108,905	432,676	390,534	456,440	449,980	565,854	1,311,178	2,168,758
Total governmental activities program revenues	227,721,605	244,054,738	245,454,254	254,666,074	262,763,389	281,275,586	286,345,852	290,021,507	328,565,922	332,374,263
Business-type activities:										
Charges for services:										
School food service	7,564,219	7,078,823	7,101,713	6,839,980	6,534,170	6,600,918	4,968,783	939,030	2,371,551	7,861,668
After School Program	4,445,298	4,440,579	4,272,109	4,445,747	4,378,247	4,264,522	3,013,080	661,893	2,724,801	3,232,699
Operating grants and contributions	9,193,185	9,207,301	9,585,387	9,755,850	9,510,823	8,923,241	7,718,905	8,828,533	21,870,520	12,507,549
Capital grants and contributions	-	-	24,390	25,000	23,000	-	7,425	-	31,701	20,563
Total business-type activities program revenues	21,202,702	20,726,703	20,983,599	21,066,577	20,446,240	19,788,681	15,708,193	10,429,456	26,998,573	23,622,479
Total district-wide	\$ 248,924,307	\$ 264,781,441	\$ 266,437,853	\$ 275,732,651	\$ 283,209,629	\$ 301,064,267	\$ 302,054,045	\$ 300,450,963	\$ 355,564,495	\$ 355,996,742
Net (expense) / revenue										
Governmental activities	\$ (103,989,194)	\$ (98,695,784)	\$ (97,631,002)	\$ (122,275,456)	\$ (143,877,265)	\$ (119,488,546)	\$ (127,765,046)	\$ (119,508,630)	\$ (72,129,894)	\$ (114,284,529)
Business-type activities	(495,481)	(263,077)	(787,505)	(81,049)	(993,330)	(899,626)	(2,968,083)	(1,143,000)	3,698,029	4,873,671
Total district-wide	\$ (104,484,675)	\$ (98,958,861)	\$ (98,418,507)	\$ (122,356,505)	\$ (144,870,595)	\$ (120,388,172)	\$ (130,733,129)	\$ (120,651,630)	\$ (68,431,865)	\$ (109,410,858)

UNION COUNTY BOARD OF EDUCATION

Changes in Net Position (Continued) Last Ten Fiscal Years

Year ended June 30	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental activities:										
Unrestricted county appropriations - operating	\$ 83,021,859	\$ 87,621,134	\$ 92,269,358	\$ 94,979,912	\$ 97,680,174	\$ 100,649,263	\$ 102,942,093	\$ 109,187,700	\$ 112,169,279	\$ 116,450,157
Unrestricted county appropriations - capital	4,524,315	15,685,061	18,909,151	16,814,882	16,934,107	34,086,582	42,545,304	24,113,621	17,819,185	26,967,076
Unrestricted State appropriations - operating	753,148	-	-	-	-	-	-	-	-	-
Investment earnings, unrestricted	-	81,403	116,015	149,275	246,894	359,955	341,647	9,113	(408,412)	213,512
Unrestricted miscellaneous	8,050,008	1,549,894	1,474,320	1,505,025	2,781,713	1,380,833	1,284,324	1,133,646	1,593,627	1,483,197
Transfers	450,195	343,159	(37,150)	40,235	34,773	(115,169)	(1,261,703)	(648,026)	(49,472)	(52,069)
Total governmental activities	<u>96,799,525</u>	<u>105,280,651</u>	<u>112,731,694</u>	<u>113,489,329</u>	<u>117,677,661</u>	<u>136,361,464</u>	<u>145,851,665</u>	<u>133,796,054</u>	<u>131,124,207</u>	<u>145,061,873</u>
Business-type activities:										
Investment earnings, unrestricted	38,742	40,603	57,273	85,794	98,203	127,387	160,087	102	6,712	14,814
Miscellaneous, unrestricted	115,169	9,807	12,590	(8,400)	6,265	8,402	477	33,220	8,200	(4,518)
Transfers	(450,195)	(343,159)	37,150	(40,235)	(34,773)	115,169	1,261,703	648,026	49,472	52,069
Total business-type activities	<u>(296,284)</u>	<u>(292,749)</u>	<u>107,013</u>	<u>37,159</u>	<u>69,695</u>	<u>250,958</u>	<u>1,422,267</u>	<u>681,348</u>	<u>64,384</u>	<u>62,365</u>
Total district-wide	<u>\$ 96,503,241</u>	<u>\$ 104,987,902</u>	<u>\$ 112,838,707</u>	<u>\$ 113,526,488</u>	<u>\$ 117,747,356</u>	<u>\$ 136,612,422</u>	<u>\$ 147,273,932</u>	<u>\$ 134,477,402</u>	<u>\$ 131,188,591</u>	<u>\$ 145,124,238</u>
Change in Net Position										
Governmental activities	\$ (17,778,420)	\$ (7,189,669)	\$ 6,584,867	\$ 15,100,692	\$ (8,786,127)	\$ (26,199,604)	\$ 16,872,918	\$ 58,994,313	\$ 16,839,678	\$ 30,777,344
Business-type activities	(267,310)	(791,765)	(555,826)	(680,492)	(43,890)	(923,635)	(648,668)	3,762,413	4,938,055	4,936,036
Total district-wide	<u>\$ (18,045,730)</u>	<u>\$ (7,981,434)</u>	<u>\$ 6,029,041</u>	<u>\$ 14,420,200</u>	<u>\$ (8,830,017)</u>	<u>\$ (27,123,239)</u>	<u>\$ 16,224,250</u>	<u>\$ 62,756,726</u>	<u>\$ 21,777,733</u>	<u>\$ 35,713,380</u>

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

Table 4

UNION COUNTY BOARD OF EDUCATION

Governmental Funds

Fund Balances

Last Ten Fiscal Years

Year Ended June 30	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted	\$ 3,041,656	\$ 1,296,016	\$ 3,808,346	\$ 1,272,528	\$ 604,367	\$ 1,208,352	\$ 430,361	\$ 673,860	\$ 98,228	\$ 1,671,786
Assigned	5,902,474	4,856,000	2,700,000	3,812,000	-	-	-	2,860,000	2,999,117	2,429,533
Unassigned	741,838	523,710	1,833	1,896,467	5,558,160	165,098	1,602,910	9,446,925	10,396,432	6,399,672
Total General Fund	<u>\$ 9,685,968</u>	<u>\$ 6,675,726</u>	<u>\$ 6,510,179</u>	<u>\$ 6,980,995</u>	<u>\$ 6,162,527</u>	<u>\$ 1,373,450</u>	<u>\$ 2,033,271</u>	<u>\$12,980,785</u>	<u>\$13,493,777</u>	<u>\$10,500,991</u>
All Other Governmental Funds										
Restricted	\$10,286,380	\$ 9,017,160	\$ 9,122,875	\$ 9,901,947	\$11,046,234	\$13,773,589	\$15,192,359	\$11,267,877	\$14,508,342	\$13,097,594
Assigned	5,676,448	4,496,335	4,004,899	4,148,287	5,498,436	2,807,089	4,111,052	4,948,290	4,176,008	5,236,841
Total all other governmental funds	<u>\$15,962,828</u>	<u>\$13,513,495</u>	<u>\$13,127,774</u>	<u>\$14,050,234</u>	<u>\$16,544,670</u>	<u>\$16,580,678</u>	<u>\$19,303,411</u>	<u>\$16,216,167</u>	<u>\$18,684,350</u>	<u>\$18,334,435</u>

