



Annual Comprehensive Financial Report

of the
Lee County Board of Education
Sanford, North Carolina

For the Fiscal Year Ended June 30, 2023

*Lee County Board of Education
Sanford, North Carolina*

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

Prepared by the Business Office
Dr. Chris Dossenbach, Superintendent
Kelly Jones, Chief Finance Officer

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Introductory Section

Letter of Transmittal

December 23, 2023

To the members of the Lee County Board of Education and Citizens of Lee County, North Carolina:

In compliance with the Public School Laws of North Carolina, the Annual Comprehensive Financial Report of the Lee County Board of Education, operating as the "Lee County 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.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The Board is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act. Information related to this single audit, including the schedule of expenditures of federal and state awards, findings and recommendations, and auditors' reports on internal control and compliance with applicable laws and regulations are included in the Compliance Section of this report.

The report has been prepared by the Financial and Business Services Office in accordance with generally accepted accounting principles. We believe the data presented is accurate in all material respects and that it is presented in a manner designated to fairly reflect 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.

REPORTING ENTITY

The Lee County Board of Education, elected by the citizens of Lee County, is the lowest level of government having control over all activities related to the public schools in Lee County. The Board is not considered a component unit of any other government, nor does it have its own component unit. The Board consists of seven members elected for staggered terms of four years. The Superintendent serves as secretary to the Board. The Board has no tax levying authority or borrowing authority and is required to maintain accounting records according to a Uniform State format. The Board receives local, state, and federal government funding and must comply with the legal requirements of each fund. N.C. General Statute 115C-140 empowers the Lee County Board of Education with general control and supervision of all matters pertaining to the schools in the system.

FINANCIAL AND BUDGETARY CONTROL

In order to meet the challenging learning experiences provided to the students attending Lee County Schools, the Board must use a variety of funding resources, including local, state, federal, and private grants while complying with legal requirements of each funding source entity. 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." The Board's funds are divided into governmental and proprietary. Each fund is a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities in accordance with legal requirements, generally accepted accounting principles, special regulations or other limitations. Governmental fund types included general, special revenue and capital projects. The enterprise funds are proprietary fund types. The enterprise fund is presented on a full accrual basis, while the other funds are maintained on a modified accrual basis.

Internal controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments of management. All internal control evaluations occur within the framework just described. We believe that the Board's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

North Carolina General Statutes requires all governmental units in the state to adopt a balanced budget by July 1 of each year. The Board has the final approval over the budget and primary accountability for fiscal matters (including any deficits). Annual budgets are adopted for all funds, except for the individual schools special revenue fund, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. The Board's annual Budget Resolution authorizes expenditures by purpose 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 amount reflected in the accompanying financial statements represents the final budget 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.

COMPARISON OF BUDGET TO ACTUAL PERFORMANCE

Comparisons of budget to actual performance are provided for all funds in the financial section that follows this introduction section in the ACFR. There were several budget amendments during the year. There were no material violations of legal budgetary requirements during the year, and all variances from the initial and final budgets were expected.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

As required by the State Department of Public Instruction, Lee County Schools maintains a five-year facilities plan that has been submitted and approved by the County Commissioners and the State Department of Public Instruction. Lee County Schools' diversity reflects the new American demographic: Our student population for 2022-2023 was 20% African American, 41% Hispanic, 33% White and 6% other; our free and reduced-lunch population was 69.2%. Overall, in 2022-2023 the total student population decreased with a population of 8,973 students. Our projected enrollment for 2023-2024 is 9,073.

Lee County Schools – Beliefs and More than a Diploma

Our Board of Education believes that education is economic development and that our school district should be part of the economic engine that supports our community. We want all of our students to be prepared for the challenges that they will face during their lifetimes. This includes preparing students to pursue a lifetime of learning and to compete for the best jobs. We also want a well-educated citizenry in Lee County that attracts successful businesses to our area, provides a productive workforce, and acts for the overall betterment of the community.

Given the interconnectedness and changing nature of the global economy, our students' future success will depend on learning how to think critically, flourishing in changing and sometimes adverse circumstances, and pursuing lifelong learning. Creating the conditions in which students can acquire these skills is the best possible form of economic development for both individual students and our community.

Because of these beliefs, the school district budget is tightly aligned to the “More Than A Diploma” district goal—an initiative begun several years ago to give students a competitive advantage for college admissions and good-paying jobs. The idea, simply put, is to help all students graduate with something more than the basic high school diploma.

For more than a decade, Lee County and Southern Lee High School students have been able to take advantage of very successful National Academy Foundation (NAF) Career Academies in Engineering, Finance, and Hospitality and Tourism. In August 2022, Life Sciences Academies opened at each high school to give our students promising new opportunities and enhance our local economic development efforts that make Sanford the life science hub for North Carolina.

Because of our “More Than A Diploma” initiative, our students continue to have some impressive academic options that allow them to compete for college admission or jump start their careers. Our students have embraced those opportunities with enthusiasm and success. That’s good for our graduates, and it’s good for our community.

For this reason, the district supports the development of various programs to support the vision and goals of the district. This includes an AVID approach at all secondary schools, National Academy Foundation (NAF) Career Academies at the high schools, the Central Carolina Works program at the high schools to promote dual enrollment, an International Baccalaureate program, and a very successful Early College.

With approximately 8,973 students and 1,200 employees, our schools offer outstanding teachers, welcoming environments, and cutting-edge technology that empower the future of every student. Our educational philosophy focuses on nurturing the whole child by setting high expectations, providing individualized guidance and support, and designing real-world learning opportunities. We accomplish these goals by providing every student with a nurturing environment and strong support in the classroom.

The district's Educational Technology Plan and Vision Statement align with the district vision and beliefs. The district has focused on providing students and teachers with the technological tools to expand learning opportunities in and beyond the classroom and to nurture students who can adapt to changing economic conditions, compete on an international scale, and be prepared to fill future jobs.

Professional Development and Instructional Support

Professional development has been a cornerstone of instructional improvement in Lee County Schools. Teachers are provided with staff development via lead teachers and instructional technology facilitators. These positions provide teachers with support to improve instruction in the classroom.

During this process, the district assessed district strengths and areas in need of improvement, evaluated the availability and allocation of specific resources, monitored economic, technological, and workforce development trends, and formulated evaluation plans to assess major initiatives. Each of these areas has been interwoven into district-level processes in support of innovative technological practices.

We are fortunate to have dedicated educators and strong community partners to support our students and schools. The success of our students still starts with getting good educators in and around the classroom. We have great community partnerships with other local governments, businesses, non-profits and faith based organizations. We also have great partnerships with Central Carolina Community College and the Lee County Education Foundation.

School Buildings

Services were provided to students in one Pre-K Center, eight elementary schools, three middle schools, two high schools, one alternative middle/high school, one early college high school and one school for exceptional children.

We have several school buildings that were originally built in the 1950's. Renovations were completed on Lee County High School during 2012-2013. Because of student growth, a new elementary school at the W.B. Wicker school site was opened in 2019. East and West Middle schools were built in 1978 and SanLee Middle was built in 2007. Our elementary schools were built over a span of several years. Edwards and Ingram were built in 1987, Greenwood in 1989, and Broadway, Bullock, Deep River, and Tramway were built in 1998. Our newest high school, Southern Lee High, was built in 2005 and Lee Early College is maintained in a large mobile unit on the Central Carolina Community College campus. All capital needs beyond \$500,000 are listed in the Capital Improvement Plan (CIP). We continue to assess needs as the population grows in our community.

LOCAL ECONOMIC CONDITION AND OUTLOOK

The information provided in this year's financial report is best understood when it is explained in relation to the local economy.

Local Economy

Lee County Schools is located within one hour of the metropolitan area of Raleigh, the state capital. Lee County in its own right enjoys those qualities that exemplify the charm and grace of living in a community where you have a sense of belonging and still benefit from having a large metropolitan area nearby. Lee County has a population of 65,476. Another significant distinction of Lee County is that it is located within one hour's drive of the world-famous Research Triangle Park, where some of the most advanced research in the world takes place. The major economic transportation routes of US 15-501, Highway 1 and US 421 will continue to provide for major industrial and commercial expansion in Lee County in the years to come. The reader is directed to the MD&A section of the ACFR for a more detailed explanation of the economic factors concerning the County. Lee County is home to several high-end manufacturers of pharmaceuticals, automotive components, cosmetics, plumbing fixtures, electronics, and brick. The County unemployment rate of 4.1% for June 30, 2023 was above the State and national averages of 3.3% and 3.6%, respectively.

INDEPENDENT AUDIT

Anderson Smith & Wike PLLC has audited the financial records and transactions of the Lee County Board of Education for the year ended June 30, 2023. They are a firm of independent certified public accountants. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act Amendments of 1996 and related OMB Uniform Guidance and the State Single Audit Implementation Act. The auditors' report is included in the financial section of this report.

FINANCIAL REPORTING AWARDS

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Lee County Schools for its annual comprehensive financial report for the fiscal year ended June 30, 2022. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for the preparation of state and local government financial reports.

In order to be awarded these certificates, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. These awards are valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the ASBO and GFOA requirements and we are submitting it to ASBO and GFOA to determine its eligibility for renewed awards.

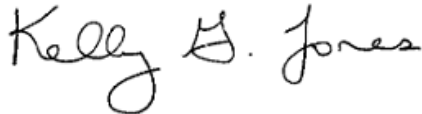
ACKNOWLEDGMENTS

The preparation of the Annual Comprehensive Financial Report in a timely manner could not have been accomplished without the efforts and dedication of the Superintendent's staff, Financial and Business Services Office, and our independent audit firm. We would like to express appreciation to all staff members who assisted in the preparation of this report. Also, our appreciation is expressed to the Finance Department of the County of Lee for their preparation of the data needed in the statistical section of this report.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Chris Dossenbach".

Christopher P. Dossenbach, Ed.D.
Superintendent

A handwritten signature in cursive script, appearing to read "Kelly G. Jones".

Kelly G. Jones
Chief Finance Officer

LEE COUNTY SCHOOLS

INSPIRED.