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

Table 5

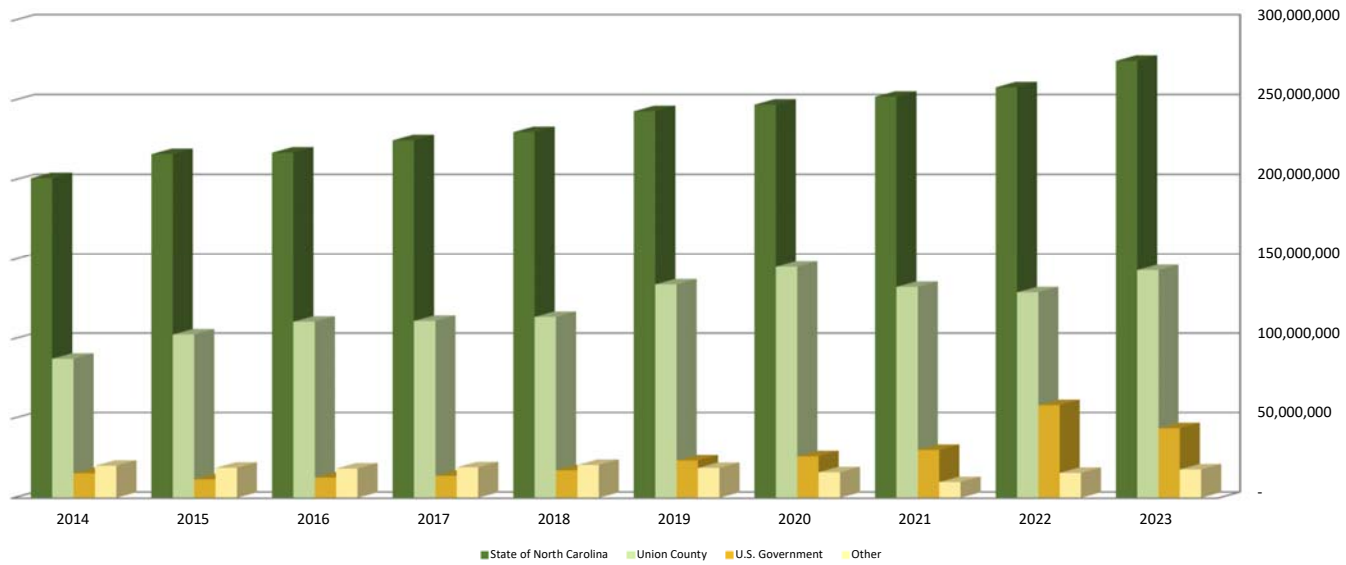
UNION COUNTY BOARD OF EDUCATION

Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years

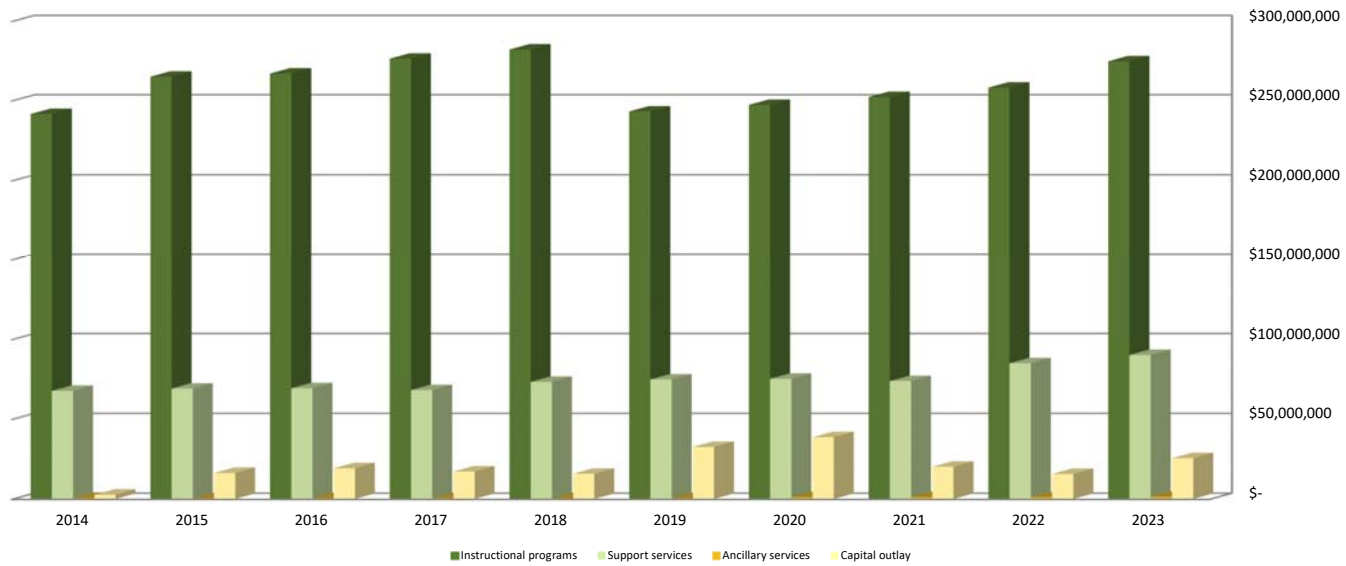
Year Ended June 30	2014	2015	2016	2017	2018
Revenues					
State of North Carolina	201,250,949	216,316,270	217,256,985	224,977,572	\$ 230,087,058
Union County	87,546,174	102,782,945	110,831,819	111,359,717	113,850,566
U.S. Government	15,497,639	11,646,357	12,753,697	13,857,626	17,273,385
Other	20,176,033	18,890,358	18,439,176	19,225,140	20,705,694
Total revenues	<u>324,470,795</u>	<u>349,635,930</u>	<u>359,281,677</u>	<u>369,420,055</u>	<u>381,916,703</u>
Expenditures					
Instructional programs	241,566,196	265,034,347	267,072,697	276,401,599	282,174,501
Support services	67,733,685	69,185,492	69,402,493	68,249,693	73,356,072
Ancillary services	440,346	317,967	412,709	398,242	304,763
Non-programmed charges	3,847,917	3,676,088	4,135,017	6,336,270	8,230,767
Debt service					
Principal retirement	968,490	904,927	108,905	432,676	390,534
Interest and fees	-	-	-	-	-
Capital outlay	2,686,245	16,319,843	19,268,162	17,206,482	15,818,871
Total expenditures	<u>317,242,879</u>	<u>355,438,664</u>	<u>360,399,983</u>	<u>369,024,962</u>	<u>380,275,508</u>
Excess of revenues over (under) expenditures	<u>7,227,916</u>	<u>(5,802,734)</u>	<u>(1,118,306)</u>	<u>395,093</u>	<u>1,641,195</u>
Other financing sources (uses)					
Installment purchase obligations issued	-	-	604,188	957,948	-
Transfers in (out)	450,195	343,159	(37,150)	40,235	34,773
Net change in fund balances	<u>\$ 7,678,111</u>	<u>\$ (5,459,575)</u>	<u>\$ (551,268)</u>	<u>\$ 1,393,276</u>	<u>\$ 1,675,968</u>
Ratio of debt service expenditures to total noncapital expenditures	0.31%	0.26%	0.03%	0.12%	0.11%
Year Ended June 30	2019	2020	2021	2022	2023
Revenues					
State of North Carolina	\$ 243,174,564	\$ 247,327,813	\$ 252,253,566	\$ 258,182,527	\$ 274,756,110
Union County	134,360,350	145,487,397	132,809,666	129,365,230	143,417,233
U.S. Government	23,520,163	26,195,246	30,127,633	58,322,123	43,807,666
Other	18,825,096	16,115,046	9,905,417	15,700,463	17,869,456
Total revenues	<u>419,880,173</u>	<u>435,125,502</u>	<u>425,096,282</u>	<u>461,570,343</u>	<u>479,850,465</u>
Expenditures					
Instructional programs	313,511,999	306,823,719	308,450,633	343,548,760	364,360,992
Support Services	74,907,525	75,320,334	73,872,638	85,047,924	90,211,499
Ancillary services	399,070	1,142,572	1,157,982	1,122,526	1,427,457
Non-programmed charges	8,979,126	9,832,101	10,754,603	11,268,483	12,555,797
Debt service					
Principal retirement	1,975,995	1,958,142	2,850,354	3,660,373	4,009,735
Interest and fees	181,782	175,542	181,597	116,900	125,971
Capital outlay	32,644,399	38,718,508	20,175,488	15,693,032	25,571,117
Total expenditures	<u>432,599,896</u>	<u>433,970,918</u>	<u>417,443,295</u>	<u>460,457,998</u>	<u>498,262,568</u>
Excess of revenues over (under) expenditures	<u>(12,719,723)</u>	<u>1,154,584</u>	<u>7,652,987</u>	<u>1,112,345</u>	<u>(18,412,103)</u>
Other financing sources (uses)					
Installment purchase obligations issued	8,081,823	3,489,673	855,309	1,918,302	15,121,471
Transfers in (out)	(115,169)	(1,261,703)	(648,026)	(49,472)	(52,069)
Net change in fund balances	<u>\$ (4,753,069)</u>	<u>\$ 3,382,554</u>	<u>\$ 7,860,270</u>	<u>\$ 2,981,175</u>	<u>\$ (3,342,701)</u>
Ratio of debt service expenditures to total noncapital expenditures	0.52%	0.53%	0.76%	0.84%	0.85%

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

Governmental Funds Revenues by Source



Expenditures by Function



UNION COUNTY BOARD OF EDUCATION

Capital Project Revenues by Source Last Ten Fiscal Years

Expressed in Nominal Dollars											
Year ended June 30	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
County	\$ 4,524,315	\$ 15,685,061	\$ 18,909,151	\$ 16,814,882	\$ 16,934,107	\$ 34,086,582	\$ 42,545,304	\$ 24,113,621	\$ 17,819,185	\$ 26,967,076	
State	968,490	904,927	108,905	432,676	390,534	456,440	449,980	565,854	1,311,178	2,168,758	
Other	36,652	280,280	86,466	210,822	1,261,173	435,215	272,917	2,482	105,233	179,103	
Totals	\$ 5,529,457	\$ 16,870,268	\$ 19,104,522	\$ 17,458,380	\$ 18,585,814	\$ 34,978,237	\$ 43,268,201	\$ 24,681,957	\$ 19,235,596	\$ 29,314,937	

Expressed in Constant Dollars											
Year ended June 30	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
County	\$ 1,895,890	\$ 6,507,298	\$ 7,719,439	\$ 6,672,863	\$ 6,611,193	\$ 13,222,257	\$ 15,659,157	\$ 8,137,943	\$ 5,840,269	\$ 8,838,506	
State	405,841	375,429	44,459	171,704	152,467	177,054	165,619	190,966	429,741	710,814	
Other	15,359	116,280	35,299	83,663	492,371	168,821	100,449	838	34,490	58,701	
Totals	\$ 2,317,090	\$ 6,999,007	\$ 7,799,197	\$ 6,928,230	\$ 7,256,031	\$ 13,568,132	\$ 15,925,225	\$ 8,329,747	\$ 6,304,500	\$ 9,608,021	

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).

Capital Project Revenues by Source

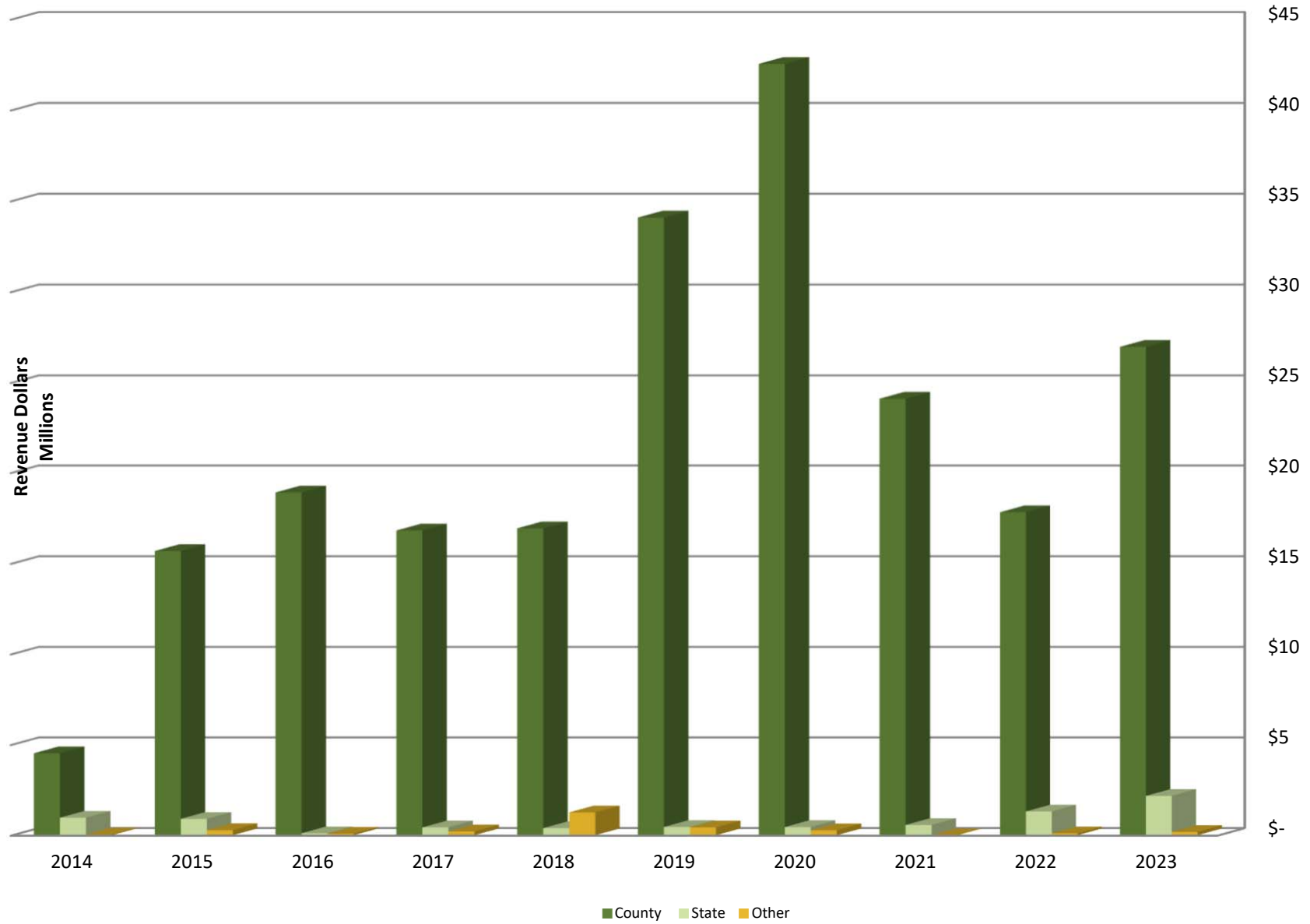


Table 7

UNION COUNTY BOARD OF EDUCATION

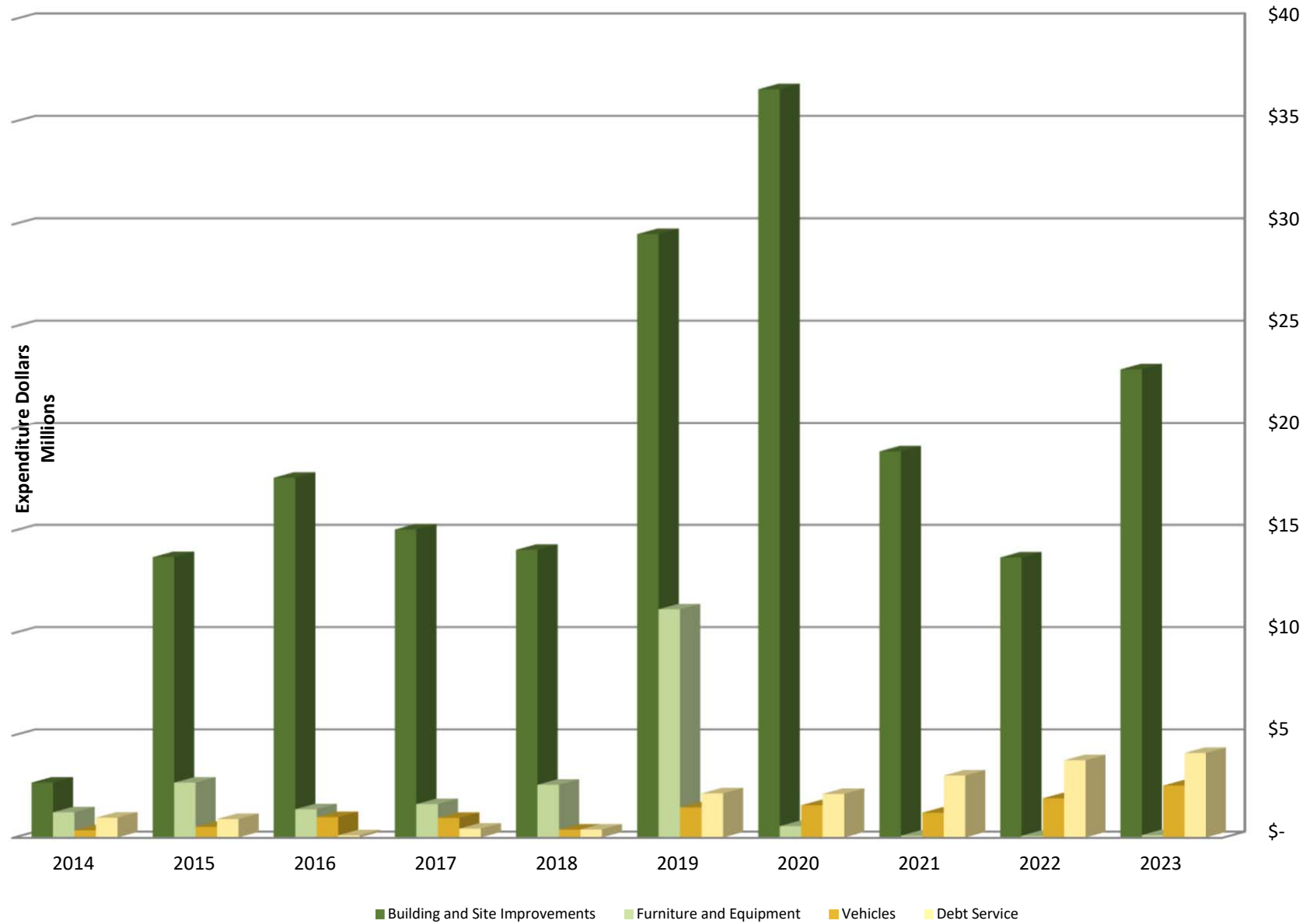
Capital Project Expenditures by Function Last Ten Fiscal Years

Expressed in Nominal Dollars										
Year ended June 30	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Building and Site Improvements	\$ 2,686,245	\$ 13,707,205	\$ 17,586,500	\$ 15,058,664	\$ 14,066,409	\$ 29,516,094	\$ 36,587,479	\$ 18,871,315	\$ 13,692,820	\$ 22,913,554
Furniture and Equipment	1,232,122	2,681,601	1,381,601	1,632,446	2,579,764	11,158,160	553,877	88,340	81,910	118,997
Vehicles	348,328	517,991	991,720	957,948	382,456	1,473,336	1,577,152	1,215,833	1,918,302	2,538,566
Debt Service	968,490	904,927	108,905	432,676	390,534	2,157,777	2,133,684	3,031,951	3,777,273	4,135,706
Totals	<u>\$ 5,235,185</u>	<u>\$ 17,811,724</u>	<u>\$ 20,068,726</u>	<u>\$ 18,081,734</u>	<u>\$ 17,419,163</u>	<u>\$ 44,305,367</u>	<u>\$ 40,852,192</u>	<u>\$ 23,207,439</u>	<u>\$ 19,470,305</u>	<u>\$ 29,706,823</u>

Expressed in Constant Dollars										
Year ended June 30	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Building and Site Improvements	\$ 1,125,657	\$ 5,686,740	\$ 7,179,482	\$ 5,975,921	\$ 5,491,623	\$ 11,449,355	\$ 13,466,330	\$ 6,368,753	\$ 4,487,845	\$ 7,509,957
Furniture and Equipment	516,314	1,112,522	564,022	647,824	1,007,158	4,328,274	203,859	29,813	26,846	39,001
Vehicles	145,965	214,900	404,858	380,155	149,313	571,510	580,484	410,323	628,727	832,019
Debt Service	405,841	375,429	44,459	171,704	152,467	837,006	785,320	1,023,233	1,238,008	1,355,485
Totals	<u>\$ 2,193,777</u>	<u>\$ 7,389,591</u>	<u>\$ 8,192,821</u>	<u>\$ 7,175,604</u>	<u>\$ 6,800,561</u>	<u>\$ 17,186,145</u>	<u>\$ 15,035,993</u>	<u>\$ 7,832,122</u>	<u>\$ 6,381,426</u>	<u>\$ 9,736,462</u>

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).