Board of Education Members and Superintendent



Sherry Lynn Womack
Chair



Eric N. Davidson
Vice Chair



Sandra Bowen



Chris Gaster



Patrick Kelly



Jamey Laudate



Alan Rummel



Dr. Chris Dossenbach
Interim Superintendent

Stephen Rawson
Board Attorney

Officials Issuing Report
Dr. Chris Dossenbach
Interim Superintendent

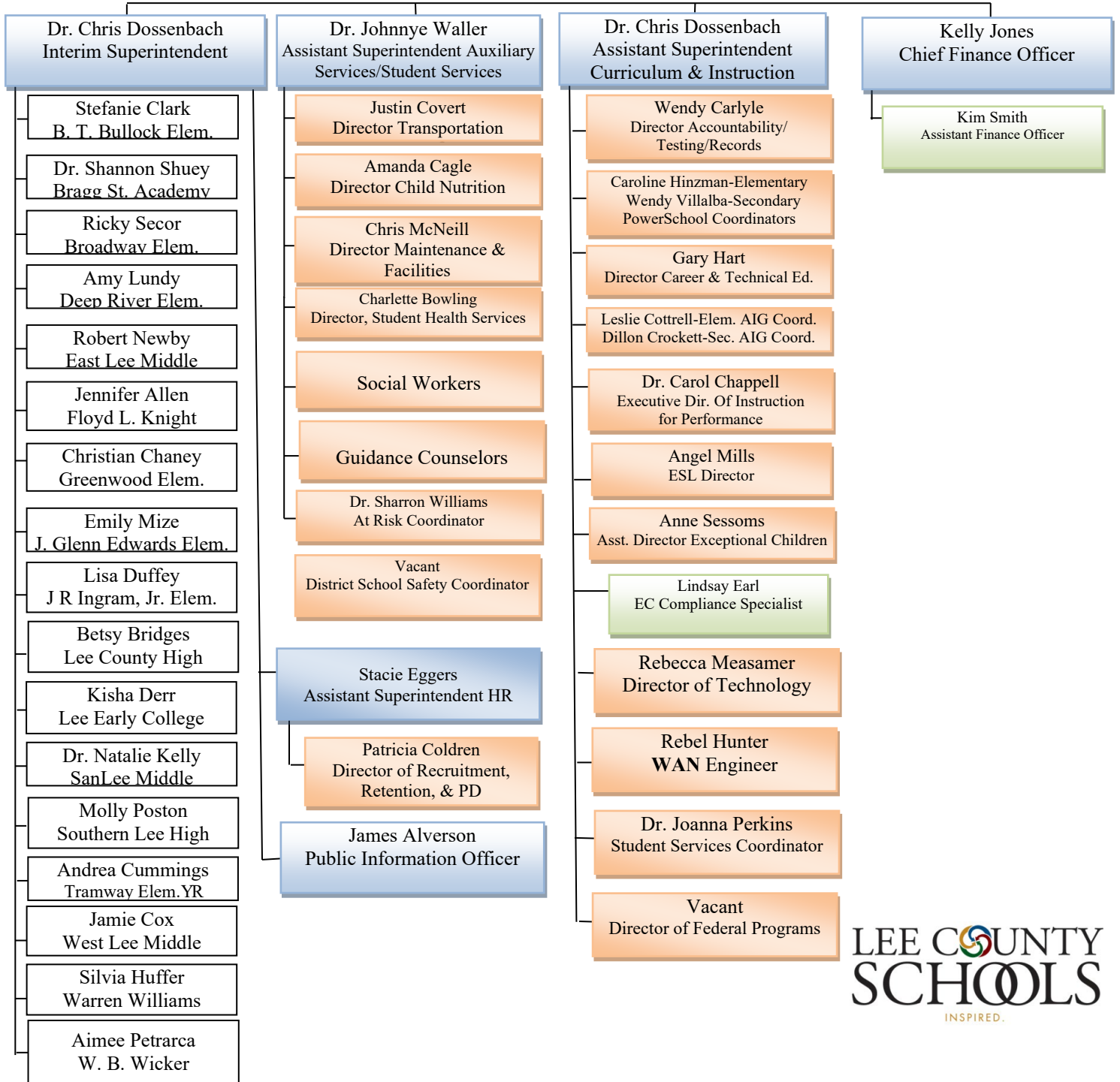
Kelly G. Jones
Chief Finance Officer

Lee County Schools Organizational Chart

Board of Education
 Sandra K. Bowen, Eric N. Davidson,
 Chris Gaster, Patrick Kelly, Jamey Laudate,
 Alan Rummel, Sherry Womack

Dr. Chris Dossenbach
 Interim Superintendent

Susan Britt
 Administrative Assistant





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Lee County Board of Education

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

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



A handwritten signature in black ink, reading 'John W. Hutchison'. The signature is written in a cursive style.

**John W. Hutchison
President**

A handwritten signature in black ink, reading 'Siobhán McMahon'. The signature is written in a cursive style.

**Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director**



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Lee County Schools
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 AUDITOR'S REPORT

To the Lee County Board of Education
Sanford, 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 Lee 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 Lee 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 Lee 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 Restricted 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 Lee 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 Lee 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 Lee 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 Lee County Board of Education's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 10 and the Schedules of the Board's Proportionate Share of the Net Pension Liability, OPEB Liabilities (Assets) and the Schedules of Board Contributions on pages 48 through 53, 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 Lee County Board of Education's basic financial statements. The accompanying individual fund budgetary and other schedules and schedule of expenditures of federal and State awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund budgetary and other schedules and schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2023, on our consideration of the Lee 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 Lee 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 Lee County Board of Education's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

August 30, 2023
Rockingham, North Carolina

LEE COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Lee 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

- The Board's total government-wide net position at June 30, 2023 increased by \$12.5 million over the prior year. Governmental activities net position increased by \$11.8 million and business-type activities net position increased by \$723,000 over the prior year.
- A Financial reporting award from the Association of School Business Officials International was received for the fiscal year ended June 30, 2022.

Overview of the Financial Statements

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

- *Independent Auditor's Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental section that presents the Schedules of the Board's Proportionate Share of Net Pension and OPEB Liabilities (Assets) and the Schedules of Board Contributions.*
- *Supplementary section that presents budgetary and other 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 fund. 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 fund is 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.

Government-wide Statements

The government-wide statements report information about the unit as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Board's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the

LEE COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

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

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

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

Fund Financial Statements

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

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

Lee County Board of Education has three types of funds:

Governmental funds: Most of the Board's basic services are included in the governmental funds, which generally focus on two things – 1) how cash and other assets that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the coming year to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental fund statements, in the form of a reconciliation, explains the relationship (or differences) between the government-wide and the fund financial statements. The Board has several governmental funds: the General Fund, the State Public School Fund, the Individual Schools Fund, the Capital Outlay Fund, the Restricted Revenue Fund and the Federal Grants Fund. The governmental fund statements are shown as Exhibits 3, 4, 5 and 6 of this report.

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

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

Financial Analysis of the Board as a Whole

Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$17.9 million as of June 30, 2023 as compared to \$30.4 million as of June 30, 2022.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/23	6/30/22	6/30/23	6/30/22	6/30/23	6/30/22
Current and other assets	\$ 14,269,902	\$ 14,657,654	\$ 4,030,064	\$ 3,603,082	\$ 18,299,966	\$ 18,260,736
Capital assets	104,327,143	106,802,857	472,659	501,101	104,799,802	107,303,958
Total assets	<u>118,597,045</u>	<u>121,460,511</u>	<u>4,502,723</u>	<u>4,104,183</u>	<u>123,099,768</u>	<u>125,564,694</u>
Deferred outflows of resources	57,047,631	32,928,183	1,193,714	700,830	58,241,345	33,629,013
Current liabilities	630,216	2,341,219	47,867	43,728	678,083	2,384,947
Long-term liabilities	144,459,156	119,289,423	2,996,316	2,516,811	147,455,472	121,806,234
Total liabilities	<u>145,089,372</u>	<u>121,630,642</u>	<u>3,044,183</u>	<u>2,560,539</u>	<u>148,133,555</u>	<u>124,191,181</u>
Deferred inflows of resources	50,052,617	64,027,547	1,047,345	1,362,733	51,099,962	65,390,280
Net investment in capital assets	104,032,349	106,142,305	472,659	501,101	104,505,008	106,643,406
Restricted net position	3,924,937	4,983,243	-	5,283	3,924,937	4,988,526
Unrestricted net position (deficit)	<u>(127,454,599)</u>	<u>(142,395,043)</u>	<u>1,132,250</u>	<u>375,357</u>	<u>(126,322,349)</u>	<u>(142,019,686)</u>
Total net position (deficit)	<u>\$ (19,497,313)</u>	<u>\$ (31,269,495)</u>	<u>\$ 1,604,909</u>	<u>\$ 881,741</u>	<u>\$ (17,892,404)</u>	<u>\$ (30,387,754)</u>

Net position is an indicator of the fiscal health of the Board. The net position of the Board's governmental activities increased \$11.8 million during the year, from \$(31.3) million at June 30, 2022 to \$(19.5) million at June 30, 2023, indicating an improvement in the financial condition of the Board. Restricted net position decreased by \$1.1 million due primarily to a decline in school capital outlay fund balance. Unrestricted net position increased by \$14.9 million, or 10.5%, compared to the prior year. Net investment in capital assets decreased \$2.1 million due to an excess of depreciation expense over capital additions for the year. Deferred outflows and inflows of resources relate entirely to the pension and OPEB plans which the Board participates in. The Board is required to record its proportionate share of these items along with its proportionate share of the plan liabilities. See Note 2 of the financial statements for more details regarding these plans.

The net position of the Board's business-type activities increased \$723,000 during the year. This increase is the amount of net profit generated by our school food service operations during the 2023 fiscal year.

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

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	\$ 139,898	\$ 113,211	\$ 489,602	\$ 12,756	\$ 629,500	\$ 125,967
Operating grants and contributions	92,206,543	88,663,858	4,851,188	6,968,756	97,057,731	95,632,614
Capital grants and contributions	365,758	519,186	-	-	365,758	519,186
General revenues:						
County appropriations	20,958,024	20,638,030	-	-	20,958,024	20,638,030
State appropriations	3,595,160	3,672,372	-	-	3,595,160	3,672,372
Other revenues	2,505,458	1,459,105	11,741	(14,326)	2,517,199	1,444,779
Total revenues	<u>119,770,841</u>	<u>115,065,762</u>	<u>5,352,531</u>	<u>6,967,186</u>	<u>125,123,372</u>	<u>122,032,948</u>
Expenses:						
Governmental activities:						
Instructional services	81,451,312	77,318,044	-	-	81,451,312	77,318,044
System-wide support services	21,117,798	17,694,784	-	-	21,117,798	17,694,784
Ancillary services	514,648	631,246	-	-	514,648	631,246
Payments to other governments	1,563,353	985,736	-	-	1,563,353	985,736
Unallocated depreciation	3,279,593	3,400,417	-	-	3,279,593	3,400,417
Business-type activities:						
School food service	-	-	4,701,318	4,192,250	4,701,318	4,192,250
Total expenses	<u>107,926,704</u>	<u>100,030,227</u>	<u>4,701,318</u>	<u>4,192,250</u>	<u>112,628,022</u>	<u>104,222,477</u>
Excess (deficiency) before transfers	11,844,137	15,035,535	651,213	2,774,936	12,495,350	17,810,471
Transfers in (out)	(71,955)	(143,406)	71,955	143,406	-	-
Change in net position	11,772,182	14,892,129	723,168	2,918,342	12,495,350	17,810,471
Beginning net position (deficit)	(31,269,495)	(46,161,624)	881,741	(2,036,601)	(30,387,754)	(48,198,225)
Ending net position (deficit)	<u>\$ (19,497,313)</u>	<u>\$ (31,269,495)</u>	<u>\$ 1,604,909</u>	<u>\$ 881,741</u>	<u>\$ (17,892,404)</u>	<u>\$ (30,387,754)</u>

Total governmental activities generated revenues of \$119.8 million while expenses in this category totaled \$107.9 million for the year ended June 30, 2023, resulting in an increase in net position of \$11.8 million (including transfers out to business-type activities of \$72,000). Comparatively, revenues were \$115.1 million, expenses totaled \$100.0 million and transfers out were \$143,000 for the year ended June 30, 2022, resulting in an increase in net position of \$14.9 million. The increases in revenues and expenses were largely due to a combined \$4.4 million increase in State and federal grants received and expended during the year through the State Public School Fund and Federal Grants Fund. Expenses were also significantly impacted by a year-over-year increase of \$4.3 million in pension and OPEB expense due to changes in actuarial valuations and allocation percentages.

The Board's primary sources of revenues were funding from the State of North Carolina, Lee County, and the United States Government, which respectively comprised 59.3%, 16.0% and 16.9% of our total revenues. As would be expected, the major component of our expenses was instructional services which accounted for 75.5% of our total expenses during the most recent fiscal year. Of the remaining 24.5% of our total expenses, 19.6% was attributable to system-wide support services.

LEE COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

Our business-type activities generated revenues of \$5.4 million, while expenses in this category totaled \$4.7 million for the year ended June 30, 2023. For the year, net position increased by \$723,000 (including transfers in of \$143,000). Comparatively, revenues were \$7.0 million, expenses were \$4.2 million and transfers in were \$143,000 for the year ended June 30, 2022, resulting in an increase in net position of \$2.9 million. In comparing the two periods, revenues decreased \$1.6 million, or 23.2%, while expenses increased \$509,000, or 12.1%. In response to the COVID-19 pandemic, the federal government allowed all students to eat free breakfast and lunch during the 2022 fiscal year. This resulted in a significant increase in revenues from the USDA due to the number of free meals the district was able to serve. However, during the 2023 year, the federal government did not provide free meals to all students and the district had to revert back to requiring students complete applications to determine if they qualify for free/reduced meal status. As would be expected with all students not receiving free breakfast and lunch, the district experienced a significant decline in revenues due to a decrease in the number of meals served. Expenses were significantly impacted by a year-over-year increase of \$282,000 in GASB 68 and 75 pension and OPEB expense, due to changes in actuarial valuations and allocation percentages.