Capital Project Expenditures by Function



UNION COUNTY BOARD OF EDUCATION

Proprietary Fund - Food Services Operations

Revenues by Source

Last Ten Fiscal Years

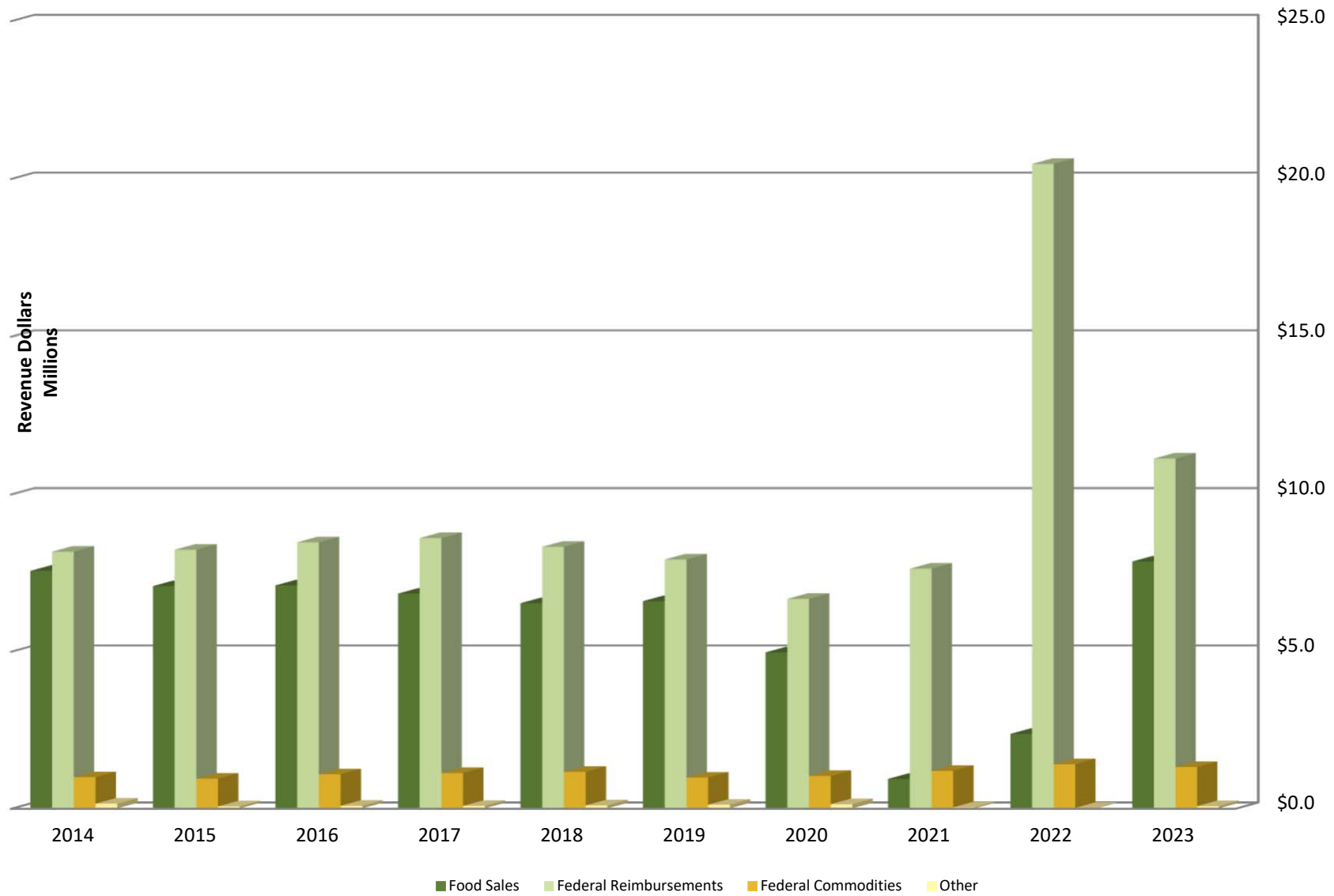
Expressed in Nominal Dollars											
Year ended June 30	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Food Sales	\$ 7,564,219	\$ 7,078,823	\$ 7,101,713	\$ 6,839,980	\$ 6,534,170	\$ 6,600,918	\$ 4,968,783	\$ 939,030	\$ 2,371,551	\$ 7,861,668	
Federal Reimbursements	8,176,556	8,236,724	8,472,614	8,606,855	8,329,591	7,926,468	6,671,516	7,632,912	20,463,891	11,126,920	
Federal Commodities	991,763	944,910	1,085,614	1,124,910	1,163,368	979,715	1,035,123	1,195,136	1,406,629	1,319,120	
Other	150,291	63,346	81,323	79,714	96,002	116,948	135,142	33,705	14,905	71,758	
Totals	\$ 16,882,829	\$ 16,323,803	\$ 16,741,264	\$ 16,651,459	\$ 16,123,131	\$ 15,624,049	\$ 12,810,564	\$ 9,800,783	\$ 24,256,976	\$ 20,379,466	

Expressed in Constant Dollars											
Year ended June 30	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Food Sales	\$ 3,169,746	\$ 2,936,808	\$ 2,899,191	\$ 2,714,396	\$ 2,550,985	\$ 2,560,510	\$ 1,828,802	\$ 316,907	\$ 777,280	\$ 2,576,675	
Federal Reimbursements	3,426,343	3,417,189	3,458,845	3,415,568	3,251,930	3,074,694	2,455,508	2,575,980	6,707,076	3,646,867	
Federal Commodities	415,593	392,017	443,189	446,412	454,187	380,034	380,986	403,338	461,025	432,344	
Other	62,979	26,281	33,199	31,634	37,480	45,364	49,740	11,375	4,885	23,519	
Totals	\$ 7,074,661	\$ 6,772,295	\$ 6,834,424	\$ 6,608,010	\$ 6,294,582	\$ 6,060,602	\$ 4,715,036	\$ 3,307,600	\$ 7,950,266	\$ 6,679,405	

Other revenue includes interest earned, gain on disposal of fixed assets, indirect costs not paid, and other revenue.

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



UNION COUNTY BOARD OF EDUCATION

Proprietary Fund - Food Services Operations Expenses by Category Last Ten Fiscal Years

Expressed in Nominal Dollars											
Year ended June 30	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Purchased Food	\$ 6,518,274	\$ 6,356,541	\$ 6,398,023	\$ 6,131,869	\$ 5,784,007	\$ 6,121,769	\$ 4,528,935	\$ 2,321,094	\$ 6,370,260	\$ 6,515,375	
Donated Commodities	991,763	944,910	1,085,614	1,124,910	1,163,368	979,715	1,035,123	1,195,136	1,406,629	1,319,120	
Salaries and Benefits	7,680,085	7,476,653	7,901,401	7,654,842	8,618,371	7,235,857	7,311,434	7,193,576	11,518,511	7,436,953	
Other	2,191,150	1,527,774	1,665,195	1,751,086	1,374,886	1,801,768	1,890,150	686,755	1,644,310	1,654,338	
Totals	\$ 17,381,272	\$ 16,305,878	\$ 17,050,233	\$ 16,662,707	\$ 16,940,632	\$ 16,139,109	\$ 14,765,642	\$ 11,396,561	\$ 20,939,710	\$ 16,925,786	

Expressed in Constant Dollars											
Year ended June 30	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Purchased Food	\$ 2,731,448	\$ 2,637,153	\$ 2,611,918	\$ 2,433,388	\$ 2,258,116	\$ 2,374,647	\$ 1,666,913	\$ 783,330	\$ 2,087,864	\$ 2,135,425	
Donated Commodities	415,593	392,017	443,189	446,412	454,187	380,034	380,986	403,338	461,025	432,344	
Salaries and Benefits	3,218,299	3,101,857	3,225,654	3,037,768	3,364,672	2,806,804	2,691,035	2,427,711	3,775,212	2,437,474	
Other	918,190	633,831	679,796	694,906	536,765	698,910	695,686	231,768	538,925	542,212	
Totals	\$ 7,283,530	\$ 6,764,858	\$ 6,960,557	\$ 6,612,474	\$ 6,613,740	\$ 6,260,395	\$ 5,434,620	\$ 3,846,147	\$ 6,863,026	\$ 5,547,455	

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



UNION COUNTY BOARD OF EDUCATION

Operational Expenditures Per Pupil Expenditures by Function Last Ten Fiscal Years

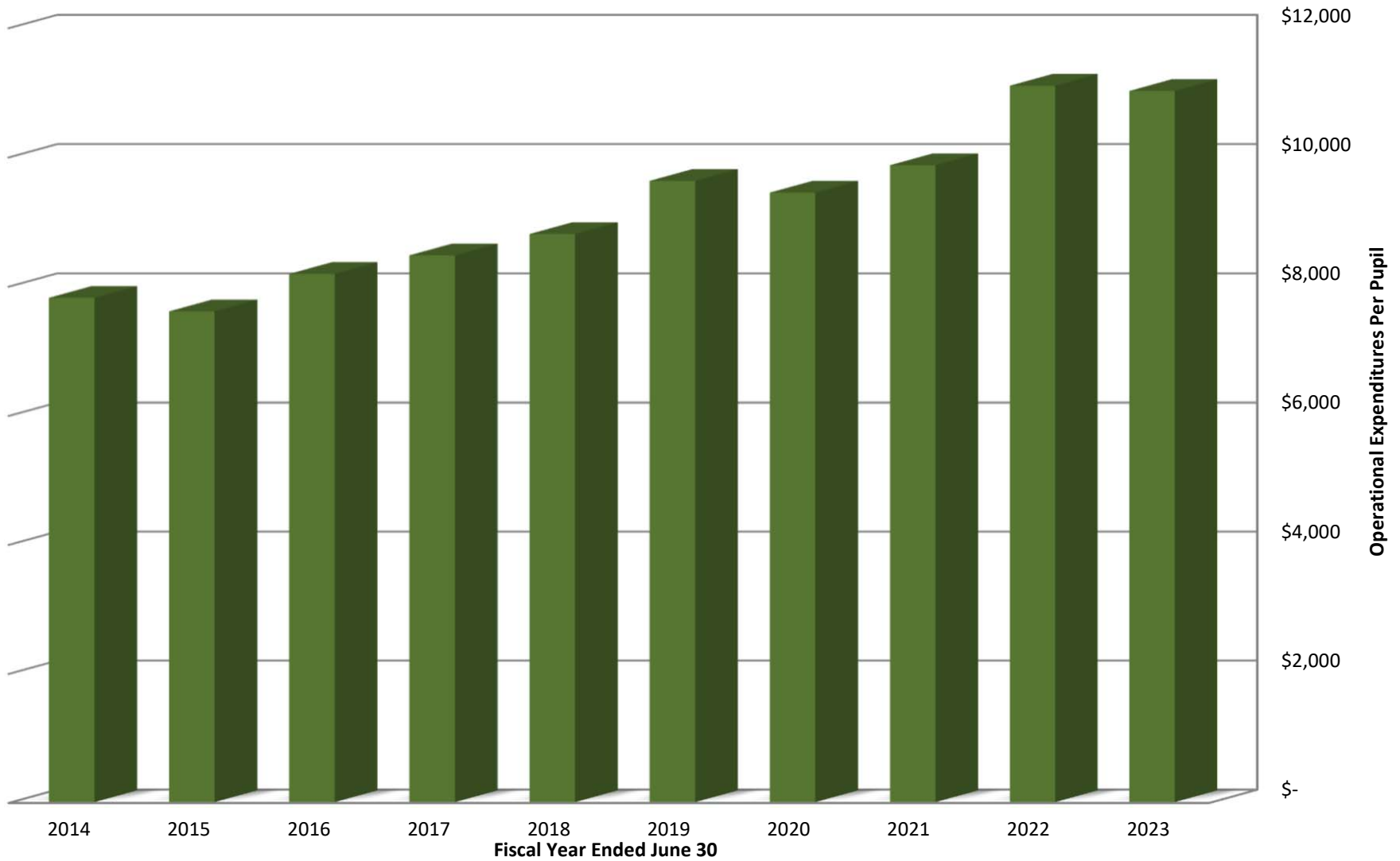
Expressed in Nominal Dollars											
Year ended June 30	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Final Avg. Daily Membership	41,020	41,296	41,873	41,393	41,306	41,201	41,394	39,727	40,284	41,210	
Instructional	\$ 6,123	\$ 5,882	\$ 6,414	\$ 6,661	\$ 6,821	\$ 7,580	\$ 7,358	\$ 7,708	\$ 8,512	\$ 8,488	
Support	1,590	1,620	1,665	1,649	1,776	1,818	1,820	1,860	2,239	2,189	
Ancillary	10	10	8	10	7	10	28	29	35	35	
Non-programmed charges	93	94	99	153	199	218	238	271	312	305	
Totals	\$ 7,816	\$ 7,606	\$ 8,186	\$ 8,473	\$ 8,803	\$ 9,626	\$ 9,444	\$ 9,868	\$ 11,098	\$ 11,017	

Expressed in Constant Dollars											
Year ended June 30	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Instructional	\$ 2,566	\$ 2,440	\$ 2,618	\$ 2,643	\$ 2,663	\$ 2,940	\$ 2,708	\$ 2,601	\$ 2,790	\$ 2,782	
Support	666	672	680	654	693	705	670	628	734	717	
Ancillary	4	4	3	4	3	4	10	10	11	11	
Non-programmed charges	39	39	40	61	78	85	88	91	102	100	
Totals	\$ 3,275	\$ 3,155	\$ 3,341	\$ 3,362	\$ 3,437	\$ 3,734	\$ 3,476	\$ 3,330	\$ 3,637	\$ 3,610	

The above operational expenditures per pupil include the General, State Public School, Federal Grants, and Other Special Revenue Funds.

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



**Union County Board of Education
Final Average Daily Membership
Last Ten Fiscal Years**



UNION COUNTY BOARD OF EDUCATION
Teachers' Salaries
Last Ten Fiscal Years

Year Ended June 30	Minimum	Maximum	
2023	\$ 41,916	\$ 76,566	*
2022	40,046	75,046	*
2021	38,150	72,930	*
2020	38,150	72,930	*
2019	38,150	72,930	*
2018	38,150	72,230	*
2017	38,150	70,750	**
2016	38,150	69,530	**
2015	35,611	68,633	**
2014	32,850	72,592	**

* Represents total salaries including both state and local supplement, but does not include the following:

- (a) Bonus payments
- (b) Payments of varying amounts for performing extra duties.

Note: Effective 7/1/14, teachers no longer receive longevity payments.

** Represents total salaries including both state base and the system-wide local supplement, but does not include the following:

- (a) Bonus payments
- (b) Payments of varying amounts for performing extra duties, and
- (c) 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.

Source: Union County Public Schools Board of Education Payroll Data

UNION COUNTY BOARD OF EDUCATION

School Building Data

June 30, 2023

<u>Campus</u>	<u>Grade Span</u>	<u>School Capacity</u>	<u>Final Avg. Daily Membership</u>	<u>Percentage of Capacity Used</u>	<u>Age (Years) of Original Construction</u>	<u>Date of Original Construction</u>
Elementary Schools						
Antioch	K-5	757	873	115%	19	2004
Benton Heights	K-5	654	445	68%	99	1924
East	K-5	532	382	72%	73	1950
Fairview	K-5	631	418	66%	22	2001
Hemby Bridge	K-5	525	457	87%	50	1973
Indian Trail	K-5	642	605	94%	83	1940
Kensington	K-5	746	1037	139%	18	2005
Marshville	K-5	460	409	89%	78	1945
Marvin	K-5	728	737	101%	21	2002
New Salem	K-5	277	238	86%	74	1949
New Town	K-5	728	769	106%	16	2007
Poplin	K-5	746	731	98%	14	2009
Porter Ridge	K-5	688	694	101%	19	2004
Prospect	K-5	494	366	74%	70	1953
Rea View	K-5	728	619	85%	16	2007
Rock Rest	K-5	538	427	79%	17	2006
Rocky River	K-5	660	507	77%	16	2007
Sandy Ridge	K-5	704	602	86%	18	2005
Sardis	K-5	525	452	86%	26	1997
Shiloh Valley ES	K-5	844	610	72%	31	1992
Shiloh Valley PS	K-5	641	563	88%	15	2008
Stallings	K-5	750	745	99%	15	2008
Union	K-5	368	283	77%	31	1992
Unionville	K-5	668	645	97%	78	1945
Walter Bickett	K-5	784	464	59%	21	2002
Waxhaw	K-5	653	621	95%	31	1992
Weddington	K-5	701	691	99%	26	1997
Wesley Chapel	K-5	575	792	138%	66	1957
Western Union	K-5	601	561	93%	68	1955
Wingate	K-5	460	378	82%	70	1953
Middle Schools						
Cuthbertson	6-8	1320	1349	102%	14	2009
East Union	6-8	1060	669	63%	71	1952
Marvin Ridge	6-8	1408	1367	97%	16	2007
Monroe	6-8	1128	928	82%	48	1975
Parkwood	6-8	984	839	85%	48	1975
Piedmont	6-8	988	989	100%	48	1975
Porter Ridge	6-8	1454	1314	90%	18	2005
Sun Valley	6-8	1180	998	85%	48	1975
Weddington	6-8	1216	1479	122%	25	1998

UNION COUNTY BOARD OF EDUCATION

School Building Data (Continued)

June 30, 2023

Campus	Grade Span	School Capacity	Final Avg. Daily Membership	Percentage of Capacity Used	Age of Original Construction	Date of Original Construction
High Schools						
Cuthbertson	9-12	1794	1921	107%	14	2009
Early College ⁽¹⁾	9-13	N/A	271	N/A	N/A	N/A
Forest Hills	9-12	1448	840	58%	63	1960
Marvin Ridge	9-12	1848	2054	111%	16	2007
Monroe	9-12	1440	987	69%	63	1960
Parkwood	9-12	1376	1032	75%	62	1961
Piedmont	9-12	1600	1207	75%	63	1960
Porter Ridge	9-12	1812	1729	95%	18	2005
Sun Valley	9-12	1614	1381	86%	63	1960
Weddington	9-12	1794	1808	101%	23	2000
Alternative Schools						
Central Academy	9-12	1504	809	54%	48	1975
South Providence	6-12	140	75	54%	81	1942
Wolfe Develop. Center/ Trainable School	K-12	140	80	57%	14	2009

N/A = Not Applicable

Source: Union County Public Schools N. C. Public Schools Facility Needs Report; 2023

Note:

(1) Early College is located at South Piedmont Community College

UNION COUNTY BOARD OF EDUCATION

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Year Ended June 30	Capitalized Leases	Installment Purchases	Total Primary Government	Percentage of Personal Income	Per Capita
2023	\$ -	\$ 15,642,000	\$ 15,642,000	N/A	\$ 62
2022	-	4,530,264	4,530,264	N/A	18
2021	-	6,272,335	6,272,335	0.04%	25
2020	-	8,267,380	8,267,380	0.06%	34
2019	-	6,735,849	6,735,849	0.05%	28
2018	-	630,021	630,021	0.00%	3
2017	-	1,020,555	1,020,555	0.01%	4
2016	-	495,283	495,283	0.00%	10
2015	-	-	-	0.00%	-
2014	-	904,927	904,927	0.01%	4

N/A = Not available

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

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, 2023 and June 30, 2022 income based information will be shown above as "N/A", and the June 30, 2022 information will be reported for the year ended June 30, 2024, if applicable.