Financial Analysis of the Board's Funds

Governmental Funds: The focus of Lee 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 \$13.6 million at June 30, 2023, an increase of \$1.4 million over the \$12.3 million of fund balance reported at June 30, 2022. Revenues were \$122.9 million for the year ended June 30, 2023, compared to \$115.0 million in the prior year, an increase of \$8.0 million, or 6.9%. Expenditures were \$121.5 million for the current year, compared to \$113.6 million in the prior year, an increase of \$7.8 million, or 6.9%. Increases in State and federal grant funding and related expenditures were the primary factors contributing to the year-over-year changes.

The State Public School Fund and Federal Grants Fund do not carry fund balance. All revenues are expended in the year received. Combined revenues and expenditures in these funds increased \$4.4 million over the prior year, or 5.0%. The increases were primarily due to inflation and for increased costs associated with COVID-19 grant funding.

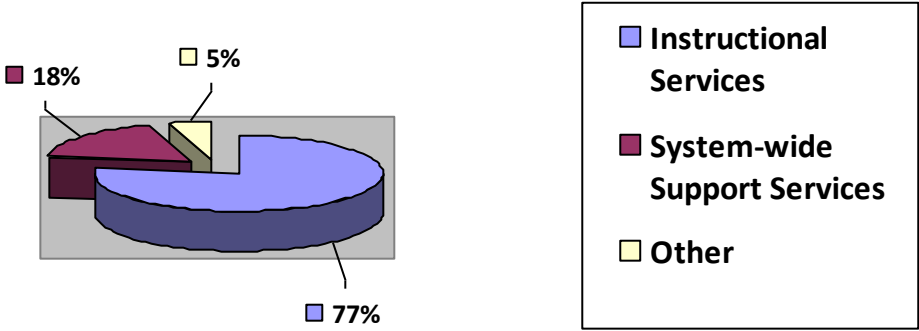
The Restricted Revenue Fund reported an increase in fund balance for the year ended June 30, 2023 of \$2.7 million compared to an increase of \$931,000 in 2022. Revenues increased \$3.6 million over the prior year, primarily due to an increase in indirect cost revenues received from the Federal Grants Fund.

The Capital Outlay Fund reported fund balance of \$993,000 at June 30, 2023, a decrease of \$1.6 million from the prior year. The most significant revenues reported in the Capital Outlay Fund were \$1.3 million from Lee County appropriations and \$675,000 from a federal Emergency Connectivity Grant. Fund balance was budgeted and used during the year for various repairs and maintenance projects throughout the district.

The Individual Schools Fund reported a fund balance of \$845,000 at June 30, 2023, an increase of \$53,000 for the year. Due to the lingering effects of the pandemic, many school activities, such as sporting events, field trips, fundraisers, etc. were somewhat reduced during the 2022 year. During 2023, school activities returned to more normal, pre-pandemic levels, resulting in significant increases in both revenues and expenditures for the year.

**LEE COUNTY BOARD OF EDUCATION
MANAGEMENT’S DISCUSSION AND ANALYSIS**

Categorization of Expenditures for Governmental Funds



Expenditures presented on modified accrual basis of accounting.

Proprietary Fund: The Board’s business-type fund, the School Food Service Fund, reported an increase in net position of \$723,000 for the fiscal year ended June 30, 2023 compared to an increase of \$2.9 million for the same 2022 period. See the section above titled *Financial Analysis of the Board as a Whole* for discussion of the year-over-year changes in the School Food Service Fund’s operations.

General Fund Budgetary Highlights

Over the course of the year, the Board will revise the budget 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. Revenues for the year totaled \$19.9 million and were comparable to the \$19.4 million reported in the prior year. Expenditures for the year totaled \$19.6 million compared to \$18.9 million in the prior year, an increase of \$752,000, or 4.0%. Payments to charter schools increased \$578,000 over the previous year due to an increase in the number of Lee County students attending charter schools.

Capital Assets

Total primary government capital assets were \$104.8 million at June 30, 2023 compared to \$107.3 million at June 30, 2022, a decrease of \$2.5 million. The change is attributable to an excess of depreciation expense over capital additions for the year. The following is a summary of the Board’s capital assets, net of depreciation, at June 30, 2023 and 2022. More detailed information about the Board’s capital assets is contained in Note 2 to the financial statements.

**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	\$ 4,632,556	\$ 4,632,556	\$ -	\$ -	\$ 4,632,556	\$ 4,632,556
Construction in progress	-	243,033	-	-	-	243,033
Buildings and improvements	95,450,320	97,675,731	-	-	95,450,320	97,675,731
Equipment and furniture	629,590	234,926	472,659	501,101	1,102,249	736,027
Vehicles	3,614,677	4,016,611	-	-	3,614,677	4,016,611
Total	<u>\$ 104,327,143</u>	<u>\$ 106,802,857</u>	<u>\$ 472,659</u>	<u>\$ 501,101</u>	<u>\$ 104,799,802</u>	<u>\$ 107,303,958</u>

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

Debt Outstanding

During the year, the Board's long-term debt decreased \$366,000 to \$295,000 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. More detailed information about the Board's outstanding debt is contained in Note 2 to the financial statements.

Economic Factors

County funding is a major source of income for the Board. Therefore, the County's economic outlook directly affects the school district. The following factors have affected the economic outlook of Lee County:

- The Board continues to anticipate a need for increased classroom space, teachers and equipment due to implementation of a recent State law reducing the classroom size for grades kindergarten through third grade. At the same time, the N.C. Department of Public Instruction is advising school districts to plan for decreased State revenues.
- The unemployment rate in Lee County at June 30, 2023 was 4.1% compared to 4.5% at June 30, 2022. The County's unemployment rate is slightly higher than the N.C. statewide and national unemployment rates which were 3.6% and 3.8%, respectively, at June 30, 2023.

Requests for Information

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

Kelly Jones
Chief Finance Officer
Lee County Board of Education
Post Office Box 1010
Sanford, NC 27331-1010

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and cash equivalents	\$ 13,047,363	\$ 3,660,273	\$ 16,707,636
Due from other governments	710,671	156,048	866,719
Receivables	9,772	-	9,772
Inventories	502,096	213,743	715,839
Capital assets:			
Land	4,632,556	-	4,632,556
Other capital assets, net of depreciation	99,694,587	472,659	100,167,246
Total capital assets	104,327,143	472,659	104,799,802
Total assets	118,597,045	4,502,723	123,099,768
Deferred Outflows of Resources	57,047,631	1,193,714	58,241,345
Liabilities			
Bank overdraft	81,311	-	81,311
Accounts payable and accrued expenses	351,066	-	351,066
Accrued salaries and wages payable	197,839	-	197,839
Unearned revenue	-	47,867	47,867
Long-term liabilities:			
Due within one year	2,933,660	63,395	2,997,055
Due in more than one year	141,525,496	2,932,921	144,458,417
Total liabilities	145,089,372	3,044,183	148,133,555
Deferred Inflows of Resources	50,052,617	1,047,345	51,099,962
Net position			
Net investment in capital assets	104,032,349	472,659	104,505,008
Restricted for:			
Stabilization by State statute	720,443	-	720,443
School capital outlay	993,291	-	993,291
Instructional services	1,366,092	-	1,366,092
Individual schools activities	845,111	-	845,111
Unrestricted (deficit)	(127,454,599)	1,132,250	(126,322,349)
Total net position (deficit)	\$ (19,497,313)	\$ 1,604,909	\$ (17,892,404)

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

**LEE 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 Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Instructional services:							
Regular instructional	\$ 44,478,862	\$ 139,898	\$ 46,137,368	\$ -	\$ 1,798,404	\$ -	\$ 1,798,404
Special populations	12,404,085	-	13,941,707	-	1,537,622	-	1,537,622
Alternative programs	9,253,625	-	9,183,233	-	(70,392)	-	(70,392)
School leadership	6,809,807	-	4,573,428	-	(2,236,379)	-	(2,236,379)
Co-curricular	1,916,472	-	-	-	(1,916,472)	-	(1,916,472)
School-based support	6,588,461	-	6,650,655	-	62,194	-	62,194
System-wide support services:							
Support and development	903,605	-	406,943	-	(496,662)	-	(496,662)
Special population support and development	710,810	-	202,369	-	(508,441)	-	(508,441)
Alternative programs and services support and development	255,950	-	205,814	-	(50,136)	-	(50,136)
Technology support	1,316,301	-	308,065	-	(1,008,236)	-	(1,008,236)
Operational support	14,881,415	-	5,926,083	365,758	(8,589,574)	-	(8,589,574)
Financial and human resource services	1,649,531	-	469,175	-	(1,180,356)	-	(1,180,356)
Accountability	978	-	-	-	(978)	-	(978)
System-wide pupil support	171,096	-	64,127	-	(106,969)	-	(106,969)
Policy, leadership and public relations	1,228,112	-	547,696	-	(680,416)	-	(680,416)
Ancillary services	514,648	-	424,801	-	(89,847)	-	(89,847)
Payments to other governments	1,563,353	-	3,165,079	-	1,601,726	-	1,601,726
Unallocated depreciation expense**	<u>3,279,593</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,279,593)</u>	<u>-</u>	<u>(3,279,593)</u>
Total governmental activities	<u>107,926,704</u>	<u>139,898</u>	<u>92,206,543</u>	<u>365,758</u>	<u>(15,214,505)</u>	<u>-</u>	<u>(15,214,505)</u>
Business-type activities:							
School food service	<u>4,701,318</u>	<u>489,602</u>	<u>4,851,188</u>	<u>-</u>	<u>-</u>	<u>639,472</u>	<u>639,472</u>
Total primary government	<u>\$ 112,628,022</u>	<u>\$ 629,500</u>	<u>\$ 97,057,731</u>	<u>\$ 365,758</u>	<u>(15,214,505)</u>	<u>639,472</u>	<u>(14,575,033)</u>
General revenues:							
Unrestricted county appropriations - operating					19,610,524	-	19,610,524
Unrestricted county appropriations - capital					1,347,500	-	1,347,500
Unrestricted State appropriations - operating					3,393,645	-	3,393,645
Unrestricted State appropriations - capital					201,515	-	201,515
Investment earnings, unrestricted					7,952	-	7,952
Miscellaneous, unrestricted					2,497,506	11,741	2,509,247
Transfers					<u>(71,955)</u>	<u>71,955</u>	<u>-</u>
Total general revenues and transfers					<u>26,986,687</u>	<u>83,696</u>	<u>27,070,383</u>
Change in net position					11,772,182	723,168	12,495,350
Net position (deficit) - beginning					<u>(31,269,495)</u>	<u>881,741</u>	<u>(30,387,754)</u>
Net position (deficit) - ending					<u>\$ (19,497,313)</u>	<u>\$ 1,604,909</u>	<u>\$ (17,892,404)</u>

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

FUND FINANCIAL STATEMENTS

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

Exhibit 3

	Major Funds						Total Governmental Funds
	General	State Public School	Federal Grants	Restricted Revenue	Capital Outlay	Individual Schools	
Assets							
Cash and cash equivalents	\$ 5,888,260	\$ -	\$ -	\$ 5,320,701	\$ 993,291	\$ 845,111	\$ 13,047,363
Due from other governments	950	-	-	709,721	-	-	710,671
Accounts receivable	3,669	-	-	6,103	-	-	9,772
Due from other funds	-	81,311	-	-	-	-	81,311
Inventories	502,096	-	-	-	-	-	502,096
Total assets	<u>\$ 6,394,975</u>	<u>\$ 81,311</u>	<u>\$ -</u>	<u>\$ 6,036,525</u>	<u>\$ 993,291</u>	<u>\$ 845,111</u>	<u>\$ 14,351,213</u>
Liabilities and Fund balances							
Liabilities:							
Bank overdraft	\$ -	\$ 81,311	\$ -	\$ -	\$ -	\$ -	\$ 81,311
Accounts payable and accrued liabilities	350,726	-	-	340	-	-	351,066
Accrued salaries and wages payable	197,839	-	-	-	-	-	197,839
Due to other funds	81,311	-	-	-	-	-	81,311
Total liabilities	<u>629,876</u>	<u>81,311</u>	<u>-</u>	<u>340</u>	<u>-</u>	<u>-</u>	<u>711,527</u>
Fund balances:							
Nonspendable:							
Inventories	502,096	-	-	-	-	-	502,096
Restricted:							
Stabilization by State statute	4,619	-	-	715,824	-	-	720,443
School capital outlay	-	-	-	-	993,291	-	993,291
Instructional services	-	-	-	1,366,092	-	-	1,366,092
Individual schools	-	-	-	-	-	845,111	845,111
Assigned:							
Special revenues	-	-	-	3,954,269	-	-	3,954,269
Unassigned	5,258,384	-	-	-	-	-	5,258,384
Total fund balances	<u>5,765,099</u>	<u>-</u>	<u>-</u>	<u>6,036,185</u>	<u>993,291</u>	<u>845,111</u>	<u>13,639,686</u>
Total liabilities and fund balances	<u>\$ 6,394,975</u>	<u>\$ 81,311</u>	<u>\$ -</u>	<u>\$ 6,036,525</u>	<u>\$ 993,291</u>	<u>\$ 845,111</u>	<u>\$ 14,351,213</u>

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

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

Exhibit 3

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

Total fund balances of governmental funds	\$ 13,639,686
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	104,327,143
Deferred outflows of resources related to pensions	37,650,619
Deferred outflows of resources related to OPEB	19,397,012
Some liabilities, including those for compensated absences and installment purchases, are not due and payable in the current period and therefore are not reported in the funds.	(5,080,937)
Net pension liability	(59,225,033)
Net OPEB liability	(80,153,186)
Deferred inflows of resources related to pensions	(2,598,828)
Deferred inflows of resources related to OPEB	<u>(47,453,789)</u>
Net position (deficit) of governmental activities	<u>\$ (19,497,313)</u>

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

LEE 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	Restricted Revenue	Capital Outlay	Individual Schools	
Revenues:							
State of North Carolina	\$ -	\$ 72,196,153	\$ -	\$ 150,000	\$ 567,273	\$ -	\$ 72,913,426
Lee County:							
Local current expense	19,610,524	-	-	-	-	-	19,610,524
Other	-	-	-	-	1,347,500	-	1,347,500
U.S. Government	-	-	19,942,241	134,629	674,937	-	20,751,807
Other	321,353	-	-	6,658,382	2,602	1,332,562	8,314,899
Total revenues	<u>19,931,877</u>	<u>72,196,153</u>	<u>19,942,241</u>	<u>6,943,011</u>	<u>2,592,312</u>	<u>1,332,562</u>	<u>122,938,156</u>
Expenditures:							
Current:							
Instructional services:							
Regular instructional	4,286,445	43,170,586	4,392,853	593,379	674,937	-	53,118,200
Special populations	760,447	9,800,842	2,929,322	660,963	-	-	14,151,574
Alternative programs	271,305	3,536,362	4,868,647	1,166,569	-	-	9,842,883
School leadership	2,404,912	4,298,814	690,370	19,558	-	-	7,413,654
Co-curricular	603,542	-	-	31,601	-	1,279,553	1,914,696
School-based support	698,779	4,529,828	1,627,769	417,542	-	-	7,273,918
System-wide support services:							
Support and development	465,279	267,769	141,569	58,019	-	-	932,636
Special population support and development	338,268	127,915	74,454	186,600	-	-	727,237
Alternative programs and services							
support and development	2,140	76,117	129,697	59,935	-	-	267,889
Technology support	550,691	785,166	93,353	1,836	-	-	1,431,046
Operational support	5,517,358	4,496,550	1,375,466	955,314	3,119,871	-	15,464,559
Financial and human resource services	1,183,485	433,394	35,781	95,816	-	-	1,748,476
Accountability	977	-	-	-	-	-	977
System-wide pupil support	148,499	57,487	6,640	-	-	-	212,626
Policy, leadership and public relations	760,471	535,617	12,079	-	-	-	1,308,167
Ancillary services	72,537	25,639	399,162	25,499	-	-	522,837
Payments to other governments	1,565,589	-	3,165,079	-	-	-	4,730,668
Debt service:							
Principal retirement	-	-	-	-	365,758	-	365,758
Capital outlay	-	-	-	-	25,300	-	25,300
Total expenditures	<u>19,630,724</u>	<u>72,142,086</u>	<u>19,942,241</u>	<u>4,272,631</u>	<u>4,185,866</u>	<u>1,279,553</u>	<u>121,453,101</u>
Revenues over (under) expenditures	301,153	54,067	-	2,670,380	(1,593,554)	53,009	1,485,055
Other financing uses:							
Transfers to other funds	-	(54,067)	-	-	-	-	(54,067)
Net change in fund balance	301,153	-	-	2,670,380	(1,593,554)	53,009	1,430,988
Fund balances:							
Beginning of year	5,519,783	-	-	3,365,805	2,586,845	792,102	12,264,535
Change in reserve for inventories	(55,837)	-	-	-	-	-	(55,837)
End of year	<u>\$ 5,765,099</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,036,185</u>	<u>\$ 993,291</u>	<u>\$ 845,111</u>	<u>\$ 13,639,686</u>

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

LEE 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	\$ 1,430,988
Change in fund balance due to change in reserve for inventory	(55,837)
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 expense exceeded capital outlays in the current period.	(2,475,714)
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	10,971,057
Contributions to the OPEB plans in the current fiscal year are not included on the statement of activities	4,412,410
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	608,468
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	365,758
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Pension (expense) benefit	(11,586,164)
Net OPEB (expense) benefit	8,208,606
Compensated absences	<u>(107,390)</u>
Total changes in net position of governmental activities	<u>\$ 11,772,182</u>

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

LEE 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	\$ -	\$ -	\$ -	\$ -
Lee County	19,610,524	19,610,524	19,610,524	-
U.S. Government	-	-	-	-
Other	-	1,187,070	321,353	(865,717)
Total revenues	<u>19,610,524</u>	<u>20,797,594</u>	<u>19,931,877</u>	<u>(865,717)</u>
Expenditures:				
Current:				
Instructional services	9,040,524	9,340,524	9,025,430	315,094
System-wide support services	9,045,000	9,522,070	8,967,168	554,902
Ancillary services	350,000	350,000	72,537	277,463
Non-programmed charges	<u>1,175,000</u>	<u>1,775,000</u>	<u>1,565,589</u>	<u>209,411</u>
Total expenditures	<u>19,610,524</u>	<u>20,987,594</u>	<u>19,630,724</u>	<u>1,356,870</u>
Revenues over (under) expenditures	-	(190,000)	301,153	491,153
Fund balance appropriated	-	<u>190,000</u>	-	<u>(190,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	301,153	<u>\$ 301,153</u>
Fund balances:				
Beginning of year			5,519,783	
Change in reserve for inventories			<u>(55,837)</u>	
End of year			<u>\$ 5,765,099</u>	

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

LEE COUNTY BOARD OF EDUCATION **Exhibit 6 (continued)**
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2023

	State Public School Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina	\$ 63,500,000	\$ 72,804,360	\$ 72,196,153	\$ (608,207)
Lee County	-	-	-	-
U.S. Government	-	-	-	-
Other	-	-	-	-
Total revenues	<u>63,500,000</u>	<u>72,804,360</u>	<u>72,196,153</u>	<u>(608,207)</u>
Expenditures:				
Current:				
Instructional services	58,000,000	65,656,540	65,336,432	320,108
System-wide support services	5,250,000	6,897,820	6,780,015	117,805
Ancillary services	250,000	195,933	25,639	170,294
Non-programmed charges	-	-	-	-
Total expenditures	<u>63,500,000</u>	<u>72,750,293</u>	<u>72,142,086</u>	<u>608,207</u>
Revenues over (under) expenditures	-	54,067	54,067	-
Other financing uses:				
Transfers to other funds	-	(54,067)	(54,067)	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances:				
Beginning of year			-	
Change in reserve for inventories			-	
End of year			<u>\$ -</u>	

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

LEE COUNTY BOARD OF EDUCATION

Exhibit 6 (continued)

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2023**

	Federal Grants Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Lee County	-	-	-	-
U.S. Government	20,079,205	27,903,153	19,942,241	(7,960,912)
Other	-	-	-	-
Total revenues	<u>20,079,205</u>	<u>27,903,153</u>	<u>19,942,241</u>	<u>(7,960,912)</u>
Expenditures:				
Current:				
Instructional services	14,683,330	20,946,073	14,508,961	6,437,112
System-wide support services	3,115,875	3,243,918	1,869,039	1,374,879
Ancillary services	280,000	463,162	399,162	64,000
Non-programmed charges	<u>2,000,000</u>	<u>3,250,000</u>	<u>3,165,079</u>	<u>84,921</u>
Total expenditures	<u>20,079,205</u>	<u>27,903,153</u>	<u>19,942,241</u>	<u>7,960,912</u>
Revenues over (under) expenditures	-	-	-	-
Other financing uses:				
Transfers to other funds	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances:				
Beginning of year			-	
Change in reserve for inventories			-	
End of year			<u>\$ -</u>	

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

LEE COUNTY BOARD OF EDUCATION

Exhibit 6 (continued)

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2023**

	Restricted Revenue Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
Lee County	-	-	-	-
U.S. Government	125,000	134,629	134,629	-
Other	<u>2,200,000</u>	<u>5,427,710</u>	<u>6,658,382</u>	<u>1,230,672</u>
Total revenues	<u>2,475,000</u>	<u>5,712,339</u>	<u>6,943,011</u>	<u>1,230,672</u>
Expenditures:				
Current:				
Instructional services	2,000,000	5,606,647	2,889,612	2,717,035
System-wide support services	350,000	2,873,843	1,357,520	1,516,323
Ancillary services	125,000	325,000	25,499	299,501
Non-programmed charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,475,000</u>	<u>8,805,490</u>	<u>4,272,631</u>	<u>4,532,859</u>
Revenues over (under) expenditures	-	(3,093,151)	2,670,380	5,763,531
Fund balance appropriated	<u>-</u>	<u>3,093,151</u>	<u>-</u>	<u>(3,093,151)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	2,670,380	<u>\$ 2,670,380</u>
Fund balances:				
Beginning of year			3,365,805	
Change in reserve for inventories			<u>-</u>	
End of year			<u>\$ 6,036,185</u>	

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

**LEE COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE
June 30, 2023**

Exhibit 7

	<u>Enterprise Fund</u>
	<u>Major Fund</u>
	<u>School Food</u>
	<u>Service</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 3,660,273
Due from other governments	156,048
Inventories	213,743
Total current assets	<u>4,030,064</u>
Noncurrent assets:	
Capital assets:	
Equipment, furniture and vehicles, net	<u>472,659</u>
Total assets	<u>4,502,723</u>
Deferred Outflows of Resources	<u>1,193,714</u>
Liabilities	
Current liabilities:	
Compensated absences	63,395
Unearned revenue	47,867
Total current liabilities	<u>111,262</u>
Noncurrent liabilities:	
Net pension liability	1,239,276
Net OPEB liability	1,677,195
Compensated absences	16,450
Total noncurrent liabilities	<u>2,932,921</u>
Total liabilities	<u>3,044,183</u>
Deferred Inflows of Resources	<u>1,047,345</u>
Net position	
Investment in capital assets	472,659
Unrestricted	1,132,250
Total net position	<u>\$ 1,604,909</u>