Union County
North Carolina
Governmental Funds Revenues by Source
Last Ten Fiscal Years

Expressed in Nominal Dollars

Fiscal Year Ended June 30	Ad Valorem Taxes	Other Taxes	Inter- Governmental Revenues	Licenses and Permits	Sales and Service	Investment Earnings	Miscellaneous	Total
2023	\$ 240,745,881	\$ 78,365,081	\$ 69,741,940	\$ 5,843,350	\$ 6,223,783	\$ 10,695,931	\$ 12,268,703	\$ 423,884,669
2022	230,583,439	75,417,694	53,207,574	7,616,113	9,026,258	(984,026)	9,932,134	384,799,186
2021	216,861,127	63,865,032	52,634,253	6,976,032	4,809,935	18,714	9,976,311	355,141,404
2020	205,018,769	54,196,471	38,003,442	8,596,860	5,749,023	4,609,079	8,182,913	324,356,557
2019	200,033,303	51,043,188	36,880,791	7,372,469	6,546,595	4,764,823	13,543,304	320,184,473
2018	205,544,367	47,864,360	34,516,783	7,862,126	5,914,930	1,824,378	7,377,686	310,904,630
2017	195,274,372	46,480,879	36,527,796	7,227,386	4,599,967	451,706	7,583,456	298,145,562
2016	192,395,861	40,556,654	33,831,925	7,472,415	5,173,794	867,318	7,145,607	287,443,574
2015	194,255,775	36,225,000	31,928,468	6,783,000	5,182,376	467,683	7,433,477	282,275,779
2014	169,710,100	33,776,838	29,679,942	6,982,279	4,911,808	397,818	7,250,003	252,708,788

Expressed in Constant Dollars

Fiscal Year Ended June 30	Ad Valorem Taxes	Other Taxes	Inter- Governmental Revenues	Licenses and Permits	Sales and Service	Investment Earnings	Miscellaneous	Total
2023	\$ 78,904,877	\$ 25,684,290	\$ 22,858,041	\$ 1,915,168	\$ 2,039,856	\$ 3,505,610	\$ 4,021,089	\$ 138,928,930
2022	75,574,119	24,718,279	17,438,874	2,496,194	2,958,372	(322,516)	3,255,274	126,118,596
2021	73,186,998	21,553,379	17,763,179	2,354,294	1,623,273	6,316	3,366,838	119,854,276
2020	75,458,884	19,947,467	13,987,487	3,164,147	2,115,976	1,696,410	3,011,790	119,382,161
2019	77,593,340	19,799,760	14,306,137	2,859,796	2,539,438	1,848,285	5,253,476	124,200,232
2018	80,245,943	18,686,577	13,475,591	3,069,428	2,309,230	712,250	2,880,300	121,379,319
2017	77,493,213	18,445,598	14,495,790	2,868,136	1,825,463	179,256	3,009,439	118,316,896
2016	78,543,349	16,556,777	13,811,486	3,050,526	2,112,141	354,072	2,917,110	117,345,461
2015	80,591,349	15,028,751	13,246,238	2,814,079	2,150,024	194,029	3,083,944	117,108,414
2014	71,116,126	14,154,006	12,437,224	2,925,887	2,058,267	166,704	3,038,076	105,896,290

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).

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

Union County
North Carolina
Governmental Funds Expenditures by Function
Last Ten Fiscal Years

Expressed in Nominal Dollars									
Fiscal Year Ended June 30	General Government	Public Safety	Capital Outlay	Economic & Physical Development	Human Services	Education	Culture and Recreation	Debt Service	Total
2023	\$ 34,581,334	\$ 90,896,342	\$ 47,992,142	\$ 5,180,105	\$ 59,508,046	\$ 121,632,240	\$ 7,906,109	\$ 49,603,377	\$ 417,299,695
2022	31,058,589	77,954,992	55,984,248	6,032,724	55,889,295	115,534,483	7,471,269	49,709,511	399,635,111
2021	26,398,132	70,546,972	49,078,618	4,640,342	55,430,052	112,899,751	6,690,573	50,024,597	375,709,037
2020	18,002,109	71,873,105	69,294,756	4,601,843	47,910,610	106,102,982	7,332,683	38,995,665	364,113,753
2019	14,665,382	67,937,224	59,785,746	4,534,087	45,941,860	103,194,389	8,027,154	57,195,352	361,281,194
2018	13,381,265	62,734,029	34,419,297	3,322,030	43,083,568	99,713,171	7,597,933	45,556,806	309,808,099
2017	13,165,184	57,008,242	39,935,681	2,813,512	43,900,232	97,247,541	6,888,443	45,859,147	306,817,982
2016	12,344,165	52,681,383	23,343,138	2,629,698	41,848,033	94,996,333	6,579,913	47,814,441	282,237,104
2015	11,254,881	48,720,595	22,134,201	2,565,477	40,496,633	89,885,541	6,278,455	48,336,997	269,672,780
2014	11,625,201	43,980,663	7,058,571	2,383,306	37,430,037	85,180,373	6,006,214	47,348,877	241,013,242

Expressed in Constant Dollars									
Fiscal Year Ended June 30	General Government	Public Safety	Capital Outlay	Economic & Physical Development	Human Services	Education	Culture and Recreation	Debt Service	Total
2023	\$ 11,334,092	\$ 29,791,433	\$ 15,729,507	\$ 1,697,788	\$ 19,503,865	\$ 39,865,176	\$ 2,591,241	\$ 16,257,592	\$ 136,770,693
2022	10,179,506	25,549,883	18,348,934	1,977,236	18,317,813	37,866,626	2,448,721	16,292,378	134,870,157
2021	8,908,927	23,808,422	16,563,212	1,566,038	18,706,714	38,101,775	2,257,956	16,882,464	138,282,874
2020	6,625,828	26,453,501	25,504,518	1,693,747	17,633,903	39,052,096	2,698,856	14,352,683	141,240,493
2019	5,688,733	26,352,992	23,191,017	1,758,782	17,820,944	40,029,321	3,113,750	22,186,198	141,046,679
2018	5,224,138	24,491,799	13,437,532	1,296,944	16,820,123	38,928,712	2,966,286	17,785,692	122,945,088
2017	5,224,507	22,623,306	15,848,184	1,116,522	17,421,487	38,591,979	2,733,628	18,198,869	125,254,835
2016	5,039,360	21,506,555	9,529,562	1,073,543	17,083,968	38,781,137	2,686,172	19,519,684	117,092,369
2015	4,669,339	20,212,827	9,182,868	1,064,345	16,800,933	37,291,025	2,604,757	20,053,683	113,004,961
2014	4,871,479	18,429,866	2,957,857	998,712	15,684,860	35,694,388	2,516,872	19,841,298	101,120,336

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).

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

Union County
Property Tax Levies and Current Collections
Last Ten Fiscal Years

Expressed in Nominal Dollars			
Fiscal Year Ended June 30	Total Tax Levy	Current Tax Collections	Percent of Levy Collected
2023	\$ 225,998,455	\$ 225,998,455	100.0%
2022	216,861,058	216,770,532	100.0%
2021	204,482,872	204,496,057	100.0%
2020	197,546,817	196,786,125	99.6%
2019	192,056,954	191,557,613	99.7%
2018	198,297,575	197,993,083	99.8%
2017	188,432,411	187,912,101	99.7%
2016	184,680,886	184,123,235	99.7%
2015	187,119,188	186,043,063	99.4%
2014	162,787,247	160,654,217	98.7%

Expressed in Constant Dollars		
Fiscal Year Ended June 30	Total Tax Levy	Current Tax Collections
2023	\$ 74,071,383	\$ 74,071,383
2022	71,076,585	71,046,915
2021	69,009,545	69,013,994
2020	72,708,769	72,428,790
2019	74,499,298	74,305,602
2018	77,416,746	77,297,870
2017	74,778,030	74,571,549
2016	75,393,801	75,166,147
2015	77,630,576	77,184,122
2014	68,215,141	67,321,305

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).

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

Union County
North Carolina
Demographic Statistics
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Population (1)	211,539	215,956	220,546	224,029	231,366	237,477	239,859	242,657	247,058	254,070
Per Capita Income (2)	\$ 43,224	\$ 46,456	\$ 47,729	\$ 49,648	\$ 51,802	\$ 53,417	\$ 56,820	\$ 64,278	N/A	N/A
Retail Sales (5) (000's omitted)	\$ 1,460,830	\$ 1,610,426	\$ 1,799,712	\$ 2,018,468	\$ 2,068,107	\$ 2,191,524	\$ 2,326,821	\$ 2,869,555	\$ 3,381,460	\$ 3,652,424
Final Avg. Daily Membership (3)	41,020	41,296	41,873	41,393	41,306	41,201	41,394	39,727	40,284	41,210
Unemployment Rate (4)	6.2%	5.3%	4.3%	4.0%	3.6%	3.9%	7.2%	4.0%	3.5%	3.1%

N/A = Not Available

Sources:

(1) North Carolina Demographic Unit

(2) United States Dept of Commerce. Bureau of Economic Analysis

(3) State Board of Education and DPI

(4) North Carolina Employment Security Commission

(5) North Carolina Department of Revenue

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

Union County, North Carolina
Top Ten Principal Taxpayers
For Year Ended June 30, 2023

Taxpayer	Type of Business	June 30, 2023			June 30, 2014		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Allegheny Technologies, Inc.	Manufacturing	\$ 243,334,172	1	0.63%	\$ 255,404,410	1	1.04%
Union Electric Membership Corp.	Utility	173,092,928	2	0.45%	119,489,679	2	0.49%
Duke Power Company	Utility	166,137,915	3	0.43%	83,793,855	4	0.34%
Charlotte Pipe & Foundry Co. Inc.	Manufacturing	162,607,249	4	0.42%	97,353,067	3	0.40%
Piedmont Natural Gas Co. Inc.	Utility	99,519,843	5	0.26%	56,738,591	5	0.23%
AMH NC Properties LP	Home Rentals	83,803,200	6	0.22%	-	-	-
Consolidated Metco Inc.	Manufacturing	67,246,891	7	0.17%	-	-	-
Utility Lines Construction Services	Utility	57,315,951	8	0.15%	-	-	-
Goulston Technologies, Inc.	Manufacturing	43,679,604	9	0.11%	-	-	-
Utility Lines Construction Services	Utility	38,398,100	10	0.10%	-	-	-
AEP Industries, Inc.	Manufacturing	-		-	47,893,825	6	0.19%
Wal-Mart Real Estate Business	Retail	-		-	35,926,610	7	0.15%
WSLD Millbridge VI LLC	Home Builder	-		-	34,569,510	8	0.14%
Turbomeca Manufacturing, Inc.	Manufacturing	-		-	32,995,029	9	0.13%
TYD Industries, Inc.	Manufacturing	-		-	28,124,870	10	0.11%
		<u>\$ 1,135,135,853</u>		<u>2.94%</u>	<u>\$ 792,289,446</u>		<u>3.22%</u>
Total County-Wide Assessed Valuation		<u>\$ 38,429,452,436</u>			<u>\$ 24,629,644,596</u>		

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

Union County, North Carolina
Property Tax Rates - All Overlapping Governments
(Per \$100 of Assessed Value)
Last Ten Fiscal Years