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

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

Exhibit 8

	<u>Enterprise Fund</u>
	<u>Major Fund</u>
	<u>School Food</u>
	<u>Service</u>
Operating revenues:	
Food sales	\$ 489,602
Other	<u>11,741</u>
Total operating revenues	<u>501,343</u>
Operating expenses:	
Food cost:	
Purchase of food	1,463,096
Donated commodities	441,575
Salaries and benefits	2,146,189
Indirect costs	215,146
Materials and supplies	227,852
Repairs and maintenance	102,746
Depreciation	66,647
Non-capitalized equipment	3,026
Contracted services	1,724
Other	<u>33,317</u>
Total operating expenses	<u>4,701,318</u>
Operating loss	<u>(4,199,975)</u>
Nonoperating revenues:	
Federal reimbursements	4,381,014
Federal commodities	441,575
State reimbursements	<u>28,599</u>
Total nonoperating revenues	<u>4,851,188</u>
Income before transfers and contributions	651,213
Transfers from other funds	54,067
Capital contributions	<u>17,888</u>
Change in net position	723,168
Net position, beginning of year	<u>881,741</u>
Net position, end of year	<u>\$ 1,604,909</u>

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

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

Exhibit 9

	<u>Enterprise Fund</u> <u>Major Fund</u> <u>School Food</u> <u>Service</u>
Cash flows from operating activities:	
Cash received from customers	\$ 493,779
Cash paid for goods and services	(2,010,029)
Cash paid to employees for services	(2,419,784)
Other operating revenue	<u>11,741</u>
Net cash used by operating activities	<u>(3,924,293)</u>
Cash flows from noncapital financing activities:	
Due to other funds	(88,504)
Federal and State reimbursements	<u>4,480,117</u>
Net cash provided by noncapital financing activities	<u>4,391,613</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	<u>(20,317)</u>
Net increase in cash and cash equivalents	447,003
Cash and cash equivalents, beginning of year	<u>3,213,270</u>
Cash and cash equivalents, end of year	<u>\$ 3,660,273</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	<u>\$ (4,199,975)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	66,647
Donated commodities	441,575
Salaries paid by special revenue fund	54,067
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Decrease in net OPEB asset	1,105
Decrease in inventories	36,916
Decrease in accounts payable and accrued liabilities	(38)
Increase in unearned revenue	4,177
Increase in net pension liability	884,085
Decrease in net OPEB liability	(392,877)
Increase in deferred outflows	(492,884)
Decrease in deferred inflows	(315,388)
Decrease in compensated absences payable	<u>(11,703)</u>
Total adjustments	<u>275,682</u>
Net cash used by operating activities	<u>\$ (3,924,293)</u>

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

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

Exhibit 9 (continued)

NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:

The School Food Service Fund received donated commodities with a value of \$441,575 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 \$54,067 to administrative personnel of the School Food Service Fund during the fiscal year. The payment is reflected as a transfer from other funds and an operating expense on Exhibit 8.

School Food Service capital assets with a value of \$17,888 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.

LEE 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 Lee 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 Lee 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 Lee County, North Carolina. The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity. The Board has no component units.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the Board. These statements include the financial activities of the overall government. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. These statements distinguish between the *governmental* and *business-type activities* of the Board. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements: The fund financial statements provide information about the Board's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Interfund services provided and used are not eliminated in the process of consolidation.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. All expenses are considered to be operating expenses.

The Board reports the following major governmental funds:

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

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

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

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

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

Capital Outlay Fund. The Capital Outlay Fund accounts for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds). It is mandated by State law [G.S.115C-426]. Capital projects are funded by Lee County appropriations, restricted sales tax moneys, proceeds of county debt issued for public school construction, lottery proceeds as well as certain State assistance.

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 fundraising activities. The primary expenditures are for athletic teams, club programs, activity buses, and instructional needs.

The Board reports the following major enterprise fund:

School Food Service Fund. The School Food Service Fund is used to account for the food service program within the school system.

C. Measurement Focus and Basis of Accounting

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

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

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

D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue fund, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the purpose level for all annually budgeted funds. The Board has authorized the Superintendent to transfer amounts between functions

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

and objects of expenditure within a purpose without limitation and without a report to the Board of Education required. The Superintendent may transfer amounts between purposes of the same fund with a report on such transfers being required at the next meeting of the Board of Education. The Superintendent may not transfer any amounts between funds or from any contingency appropriation within a fund. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

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

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

2. Cash and Cash Equivalents

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

3. Inventories

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

4. 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

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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, 1950 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

For capital assets utilized in both governmental and business-type activities, it is the policy of the Board to capitalize those assets costing more than \$5,000 with an estimated useful life of two or more years. The cost of normal repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

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

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

	<u>Years</u>
Buildings and improvements	50
Equipment and furniture	3 to 10
Vehicles	6 to 15

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

5. Deferred outflows and inflows of resources

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

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

LEE COUNTY BOARD OF EDUCATION
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government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years' records of the current portion of compensated absences.

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

8. Net Position/Fund Balances

Net Position

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

Fund 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:

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

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

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

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

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

Restricted for instructional services – 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 fundraising activities for which they were collected.

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

Special revenues – portion of fund balance that represents the residual amount of revenues from certain grants, reimbursements, indirect costs and other financial resources in excess of related

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expenditures that will be used for instructional services, system-wide support services, ancillary services or non-programmed charges, as determined by the Board of Education.

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 can report 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 pay expenditures from restricted revenue sources first and second from general unrestricted revenues.

9. Reconciliation of Government-wide and Fund Financial Statements

a. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. The net adjustment of \$(33,136,999) consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 186,642,005
Less accumulated depreciation	<u>(82,314,862)</u>
Net capital assets	104,327,143
Deferred outflows of resources related to pensions	37,650,619
Deferred outflows of resources related to OPEB	19,397,012
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Installment purchases	(294,794)
Compensated absences	(4,786,143)
Net pension liability	(59,225,033)
Net OPEB liability	(80,153,186)
Deferred inflows of resources related to pensions	(2,598,828)
Deferred inflows of resources related to OPEB	<u>(47,453,789)</u>
Total adjustment	<u>\$ (33,136,999)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$10,341,194 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 1,271,003
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	(3,746,717)
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	365,758
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	10,971,057
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	4,412,410
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	608,468
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	
Pension (expense) benefit	(11,586,164)
OPEB (expense) benefit	8,208,606
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(107,390)
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	<u>(55,837)</u>
Total adjustment	<u>\$ 10,341,194</u>

10. Defined Benefit Pension Plans

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

**LEE COUNTY BOARD OF EDUCATION
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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 \$16,284,132 and a bank overdraft with the State Treasurer of \$81,311. The bank balances with the financial institutions and the State Treasurer were \$16,720,061 and \$7,473,942, respectively. Of these balances, \$1,082,645 was covered by federal depository insurance and \$23,111,358 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. Lee County Schools had cash on hand of \$474 at year end.

2. Investments

At June 30 2023, the Board had \$423,030 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2023. The Board has no investment balances in the NCCMT as of June 30, 2023. The Board has no policy for managing interest rate risk or credit risk. The Board places no limit on the amount the Board may invest in any one issuer. All investments are measured using the market approach. The STIF is classified in Level 2 of the fair value hierarchy and valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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3. Accounts Receivable

Receivables at the government-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	\$ (81,311)	\$ 950	\$ 3,669	\$ (76,692)
Other governmental activities	<u>81,311</u>	<u>709,721</u>	<u>6,103</u>	<u>797,135</u>
Total governmental activities	<u>\$ -</u>	<u>\$ 710,671</u>	<u>\$ 9,772</u>	<u>\$ 720,443</u>
Business-type activities:				
School Food Service Fund	<u>\$ -</u>	<u>\$ 156,743</u>	<u>\$ -</u>	<u>\$ 156,743</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 950	Amounts due from DPI
Other Special Revenue Fund	<u>709,721</u>	Federal Medicaid funds
Total governmental activities	<u>\$ 710,671</u>	
Business-type activities:		
School Food Service Fund	<u>\$ 156,743</u>	Federal grant funds

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4. Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,632,556	\$ -	\$ -	\$ 4,632,556
Construction in progress	<u>243,033</u>	<u>727,522</u>	<u>970,555</u>	<u>-</u>
Total capital assets not being depreciated	<u>4,875,589</u>	<u>727,522</u>	<u>970,555</u>	<u>4,632,556</u>
Capital assets being depreciated:				
Buildings and improvements	165,182,423	970,555	-	166,152,978
Equipment and furniture	3,469,985	478,291	-	3,948,276
Vehicles	<u>11,843,005</u>	<u>65,190</u>	<u>-</u>	<u>11,908,195</u>
Total capital assets being depreciated	<u>180,495,413</u>	<u>1,514,036</u>	<u>-</u>	<u>182,009,449</u>
Less accumulated depreciation for:				
Buildings and improvements	67,795,275	3,195,966	-	70,991,241
Equipment and furniture	2,900,130	83,627	-	2,983,757
Vehicles	<u>7,872,740</u>	<u>467,124</u>	<u>-</u>	<u>8,339,864</u>
Total accumulated depreciation	<u>78,568,145</u>	<u>3,746,717</u>	<u>-</u>	<u>82,314,862</u>
Total capital assets being depreciated, net	<u>101,927,268</u>			<u>99,694,587</u>
Governmental activity capital assets, net	<u>\$106,802,857</u>			<u>\$104,327,143</u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment and furniture	\$ 3,120,473	\$ 38,205	\$ -	\$ 3,158,678
Vehicles	<u>31,348</u>	<u>-</u>	<u>-</u>	<u>31,348</u>
Total capital assets being depreciated	<u>3,151,821</u>	<u>38,205</u>	<u>-</u>	<u>3,190,026</u>
Less accumulated depreciation for:				
Equipment and furniture	2,619,372	66,647	-	2,686,019
Vehicles	<u>31,348</u>	<u>-</u>	<u>-</u>	<u>31,348</u>
Total accumulated depreciation	<u>2,650,720</u>	<u>66,647</u>	<u>-</u>	<u>2,717,367</u>
School Food Service capital assets, net	<u>\$ 501,101</u>			<u>\$ 472,659</u>

Depreciation was charged to governmental functions as follows:

System-wide support services	\$ 550,751
Unallocated depreciation	<u>3,195,966</u>
Total	<u>\$ 3,746,717</u>

LEE COUNTY BOARD OF EDUCATION
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For the Fiscal Year Ended June 30, 2023

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, 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 \$11,200,625 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

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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 \$60,464,309 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 0.4074% and 0.3640%, respectively.

For the year ended June 30, 2023, the Board recognized pension expense of \$11,820,158. At June 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 263,265	\$ 824,138
Changes of assumptions	4,770,404	-
Net difference between projected and actual earnings on pension plan investments	19,858,903	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	2,345,256	1,829,071
Board contributions subsequent to the measurement date	<u>11,200,625</u>	<u>-</u>
Total	<u>\$ 38,438,453</u>	<u>\$ 2,653,209</u>

\$11,200,625 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:

<u>Year ended June 30:</u>	
2024	\$ 6,191,734
2025	5,998,848
2026	2,874,235
2027	<u>9,519,802</u>
Total	<u>\$ 24,584,619</u>

LEE COUNTY BOARD OF EDUCATION
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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:

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

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

Discount rate. The discount 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

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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 <u>(5.50%)</u>	Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
Board’s proportionate share of the net pension liability (asset)	\$ 106,903,979	\$ 60,464,309	\$ 22,132,075

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

1. Healthcare Benefits

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

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

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

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

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

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

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

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also, by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state-supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the year ended June 30, 2023, the Board contributed 6.89% of covered payroll, which amounted to \$4,440,294 for the entire fiscal year. During the current fiscal year, the plan also recognized a one-time transfer of excess funding from the Public Employees Health Benefits Fund totaling \$180.5 million, which was isolated from the OPEB expense and allocated to participating employers as a separate revenue item. The Board's proportionate share of this allocation totaled \$621,200.

At June 30, 2023, the Board reported a liability of \$81,723,128 for its proportionate share of the net RHBF OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. The total OPEB liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2022 and 2021, the Board's proportion was 0.3441% and 0.3213%, respectively.

\$4,440,294 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:

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Year ended June 30:

2024	\$ 11,839,714
2025	8,664,591
2026	8,379,786
2027	<u>4,478,338</u>
Total	\$ <u>33,362,429</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.

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	\$ 96,260,429	\$ 81,723,128	\$ 69,850,100

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

	Healthcare Trend Rates		
	1% Decrease (Medical - 4.00-5.00%, Pharmacy - 4.00-8.50%, Medicare Advantage - 4.00%, Administrative - 2.00%)	(Medical - 5.00-6.00%, Pharmacy - 5.00-9.50%, Medicare Advantage - 5.00%, Administrative - 3.00%)	1% increase (Medical -6.00- 7.00%, Pharmacy - 6.00- 10.50%, Medicare Advantage - 6.00%, Administrative - 4.00%)
Net OPEB liability	\$ 67,271,208	\$ 81,723,128	\$ 100,404,301

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.

2. Disability Benefits

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

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

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

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

LEE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 \$64,445 for the year ended June 30, 2023.

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

At June 30, 2023, the Board reported a liability of \$107,253 for its proportionate share of the net DIPNC OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. The total OPEB liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2022 and 2021, the Board's proportion was 0.3605% and 0.3451%, respectively.

\$64,445 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 outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2024	\$ 52,298
2025	60,108
2026	44,772
2027	34,392
2028	6,467
Thereafter	<u>15,792</u>
Total	<u>\$ 213,829</u>

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

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

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

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
Net OPEB liability	\$ 132,069	\$ 107,253	\$ 82,376

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

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

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

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

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

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:

	<u>RHBF</u>	<u>DIPNC</u>	<u>Total</u>
OPEB expense (benefit)	\$ (8,570,773)	\$ 146,846	\$ (8,423,927)
OPEB liability (asset)	81,723,128	107,253	81,830,381
Proportionate share of the net OPEB liability (asset)	0.3441%	0.3605%	
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 793,424	\$ 120,222	\$ 913,646
Changes of assumptions	6,542,998	6,894	6,549,892
Net difference between projected and actual earnings on plan investments	707,687	113,440	821,127
Changes in proportion and differences between Board contributions and proportionate share of contributions	6,996,126	17,362	7,013,488
Board contributions subsequent to the measurement date	4,440,294	64,445	4,504,739
Totals	<u>\$ 19,480,529</u>	<u>\$ 322,363</u>	<u>\$ 19,802,892</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 226,136	\$ -	\$ 226,136
Changes of assumptions	37,194,120	19,869	37,213,989
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	10,982,408	24,220	11,006,628
Totals	<u>\$ 48,402,664</u>	<u>\$ 44,089</u>	<u>\$ 48,446,753</u>

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

2. Accounts Payable

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

	<u>Vendors and Other</u>	<u>Accrued Salaries and Wages</u>	<u>Total</u>
Governmental activities:			
General Fund	\$ 350,726	\$ 197,839	\$ 548,565
Other governmental activities	<u>340</u>	<u>-</u>	<u>340</u>
Total governmental activities	<u>\$ 351,066</u>	<u>\$ 197,839</u>	<u>\$ 548,905</u>

3. Unearned Revenues

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

Business-type activities:	
Prepayments of meals (School Food Service Fund)	<u>\$ 47,867</u>

4. Deferred Outflows and Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,176,911	\$ 1,050,274
Changes of assumptions	11,320,296	37,213,989
Net difference between projected and actual earnings on pension and OPEB plan investments	20,680,030	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	9,358,744	12,835,699
Board contributions subsequent to the measurement date	<u>15,705,364</u>	<u>-</u>
Total	<u>\$ 58,241,345</u>	<u>\$ 51,099,962</u>

5. Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in the North Carolina School Boards Trust (the Trust), a member funded risk management program administered by the North Carolina School Boards Association. Through the Trust, the Board maintains general liability and errors and omissions coverage of \$1,000,000 each claim made / \$3,150,000 coverage period aggregate. The Trust is reinsured through commercial companies for losses in excess of \$150,000 per claim for errors and omissions and general liability coverage.

Statutory workers' compensation coverage is purchased through a private insurer for employees to the extent they are paid from Federal and local funds. Workers' compensation coverage is provided by the State of North Carolina through a self-insured fund, to the extent employees are paid from State funds.

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

The Board also participates in the State Public Education Property 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 excess 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 does not carry supplemental flood insurance in case of natural disasters since there are no Board-owned properties in flood zones.

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

In accordance with G.S. 115C-442, the Board’s employees who have custody of the Board’s monies at any given time are performance bonded through a commercial surety bond. The finance officer is bonded for \$250,000. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

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. Long-Term Obligations

a. Direct Placement 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 special third-party direct placement financing arrangements. During the current and prior fiscal years, the Board entered into financing contracts for the purchase of school buses. The buses are pledged as collateral for the debt while the debt is outstanding. The original amount of the installment purchase contracts outstanding at June 30, 2023 totaled \$971,294. The financing contracts each require 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 future minimum payments of the installment purchases as of June 30, 2023 are as follows:

<u>Year Ending June 30:</u>	<u>Governmental Activities Principal</u>
2024	\$ 242,825
2025	51,969
Totals	<u>\$ 294,794</u>

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

b. Long-Term Obligation Activity

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

	<u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>	<u>Current Portion</u>
Governmental activities:					
Direct placement installment purchases	\$ 660,552	\$ -	\$ 365,758	\$ 294,794	\$ 242,825
Net pension liability	16,688,540	42,536,493	-	59,225,033	-
Net OPEB liability	97,261,578	-	17,108,392	80,153,186	-
Compensated absences	4,678,753	3,808,422	3,701,032	4,786,143	2,690,835
Total	<u>\$119,289,423</u>	<u>\$ 46,344,915</u>	<u>\$ 21,175,182</u>	<u>\$144,459,156</u>	<u>\$ 2,933,660</u>
Business-type activities:					
Net pension liability	\$ 355,191	\$ 884,085	\$ -	\$ 1,239,276	\$ -
Net OPEB liability	2,070,072	-	392,877	1,677,195	-
Compensated absences	91,548	101,131	112,834	79,845	63,395
Total	<u>\$ 2,516,811</u>	<u>\$ 985,216</u>	<u>\$ 505,711</u>	<u>\$ 2,996,316</u>	<u>\$ 63,395</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>
State Public School Fund	General Fund	\$ 81,311

As of June 30, 2023, the Board has recorded an \$81,311 liability in the General Fund to cover a bank overdraft reported in the State Public School Fund.

2. Transfers to/from other Funds

Transfers to/from other funds during the year ended June 30, 2023 consisted of \$54,067 transferred from the State Public School Fund to the School Food Service Fund for administrative costs.

3. Transfers / Contributed Capital

During the year ended June 30, 2023, the Federal Grants Fund purchased capitalized equipment for the School Food Service Fund totaling \$17,888. This amount is presented as a transfer between governmental and business-type activities in Exhibit 2 and as contributed capital in Exhibit 8.

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

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	\$ 104,327,143
Less:	
Installment purchase obligations for school buses	<u>(294,794)</u>
Net investment in capital assets, governmental activities	<u>\$ 104,032,349</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	\$ 5,765,099
Less:	
Inventories	(502,096)
Stabilization by State statute	<u>(4,619)</u>
Unassigned fund balance	<u>\$ 5,258,384</u>

NOTE 3 – RESTRICTED REVENUE FUND – OTHER REVENUES

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

Private grants and programs	\$ 478,908
Medicaid reimbursement program	1,213,981
Contracted services	778,224
Indirect costs allocated	3,512,513
Tuition and fees	105,433
Other	<u>569,323</u>
Total other revenues	<u>\$ 6,658,382</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

**LEE 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***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Board's proportion of the net pension liability/asset	0.407%	0.364%	0.389%	0.399%	0.411%
Board's proportionate share of the net pension liability (asset)	\$ 60,464,309	\$ 17,043,731	\$ 47,049,713	\$ 41,353,791	\$ 40,950,390
Board's covered payroll	\$ 63,555,781	\$ 54,763,897	\$ 56,546,901	\$ 56,450,244	\$ 54,978,924
Board's proportionate share of the net pension liability/asset as a percentage of its covered payroll	95.14%	31.12%	83.20%	73.26%	74.48%
Plan fiduciary net position as a percentage of the total pension liability	84.14%	94.86%	85.98%	87.56%	87.61%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Board's proportion of the net pension liability/asset	0.403%	0.383%	0.369%	0.358%	0.367%
Board's proportionate share of the net pension liability (asset)	\$ 31,952,787	\$ 35,228,310	\$ 13,602,434	\$ 4,201,253	\$ 22,256,356
Board's covered payroll	\$ 53,891,293	\$ 50,629,934	\$ 48,590,208	\$ 46,266,743	\$ 47,577,407
Board's proportionate share of the net pension liability/asset as a percentage of its covered payroll	59.29%	69.58%	27.99%	9.08%	46.78%
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.

**LEE 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	\$ 11,200,625	\$ 10,410,437	\$ 8,094,104	\$ 7,334,133	\$ 6,937,735
Contributions in relation to the contractually required contribution	<u>11,200,625</u>	<u>10,410,437</u>	<u>8,094,104</u>	<u>7,334,133</u>	<u>6,937,735</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 64,445,483	\$ 63,555,781	\$ 54,763,897	\$ 56,546,901	\$ 56,450,244
Contributions as a percentage of covered payroll	17.38%	16.38%	14.78%	12.97%	12.29%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 5,926,728	\$ 5,378,351	\$ 4,632,639	\$ 4,446,004	\$ 4,020,580
Contributions in relation to the contractually required contribution	<u>5,926,728</u>	<u>5,378,351</u>	<u>4,632,639</u>	<u>4,446,004</u>	<u>4,020,580</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 54,978,924	\$ 53,891,293	\$ 50,629,934	\$ 48,590,208	\$ 46,266,743
Contributions as a percentage of covered payroll	10.78%	9.98%	9.15%	9.15%	8.69%

**LEE 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***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Board's proportion of the net OPEB liability/asset	0.344%	0.321%	0.345%	0.355%	0.372%
Board's proportionate share of the net OPEB liability (asset)	\$ 81,723,128	\$ 99,331,650	\$ 95,684,983	\$ 112,163,956	\$ 105,851,521
Board's covered payroll	\$ 63,555,781	\$ 54,763,897	\$ 56,546,901	\$ 56,450,244	\$ 54,978,924
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	128.58%	181.38%	169.21%	198.70%	187.51%
Plan fiduciary net position as a percentage of the total OPEB liability	10.58%	7.72%	6.92%	4.40%	4.40%
	<u>2018</u>	<u>2017</u>			
Board's proportion of the net OPEB liability/asset	0.365%	0.335%			
Board's proportionate share of the net OPEB liability (asset)	\$ 119,790,962	\$ 145,543,449			
Board's covered payroll	\$ 53,891,293	\$ 50,629,934			
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	222.28%	287.47%			
Plan fiduciary net position as a percentage of the total OPEB liability	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.