Fiscal Year Ended June 30	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Union County										
County-wide rate	0.6600	0.7614	0.7765	0.7665	0.7810	0.7309	0.7309	0.7309	0.5880	0.5880
Supplemental School Districts (Approved by the Voters)										
Monroe Schools District	-	-	-	-	-	-	-	-	-	-
County Schools District	-	-	-	-	-	-	-	-	-	-
Supplemental Fire Districts										
Allens Crossroads VFD	-	-	-	-	-	-	-	0.0838	0.0700	0.0689
Bakers VFD	-	-	-	-	-	-	-	0.0531	0.0335	0.0343
Beaver Lane VFD	-	-	-	-	-	-	-	0.0843	0.0644	0.0671
Fairview VFD	-	-	-	-	-	-	-	0.0517	0.0510	0.0503
Griffith VFD	-	-	-	-	-	-	-	0.0507	0.0215	0.0200
Hemby VFD	0.0526	0.0526	0.0512	0.0485	0.0503	0.0488	0.0488	0.0487	0.0441	0.0441
Jackson VFD	-	-	-	-	-	-	-	0.0404	0.0288	0.0399
Lanes Creek VFD	-	-	-	-	-	-	-	0.0792	0.0568	0.0546
New Salem VFD	-	-	-	-	-	-	-	0.0569	0.0396	0.0384
Providence VFD	-	-	-	-	-	-	-	0.0392	0.0361	0.0375
Sandy Ridge VFD	-	-	-	-	-	-	-	0.0584	0.0385	0.0329
Springs VFD	0.0355	0.0483	0.0474	0.0437	0.0567	0.0552	0.0552	0.0403	0.0422	0.0464
Stack VFD	-	-	-	-	-	-	-	0.0611	0.0455	0.0348
Stallings VFD	0.0428	0.0428	0.0509	0.0503	0.0503	0.0502	0.0502	0.0548	0.0472	0.0478
Unionville VFD	-	-	-	-	-	-	-	0.0451	0.0616	0.0614
Waxhaw VFD	0.0386	0.0386	0.0380	0.0357	0.0413	0.0545	0.0545	0.0526	0.0403	0.0419
Wesley Chapel VFD	0.0241	0.0281	0.0282	0.0293	0.0293	0.0354	0.0354	0.0392	0.0361	0.0375
Wingate VFD	-	-	-	-	-	-	-	0.0817	0.0633	0.0670
Total County Rates										
Maximum	0.7126	0.8140	0.8277	0.8168	0.8377	0.7861	0.7861	0.8152	0.6524	0.6551
Minimum	0.6600	0.7614	0.7765	0.7665	0.7810	0.7309	0.7309	0.7309	0.5880	0.5880
Average	0.6863	0.7877	0.8021	0.7917	0.8094	0.7585	0.7585	0.7731	0.6202	0.6216
Cities and Towns										
City of Monroe	0.5550	0.5550	0.5863	0.5863	0.5863	0.6163	0.6163	0.6163	0.5025	0.5025
Downtown Monroe District	0.2000	0.2000	0.2190	0.2190	0.2190	0.2190	0.2190	0.2190	0.1950	0.1950
Town of Fairview	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200
Town of Indian Trail	0.1850	0.1850	0.1850	0.1850	0.1850	0.1850	0.1850	0.1850	0.1850	0.1850
Town of Marshville	0.4800	0.4800	0.4800	0.4800	0.5100	0.5100	0.5100	0.5100	0.4900	0.4900
Town of Mineral Springs	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250	0.0210	0.0210
Town of Mint Hill	-	-	-	-	-	-	-	-	-	-
Town of Stallings	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150	0.1860	0.1860
Town of Unionville	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200
Town of Waxhaw	0.3400	0.3400	0.3600	0.3600	0.3600	0.3900	0.3850	0.3850	0.3850	0.3850
Town of Weddington	0.0520	0.0520	0.0520	0.0520	0.0520	0.0520	0.0520	0.0520	0.0480	0.0480
Town of Wingate	0.3900	0.3900	0.4200	0.4200	0.4300	0.4300	0.4300	0.4300	0.3400	0.3400
Village of Lake Park	0.2300	0.2300	0.2300	0.2300	0.2300	0.2400	0.2500	0.2500	0.1900	0.2025
Village of Marvin	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0600	0.0600	0.0600
Village of Wesley Chapel	0.0165	0.0165	0.0165	0.0165	0.0165	0.0165	0.0165	0.0165	0.0129	0.0129

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

Source: Union County Tax Assessor's Office

Union County, North Carolina
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year Ended									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
General government										
Personnel										
Number of full-time employees	821	820	864	864	898	951	1,013	1,048	1,123	1,256
Number of part-time employees	66	83	72	98	106	157	159	123	82	187
Elections										
Number of registered voters	139,836	138,597	145,645	148,448	154,300	150,789	160,261	159,957	168,355	173,272
Information Systems (and GIS)										
Number of people in system	1,397	1,239	1,242	1,257	1,883	1,772	1,815	1,828	1,346	1,501
General Services										
Number of vehicle service requests	1,721	3,805	4,501	4,629	4,462	4,552	4,518	4,683	4,491	4,928
Public safety										
Fire Services										
Number of volunteer fire personnel	550	500	500	500	500	500	500	500	500	985
Inspection										
Number of inspections	2,136	1,196	1,106	906	1,172	1,798	1,375	1,079	2,448	2,587
Human services										
Public Health										
Number of patients	8,237	8,142	6,786	10,198	8,904	6,497	4,382	3,664	11,031	4,744
Number of visits	20,729	20,681	15,716	17,508	15,099	12,728	10,667	9,211	18,110	11,246
Social Services										
Number of client visits	49,722	48,786	47,064	53,125	58,693	58,803	44,275	50,589	46,354	19,976
Transportation and Nutrition										
Number of trips	84,533	77,784	74,176	75,342	69,402	79,674	1,417	67,437	71,335	75,784
Congregate, home delivered and supplemental meals	60,968	68,573	70,497	75,134	71,963	66,978	101,619	146,204	138,263	117,750
Veterans' Services										
Number of visitors	3,479	3,598	3,652	3,576	3,556	3,628	3,048	1,956	2,072	2,293
Number of phone calls	12,564	11,734	12,166	11,047	11,215	12,472	12,464	11,336	9,652	11,157
Cultural and recreational										
Library										
Number of volumes	225,181	212,961	207,748	190,370	166,742	145,582	149,573	145,944	133,872	139,443
Education										
Number of licensed employees	3,192	2,928	3,054	3,019	2,603	3,111	3,117	2,873	2,819	2,786
Final Avg. Daily Membership	41,020	41,296	41,873	41,393	41,500	41,201	41,394	39,727	40,284	41,210
Business-type activities:										
Water and Sewer										
Average daily consumption in gallons (in 000's)	11,740	12,460	13,100	13,880	13,870	14,160	14,228	14,206	15,020	15,140
Number of water service connections	43,828	45,095	46,236	47,489	49,363	50,509	51,961	53,537	55,315	56,789
Number of sewer service connections	31,597	32,688	33,632	34,711	36,402	37,319	38,834	40,169	41,742	43,002

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

Union County, North Carolina
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	Fiscal Year Ended									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Tax Administration										
Number of tax parcels	109,941	110,998	113,574	118,525	117,378	118,431	125,580	133,457	127,632	108,877
Elections										
Number of precincts	52	52	52	52	52	52	52	52	52	52
Public safety										
Law Enforcement (and AC)										
Number of stations	8	8	8	8	8	8	8	8	8	8
Number of patrol units	N/A	N/A	332	335	278	284	299	299	307	313
Fire Services										
Number of stations-main	18	17	17	17	17	17	17	17	17	17
Number of stations-sub	7	8	8	8	8	8	8	8	8	9
Cultural and recreational										
Library										
Number of libraries	4	4	4	4	4	4	4	4	4	4
Parks and Recreation										
Number of parks	3	3	3	3	3	3	3	3	3	3
Number of acres in parks	1,290	1,290	1,290	1,290	1,290	1,290	1,290	1,290	1,290	1,290
Number of acres in lakes	350	350	350	350	350	350	350	350	350	350
Education										
Number of schools	53	53	53	53	53	53	53	53	53	53
Number of classrooms	1,914	1,914	1,914	2,379	2,075	2,084	2,084	2,084	2,084	2,084
Business-type activities:										
Water and Sewer										
Number of fire hydrants	4,638	4,736	4,843	4,964	5,041	5,096	5,189	5,279	5,528	5,677
Miles of water mains	993	1,020	1,043	1,065	1,082	1,095	1,114	1,132	1,119	1,141
Miles of sewer mains	620	640	663	684	698	708	727	741	736	758

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

Table 23

Union County North Carolina Principal Employers For Year Ended June 30, 2023 and 2014						
Employer⁽²⁾	2023			2014		
	Employees⁽²⁾	Rank	Approximate Percentage of Total County Employment	Employees	Rank	Approximate Percentage of Total County Employment
Union County Schools	1,000+	1	1%+	1,000+	1	1%+
County of Union	1,000+	2	1%+	1,000+	5	1%+
Tyson Farms, Inc.	1,000+	3	1%+	1,000+	3	1%+
Harris Teeter	1,000+	4	1%+	1,000+	6	1%+
TDY Industries	1,000+	5	1%+	1,000+	4	1%+
Wingate University	500 - 999	6	<1%	500 - 999	11	<1%
Wal-Mart Associates, Inc.	500 - 999	7	<1%	500 - 999	7	<1%
City of Monroe	500 - 999	8	<1%	500 - 999	8	<1%
Atrium Health	500 - 999	9	<1%	-	-	-
Pilgrims Pride Corporation	500 - 999	10	<1%	250 - 499	9	<1%
Charlotte Mecklenburg Hospital	-	-	-	1,000+	2	1%+
Scott Technologies, Inc.	-	-	-	500 - 999	10	<1%
			<u>10%+</u>			<u>10%+</u>
Total County Employment ⁽¹⁾	<u>130,802</u>			<u>103,371</u>		

Sources:

(1) Labor estimates provided by the Employment Security Commission of North Carolina as of June 30th each year.