**LEE 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	\$ 4,440,294	\$ 3,997,659	\$ 3,658,228	\$ 3,658,585	\$ 3,539,430
Contributions in relation to the contractually required contribution	<u>4,440,294</u>	<u>3,997,659</u>	<u>3,658,228</u>	<u>3,658,585</u>	<u>3,539,430</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 64,445,483	\$ 63,555,781	\$ 54,763,897	\$ 56,546,901	\$ 56,450,244
Contributions as a percentage of covered payroll	6.89%	6.29%	6.68%	6.47%	6.27%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,326,225	\$ 3,110,665	\$ 2,825,524	\$ 2,662,362	\$ 2,495,305
Contributions in relation to the contractually required contribution	<u>3,326,225</u>	<u>3,110,665</u>	<u>2,825,524</u>	<u>2,662,362</u>	<u>2,495,305</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 54,978,924	\$ 53,891,293	\$ 50,629,934	\$ 48,590,208	\$ 46,266,743
Contributions as a percentage of covered payroll	6.05%	5.81%	5.60%	5.49%	5.40%

**LEE 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***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Board's proportion of the net OPEB liability/asset	0.361%	0.325%	0.345%	0.357%	0.370%
Board's proportionate share of the net OPEB liability (asset)	\$ 107,253	\$ (53,005)	\$ (169,773)	\$ (154,205)	\$ (112,485)
Board's covered payroll	\$ 63,555,781	\$ 54,763,897	\$ 56,546,901	\$ 56,450,244	\$ 54,978,924
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	0.17%	0.10%	0.30%	0.27%	0.20%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	90.34%	105.18%	115.57%	113.00%	108.47%
	<u>2018</u>	<u>2017</u>			
Board's proportion of the net OPEB liability/asset	0.362%	0.348%			
Board's proportionate share of the net OPEB liability (asset)	\$ (221,474)	\$ (216,344)			
Board's covered payroll	\$ 53,891,293	\$ 50,629,934			
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.

**LEE 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	\$ 64,445	\$ 57,200	\$ 49,288	\$ 56,547	\$ 79,030
Contributions in relation to the contractually required contribution	<u>64,445</u>	<u>57,200</u>	<u>49,288</u>	<u>56,547</u>	<u>79,030</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 64,445,483	\$ 63,555,781	\$ 54,763,897	\$ 56,546,901	\$ 56,450,244
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	\$ 76,970	\$ 203,451	\$ 206,869	\$ 198,829	\$ 203,321
Contributions in relation to the contractually required contribution	<u>76,970</u>	<u>203,451</u>	<u>206,869</u>	<u>198,829</u>	<u>203,321</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 54,978,924	\$ 53,891,293	\$ 50,629,934	\$ 48,590,208	\$ 46,266,743
Contributions as a percentage of covered payroll	0.14%	0.38%	0.41%	0.41%	0.44%

INDIVIDUAL FUND SCHEDULES

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

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Lee County:			
County appropriation	\$ 19,610,524	\$ 19,610,524	\$ -
Other:			
Fines and forfeitures	250,000	101,479	(148,521)
Miscellaneous	937,070	219,874	(717,196)
Total other	<u>1,187,070</u>	<u>321,353</u>	<u>(865,717)</u>
Total revenues	<u>20,797,594</u>	<u>19,931,877</u>	<u>(865,717)</u>
Expenditures:			
Current:			
Instructional services:			
Regular instructional		4,286,445	
Special populations		760,447	
Alternative programs		271,305	
School leadership		2,404,912	
Co-curricular		603,542	
School-based support		698,779	
Total instructional services	<u>9,340,524</u>	<u>9,025,430</u>	<u>315,094</u>
System-wide support services:			
Support and development		465,279	
Special population support and development		338,268	
Alternative programs and services support and development		2,140	
Technology support		550,691	
Operational support		5,517,358	
Financial and human resource services		1,183,485	
Accountability		977	
System-wide pupil support		148,499	
Policy, leadership and public relations		760,471	
Total system-wide support services	<u>9,522,070</u>	<u>8,967,168</u>	<u>554,902</u>
Ancillary services:			
Community		72,482	
Nutrition		55	
Total ancillary services	<u>350,000</u>	<u>72,537</u>	<u>277,463</u>

**LEE 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:			
Non-programmed charges:			
Payments to other governments	<u>1,775,000</u>	<u>1,565,589</u>	<u>209,411</u>
Total expenditures	<u>20,987,594</u>	<u>19,630,724</u>	<u>1,356,870</u>
Fund balance appropriated	<u>190,000</u>	<u>-</u>	<u>(190,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>301,153</u>	<u>\$ 301,153</u>
Fund balance:			
Beginning of year		5,519,783	
Change in reserve for inventories		<u>(55,837)</u>	
End of year		<u>\$ 5,765,099</u>	

LEE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
For the Fiscal Year Ended June 30, 2023

	<u>Revenues</u>	<u>Expenditures</u>	<u>Net change in fund balance</u>	<u>Fund balances June 30, 2022</u>	<u>Fund balances June 30, 2023</u>
Lee County High	\$ 410,716	\$ 426,452	\$ (15,736)	\$ 314,162	\$ 298,426
Southern Lee High	398,261	346,204	52,057	130,497	182,554
East Lee Middle	41,972	37,439	4,533	24,756	29,289
West Lee Middle	47,063	53,711	(6,648)	76,710	70,062
SanLee Middle	63,261	59,683	3,578	27,632	31,210
B.T. Bullock Elementary	23,172	20,335	2,837	10,319	13,156
Broadway Elementary	15,685	16,100	(415)	6,637	6,222
Deep River Elementary	10,297	6,074	4,223	16,460	20,683
Floyd L. Knight Elementary	165,657	157,749	7,908	69,649	77,557
Greenwood Elementary	18,326	25,861	(7,535)	50,155	42,620
J. G. Edwards Elementary	33,015	35,370	(2,355)	20,146	17,791
J.R. Ingram, Jr. Elementary	7,145	8,391	(1,246)	5,595	4,349
Tramway Elementary	64,468	56,513	7,955	10,603	18,558
W.B. Wicker Elementary	23,906	21,499	2,407	8,394	10,801
Lee Early College	<u>9,618</u>	<u>8,172</u>	<u>1,446</u>	<u>20,387</u>	<u>21,833</u>
Totals	<u>\$ 1,332,562</u>	<u>\$ 1,279,553</u>	<u>\$ 53,009</u>	<u>\$ 792,102</u>	<u>\$ 845,111</u>

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

	Final Budget	Actual	Variance with Final Budget
Revenues:			
State of North Carolina:			
State appropriations - buses	\$ 683,740	\$ 365,758	\$ (317,982)
Public School Capital Fund - Lottery	1,704,442	201,515	(1,502,927)
Total State of North Carolina	<u>2,388,182</u>	<u>567,273</u>	<u>(1,820,909)</u>
U.S. Government:			
Emergency Connectivity Grant	<u>2,199,554</u>	<u>674,937</u>	<u>(1,524,617)</u>
Lee County:			
County appropriations	<u>-</u>	<u>1,347,500</u>	<u>1,347,500</u>
Other:			
Interest earned on investments	<u>-</u>	<u>2,602</u>	<u>2,602</u>
Total revenues	<u>4,587,736</u>	<u>2,592,312</u>	<u>(1,995,424)</u>
Expenditures:			
Current:			
Instructional services:			
Regular instructional		674,937	
Total instructional services	<u>2,699,554</u>	<u>674,937</u>	<u>2,024,617</u>
System-wide support services			
Operational support		3,119,871	
Total system-wide support services	<u>3,771,845</u>	<u>3,119,871</u>	<u>651,974</u>
Debt service:			
Principal retirement	<u>550,000</u>	<u>365,758</u>	<u>184,242</u>
Capital outlay	<u>1,050,500</u>	<u>25,300</u>	<u>1,025,200</u>
Total expenditures	<u>8,071,899</u>	<u>4,185,866</u>	<u>3,886,033</u>
Revenues under expenditures	(3,484,163)	(1,593,554)	1,890,609
Other financing sources:			
Installment purchase obligations issued	897,318	-	(897,318)
Fund balance appropriated	<u>2,586,845</u>	<u>-</u>	<u>(2,586,845)</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,593,554)</u>	<u>\$ (1,593,554)</u>
Fund balance:			
Beginning of year		<u>2,586,845</u>	
End of year		<u>\$ 993,291</u>	

LEE 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	\$ 750,000	\$ 489,602	\$ (260,398)
Other	3,000	11,741	8,741
Total operating revenues	<u>753,000</u>	<u>501,343</u>	<u>(251,657)</u>
Operating expenditures:			
Business support services:			
Purchase of food		1,426,180	
Donated commodities		441,575	
Salaries and benefits		2,473,851	
Indirect costs		215,146	
Materials and supplies		227,852	
Repairs and maintenance		102,746	
Non-capitalized equipment		3,026	
Contracted services		1,724	
Other		33,317	
Total operating expenditures	<u>5,951,875</u>	<u>4,945,734</u>	<u>1,006,141</u>
Operating loss	<u>(5,198,875)</u>	<u>(4,444,391)</u>	<u>754,484</u>
Nonoperating revenues:			
Federal reimbursements and grants	4,150,000	4,381,014	231,014
Federal commodities	365,000	441,575	76,575
State reimbursements	46,075	28,599	(17,476)
Indirect costs not paid	325,000	-	(325,000)
Interest earned	6,300	-	(6,300)
Other	500	-	(500)
Total nonoperating revenues	<u>4,892,875</u>	<u>4,851,188</u>	<u>(41,687)</u>
Excess (deficiency) of revenues over expenditures before other financing sources	(306,000)	406,797	712,797
Other financing sources:			
Transfers from other funds	<u>306,000</u>	<u>54,067</u>	<u>(251,933)</u>
Net change in fund balance	<u>\$ -</u>	<u>460,864</u>	<u>\$ 460,864</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(66,647)	
Net OPEB asset		(1,105)	
Net pension liability		(884,085)	
Net OPEB liability		392,877	
Deferred outflows - pension and OPEB		492,884	
Deferred inflows - pension and OPEB		315,388	
Capital contributions		17,888	
Equipment purchases		20,317	
Decrease in compensated absences payable		11,703	
Decrease in inventories		(36,916)	
Change in net position (full accrual)		<u>\$ 723,168</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 say about the District's overall financial outlook.