(2) North Carolina Chamber of Commerce - data is for the 4th quarter of the preceding year.

Union County
North Carolina
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Year Ended June 30	Governmental Activities			Business -Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Debt	C.O.P.'s and Installment Financing	Total Governmental Activities	General Obligation Debt	Revenue Bonds	Other Long-term Obligations	Total Business-type Activities			
2023	\$ 458,427,030	\$ 37,918,794	\$ 496,345,824	\$ -	\$ 464,156,181	\$ -	\$ 464,156,181	960,502,005	N/A	\$3,794
2022	\$ 336,037,179	\$ 44,662,934	380,700,113	-	476,711,975	-	476,711,975	857,412,088	N/A	3,472
2021	347,174,304	50,425,820	397,600,124	-	482,992,769	-	482,992,769	880,592,893	N/A	3,629
2020	380,695,049	50,249,706	430,944,755	-	160,269,930	-	160,269,930	591,214,685	4.30%	2,465
2019	273,169,328	55,808,592	328,977,920	-	194,866,255	6,750,000	201,616,255	530,594,175	4.20%	2,234
2018	314,233,363	62,571,111	376,804,474	-	121,096,288	7,500,000	128,596,288	505,400,762	4.20%	2,184
2017	289,513,224	69,396,598	358,909,822	-	60,021,984	8,250,000	68,271,984	427,181,806	3.80%	1,907
2016	318,941,151	76,303,778	395,244,929	-	62,627,835	9,233,697	71,861,532	467,106,461	5.10%	2,118
2015	346,375,424	83,222,053	429,597,477	59,943	45,966,718	10,217,393	56,244,054	485,841,531	4.80%	2,250
2014	357,818,458	83,338,489	441,156,947	191,542	47,175,000	11,201,090	58,567,632	499,724,579	5.50%	2,362

N/A = Not Available

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

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, 2021 and June 30, 2023 income based information will be shown above as "N/A", and the June 30, 2022 information will be reported for the year ended June 30, 2024, 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 Union County Board of Education
Monroe , 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 Union County Board of Education, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the basic financial statements, which collectively comprises the Union County Board of Education, North Carolina's basic financial statements and have issued our report thereon dated November 30, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Union 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Union 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

*November 30, 2023
West End, North Carolina*



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

To the Union County Board of Education
Monroe , North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Union County Board of Education, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Board's major federal programs for the year ended June 30, 2023. The Union County Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Union County Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards, the Uniform Guidance and the State Single Audit Implementation Act are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Union County Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Union County Board of Education's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Anderson Smith & Wike PLLC

*November 30, 2023
West End, North Carolina*



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

To the Union County Board of Education
Monroe , North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Union County Board of Education, North Carolina's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the Board's major State programs for the year ended June 30, 2023. The Union County Board of Education's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Union County Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and applicable sections of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Our responsibilities under those standards, the Uniform Guidance and the State Single Audit Implementation Act are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Union County Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of the Union County Board of Education's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Anderson Smith & Wike PLLC

*November 30, 2023
West End, North Carolina*

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

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 Identified for Reporting</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 Identified for Reporting</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:	

AL Numbers

Names of Federal Program or Cluster

	Special Education Cluster:
84.027	Grants to States – IDEA, part B (611)
84.027	Special Needs Targeted Assistance
84.027	Coordinated Early Intervening Services
84.027	COVID-19 – ARP – Grants to States – IDEA, part B (611)
84.173	Preschool Program – IDEA, Part B (619)
84.173	COVID-19 – ARP – Preschool Grants – IDEA, part B (619)
84.173	Preschool Targeted Assistance
84.010	Title I – Grants to Local Educational Agencies
84.374A	Teacher Incentive Fund
84.425	COVID-19 – Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$ 1,688,000</u>
Auditee qualified as low-risk auditee?	<i>Yes</i>

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

Section I - Summary of Auditors' Results (Continued)

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 Identified for Reporting*

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

State Capital Infrastructure Funds - K-12 Athletic Facilities Grant

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 State awards aggregating \$25,000 or more were noted.

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

There were no audit findings reported in the prior year.

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

Page 1 of 3

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
Federal Grants:			
<u>U.S. Department of Agriculture</u>			
Passed-through the N.C. Department of Agriculture:			
Child Nutrition Cluster:			
Noncash Assistance (Commodities):			
National School Lunch Program	10.555	PRC 035	\$ 1,319,120
Cash Assistance:			
National School Lunch Program	10.555	PRC 035	7,919,103
Seamless Summer Program	10.555	PRC 035	2,004,841
Supply Chain Assistance Funds	10.555	PRC 035	1,035,205
After School Snack Program	10.555	PRC 035	32,864
Child Nutrition Discretionary Funds	10.579	PRC 053	20,563
Summer Food Service Program for Children	10.559	PRC 035	82,450
Fresh Fruit and Vegetable Grant	10.582	PRC 035	52,457
Cash Assistance Subtotal			11,147,483
Total Child Nutrition Cluster			12,466,603
Local Food for Schools Cooperative Agreement Program	10.185		76,043
Total U.S. Department of Agriculture			12,542,646
<u>U.S. Department of Education</u>			
Office of Elementary and Secondary Education			
Direct Programs:			
Teacher Incentive Fund	84.374A		3,656,238
LEGEND: Learner Engagement and Interventions Driving Student Success	84.184G		754,753
Total U.S. Department of Education Direct Programs			4,410,991
Passed-through the N.C. Department of Public Instruction:			
Title I, Grants to Local Educational Agencies	84.010	PRC 050, 105 & 115	5,735,834
Student Support and Academic Enrichment	84.424	PRC 108	437,575
Supporting Effective Instruction	84.367	PRC 103	779,487
Language Acquisition Grant	84.365	PRC 104	341,006
Language Acquisition Grant - Significant Increase	84.365	PRC 111	9,411
Education for Homeless Children and Youth	84.196	PRC 026	30,011

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

Page 2 of 3

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
COVID-19 - Education Stabilization Fund:			
CARES Act:			
COVID-19 - ESSER I - K-12 Emergency Relief Fund	84.425D	PRC 163	268,819
COVID-19 - ESSER I - Exceptional Children Grants	84.425D	PRC 167	18,114
COVID-19 - GEER I - Specialized Instructional Support Personnel for COVID-19 Response	84.425C	PRC 169	1,217
CRRSA:			
COVID-19 - ESSER II - K-12 Emergency Relief Fund	84.425D	PRC 171	23,029
COVID-19 - ESSER II - Supplemental Contracted Instructional Support Funding	84.425D	PRC 173	113,912
COVID-19 - CRRSA - ESSER II - School Nutrition	84.425D	PRC 174	37,275
COVID-19 - CRRSA - ESSER II - Learning Loss Funding	84.425D	PRC 176	819,244
COVID-19 - CRRSA - ESSER II - Summer Career Accelerator Program	84.425D	PRC 177	219,996
COVID-19 - ESSER II - Competency-Based Assessment	84.425D	PRC 178	188,522
ARP:			
COVID-19 - ESSER III - K-12 Emergency Relief Fund	84.425D	PRC 181	19,847,829
COVID-19 - ESSER III - Homeless	84.425W	PRC 183	33,793
COVID-19 - ESSER III - Homeless II	84.425W	PRC 184	55,362
COVID-19 - ESSER III - Career & Technical Ed. - Hospitali	84.425U	PRC 194	497
COVID-19 - ESSER III - Principal Retention Supplements	84.425U	PRC 206	96,883
Total COVID-19 - Education Stabilization Fund	84.425		<u>21,724,492</u>
Special Education Cluster:			
Grants to States - IDEA, part B (611)	84.027	PRC 060	8,264,572
Special Needs Targeted Assistance	84.027	PRC 118	23,801
Risk Pool	84.027	PRC 114	181,259
COVID-19 - ARP - Grants to States - IDEA, part B (611)	84.027	PRC 185	853,480
Preschool Grants - IDEA, Part B (619)	84.173	PRC 049	83,383
Preschool Targeted Assistance	84.173	PRC 119	8,455
Total Special Education Cluster			<u>9,414,950</u>
Special Education - State Personnel Development	84.323	PRC 082	569
Career and Technical Education - Basic Grants to States Program Development	84.048	PRC 017	<u>470,882</u>
Total U.S. Department of Education			<u>43,355,208</u>
<u>U.S. Department of Defense</u>			
Direct Program:			
ROTC	12.000		<u>355,852</u>
Total Federal Assistance			<u>56,253,706</u>

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

Page 3 of 3

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
State Grants:			
<u>N.C. Department of Public Instruction</u>			
Cash Assistance:			
State Public School Fund		Various	255,972,084
Career and Technical			
State Months of Employment		PRC 013	13,831,361
Program Support Funds		PRC 014	1,504,656
Driver Training		PRC 012	912,306
School Technology Fund		PRC 015	366,945
K-12 Athletic Facilities Grant		PRC 440	969,815
			<u>273,557,167</u>
Cash assistance subtotal			
Non-Cash Assistance:			
State Buses Appropriation		PRC 120	1,198,943
			<u>274,756,110</u>
Total N.C. Department of Public Instruction			
			<u>274,756,110</u>
<u>N.C. Department of Agriculture</u>			
State Reduced Breakfast Program			12,551
State Reduced Lunch Program			48,958
			<u>61,509</u>
Total N.C. Department of Agriculture			
			<u>61,509</u>
Total State Assistance			<u>274,817,619</u>
Total Federal and State Assistance			<u>\$ 331,071,325</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 Union County Board of Education under the programs of the federal government and the State of North Carolina for the year ended June 30, 2023. The information in this SEFSA is presented in accordance with the requirements of Title 2 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 Union County Board of Education, it is not intended to and does not present the financial position, changes in net assets or cash flows of Union 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.

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