Sections

Financial Trends

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

Operating Information

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

Demographic and Economic Information

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

Debt Capacity

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

Revenue Capacity

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

**LEE COUNTY SCHOOLS
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)**

Schedule 1

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities										
Net investment in capital assets	\$ 104,032,349	\$ 106,142,305	\$ 109,190,243	\$ 112,086,085	\$ 109,034,058	\$ 96,676,818	\$ 94,992,577	\$ 97,657,387	\$ 99,086,439	\$ 101,728,664
Restricted	3,924,937	4,983,243	3,794,063	3,107,591	2,674,492	2,193,606	2,409,326	2,030,679	1,566,682	1,456,589
Unrestricted (deficit)	<u>(127,454,599)</u>	<u>(142,395,043)</u>	<u>(159,145,930)</u>	<u>(164,061,428)</u>	<u>(163,611,292)</u>	<u>(162,833,579)</u>	<u>(16,415,208)</u>	<u>(12,228,834)</u>	<u>(14,063,693)</u>	<u>59,101</u>
Total governmental activities net position	<u>\$ (19,497,313)</u>	<u>\$ (31,269,495)</u>	<u>\$ (46,161,624)</u>	<u>\$ (48,867,752)</u>	<u>\$ (51,902,742)</u>	<u>\$ (63,963,155)</u>	<u>\$ 80,986,695</u>	<u>\$ 87,459,232</u>	<u>\$ 86,589,428</u>	<u>\$ 103,244,354</u>
Business-type activities										
Investment in capital assets	\$ 472,659	\$ 501,101	\$ 487,571	\$ 457,330	\$ 286,298	\$ 356,149	\$ 357,208	\$ 404,840	\$ 495,912	\$ 530,331
Restricted	-	5,283	7,033	11,223	13,456	11,927	-	-	-	-
Unrestricted (deficit)	<u>1,132,250</u>	<u>375,357</u>	<u>(2,531,205)</u>	<u>(4,309,722)</u>	<u>(3,625,918)</u>	<u>(3,897,142)</u>	<u>952,784</u>	<u>1,014,314</u>	<u>766,950</u>	<u>1,186,751</u>
Total business-type activities net position	<u>\$ 1,604,909</u>	<u>\$ 881,741</u>	<u>\$ (2,036,601)</u>	<u>\$ (3,841,169)</u>	<u>\$ (3,326,164)</u>	<u>\$ (3,540,993)</u>	<u>\$ 1,309,992</u>	<u>\$ 1,419,154</u>	<u>\$ 1,262,862</u>	<u>\$ 1,717,082</u>
Government-wide										
Net investment in capital assets	\$ 104,505,008	\$ 106,643,406	\$ 109,677,814	\$ 112,543,415	\$ 109,320,356	\$ 97,032,967	\$ 95,349,785	\$ 98,062,227	\$ 99,582,351	\$ 102,258,995
Restricted	3,924,937	4,988,526	3,801,096	3,118,814	2,687,948	2,205,533	2,409,326	2,030,679	1,566,682	1,456,589
Unrestricted (deficit)	<u>(126,322,349)</u>	<u>(142,019,686)</u>	<u>(161,677,135)</u>	<u>(168,371,150)</u>	<u>(167,237,210)</u>	<u>(166,730,721)</u>	<u>(15,462,424)</u>	<u>(11,214,520)</u>	<u>(13,296,743)</u>	<u>1,245,852</u>
Total government-wide net position	<u>\$ (17,892,404)</u>	<u>\$ (30,387,754)</u>	<u>\$ (48,198,225)</u>	<u>\$ (52,708,921)</u>	<u>\$ (55,228,906)</u>	<u>\$ (67,492,221)</u>	<u>\$ 82,296,687</u>	<u>\$ 88,878,386</u>	<u>\$ 87,852,290</u>	<u>\$ 104,961,436</u>

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

Note: Net position for 2014 is not comparable to 2015 (and after) net position due to the implementation of GASB 68 for the year ended June 30, 2015. The standard requires the Board to record its proportionate share of the net pension liability associated with its participation in the statewide Teachers' and State Employees' Retirement System (TSERS).

Note: Net position for 2017 and before are not comparable to 2018 (and after) net position due to the implementation of GASB 75 for the year ended June 30, 2018. The standard requires the Board to record its proportionate share of the net OPEB liability and net OPEB asset associated with its participation in the statewide Teachers' and State Employees' Retirement System (TSERS).

LEE COUNTY SCHOOLS
EXPENSES, PROGRAM REVENUES AND NET (EXPENSE)
Last Ten Fiscal Years
(accrual basis of accounting)

Schedule 2

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental activities:										
Instructional services:										
Regular instructional	\$ 44,478,862	\$ 45,164,795	\$ 42,725,083	\$ 44,519,606	\$ 43,707,952	\$ 46,374,438	\$ 43,952,215	\$ 40,225,984	\$ 37,536,012	\$ 37,221,539
Special populations	12,404,085	10,985,554	11,405,647	12,285,791	12,410,533	12,910,088	11,656,034	10,176,028	9,639,303	9,351,693
Alternative programs	9,253,625	8,513,862	8,345,367	6,605,184	6,826,412	7,373,798	6,742,757	5,455,925	4,613,476	4,329,941
School leadership	6,809,807	5,683,879	5,844,882	6,230,060	5,543,860	5,827,954	4,999,213	4,584,252	4,326,940	4,553,210
Co-curricular	1,916,472	1,457,962	696,930	1,286,597	1,642,163	1,640,258	1,641,932	1,664,040	1,641,803	1,591,602
School-based support	6,588,461	5,511,992	6,475,918	5,619,326	5,144,261	5,381,071	4,701,085	4,321,267	4,398,409	4,108,200
System-wide support services:										
Support and development	903,605	678,090	532,919	571,441	557,951	620,672	643,857	528,208	512,221	716,282
Special population support and development	710,810	655,527	671,564	697,456	651,879	518,941	520,757	388,345	360,543	387,549
Alternative programs and services										
support and development	255,950	173,001	214,617	252,989	255,814	400,676	344,290	317,066	316,816	273,980
Technology support	1,316,301	990,558	1,001,081	1,097,251	1,102,225	1,240,869	1,209,757	1,086,481	1,223,923	1,338,500
Operational support	14,881,415	12,667,080	10,048,643	12,105,815	11,637,122	11,821,637	10,459,187	9,591,090	10,114,482	10,202,039
Financial and human resource services	1,649,531	1,502,352	1,342,402	1,409,514	1,139,773	1,040,724	1,173,264	951,766	1,198,779	1,109,843
Accountability	978	(22,778)	(1,333)	6,762	1,647	15,554	3,701	12,918	16,639	5,994
System-wide pupil support	171,096	143,073	161,210	172,828	103,307	131,971	201,951	192,017	168,037	312,631
Policy, leadership and public relations	1,228,112	907,881	1,045,358	1,133,762	1,070,304	1,902,967	932,851	904,847	808,920	804,938
Ancillary services	514,648	631,246	546,957	351,981	261,479	214,141	201,047	148,205	148,584	129,131
Payments to other governments	1,563,353	985,736	812,789	398,818	217,718	179,922	33,406	25,534	20,581	16,215
Interest on long-term debt	-	-	-	-	-	-	-	2,306	5,744	8,975
Unallocated depreciation expense	3,279,593	3,400,417	3,314,758	3,307,213	3,025,629	3,181,840	3,058,854	3,036,689	3,052,603	3,013,489
Total governmental activities expenses	<u>107,926,704</u>	<u>100,030,227</u>	<u>95,184,792</u>	<u>98,052,394</u>	<u>95,300,029</u>	<u>100,777,521</u>	<u>92,476,158</u>	<u>83,612,968</u>	<u>80,103,815</u>	<u>79,475,751</u>
Business-type activities:										
School food service	<u>4,701,318</u>	<u>4,192,250</u>	<u>3,047,350</u>	<u>5,090,727</u>	<u>4,875,069</u>	<u>5,806,789</u>	<u>5,373,838</u>	<u>5,048,925</u>	<u>4,726,853</u>	<u>4,822,905</u>
Total government-wide expenses	<u><u>112,628,022</u></u>	<u><u>104,222,477</u></u>	<u><u>98,232,142</u></u>	<u><u>103,143,121</u></u>	<u><u>100,175,098</u></u>	<u><u>106,584,310</u></u>	<u><u>97,849,996</u></u>	<u><u>88,661,893</u></u>	<u><u>84,830,668</u></u>	<u><u>84,298,656</u></u>

**LEE COUNTY SCHOOLS
EXPENSES, PROGRAM REVENUES AND NET (EXPENSE)
Last Ten Fiscal Years
(accrual basis of accounting)**

Schedule 2
(continued)

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Program Revenues										
Governmental activities:										
Charges for services:										
Regular instructional	139,898	113,211	32,338	128,930	135,190	85,478	127,015	119,355	146,867	123,709
Operational support	-	-	-	-	50,782	15,465	-	-	-	-
Operating grants and contributions:										
Regular instructional	46,137,368	49,113,111	37,536,333	37,052,475	36,516,309	34,561,127	33,557,423	33,613,620	32,572,798	30,972,232
Special populations	13,941,707	13,321,172	11,762,096	11,160,380	11,234,679	10,934,786	9,905,342	10,355,744	9,955,427	8,881,129
Alternative programs	9,183,233	9,056,612	8,200,923	6,238,173	6,375,621	6,772,824	5,748,811	4,829,458	4,506,188	4,104,879
School leadership	4,573,428	4,529,734	4,069,268	3,862,184	3,626,998	3,282,318	3,120,238	2,972,234	2,823,032	3,032,756
Co-curricular	-	-	3,791	-	-	-	158	-	-	-
School-based support	6,650,655	5,646,041	5,691,743	4,445,710	3,979,145	3,663,969	3,601,144	3,571,230	3,882,286	3,282,494
Support and development	406,943	320,927	133,742	130,556	129,784	151,083	208,469	183,827	149,440	185,715
Special population support and development	202,369	237,057	203,882	159,258	141,590	134,160	131,410	181,814	174,894	210,681
Alternative programs and services										
support and development	205,814	187,347	163,690	183,102	199,934	279,013	199,464	252,830	233,291	217,009
Technology support	308,065	431,572	283,538	257,020	300,568	321,770	284,324	260,955	341,087	401,246
Operational support	5,926,083	3,962,548	3,552,597	3,021,499	3,400,073	3,656,294	3,270,662	2,892,402	3,137,131	2,901,370
Financial and human resource services	469,175	556,412	505,751	503,231	446,218	430,448	422,760	408,400	407,295	378,503
Accountability	-	-	-	-	-	-	-	456	18,746	24
System-wide pupil support	64,127	116,048	97,937	96,462	93,338	89,217	96,478	95,254	94,309	97,152
Policy, leadership and public relations	547,696	618,143	605,725	552,073	536,507	473,743	518,101	465,174	435,771	441,556
Ancillary services	424,801	454,494	316,133	169,826	59,845	-	-	5,477	5,304	(6,573)
Payments to other governments	3,165,079	112,640	239,739	208,814	136,555	118,930	177,422	201,023	206,488	174,267
Capital grants and contributions:										
Operational support	365,758	519,186	547,688	426,709	510,407	607,415	309,003	451,567	121,507	108,146
Total governmental activities program revenues	<u>92,712,199</u>	<u>89,296,255</u>	<u>73,946,914</u>	<u>68,596,402</u>	<u>67,873,543</u>	<u>65,578,040</u>	<u>61,678,224</u>	<u>60,860,820</u>	<u>59,211,861</u>	<u>55,506,295</u>
Business-type activities:										
Charges for services:										
School food service	489,602	12,756	1,160	619,880	688,007	784,149	743,626	770,048	710,171	824,687
Operating grants and contributions:										
School food service	4,851,188	6,968,756	4,610,543	3,645,497	4,338,521	4,335,309	4,465,135	4,380,317	4,075,024	3,870,601
Capital grants and contributions	-	-	-	-	-	-	4,435	-	-	-
Total business-type activities program revenues	<u>5,340,790</u>	<u>6,981,512</u>	<u>4,611,703</u>	<u>4,265,377</u>	<u>5,026,528</u>	<u>5,119,458</u>	<u>5,213,196</u>	<u>5,150,365</u>	<u>4,785,195</u>	<u>4,695,288</u>
Total government-wide program revenues	<u>98,052,989</u>	<u>96,277,767</u>	<u>78,558,617</u>	<u>72,861,779</u>	<u>72,900,071</u>	<u>70,697,498</u>	<u>66,891,420</u>	<u>66,011,185</u>	<u>63,997,056</u>	<u>60,201,583</u>
Net (Expense)/Revenue										
Governmental activities	(15,214,505)	(10,733,972)	(21,237,878)	(29,455,992)	(27,426,486)	(35,199,481)	(30,797,934)	(22,752,148)	(20,891,954)	(23,969,456)
Business-type activities	639,472	2,789,262	1,564,353	(825,350)	151,459	(687,331)	(160,642)	101,440	58,342	(127,617)
Total primary government net expense	<u>\$ (14,575,033)</u>	<u>\$ (7,944,710)</u>	<u>\$ (19,673,525)</u>	<u>\$ (30,281,342)</u>	<u>\$ (27,275,027)</u>	<u>\$ (35,886,812)</u>	<u>\$ (30,958,576)</u>	<u>\$ (22,650,708)</u>	<u>\$ (20,833,612)</u>	<u>\$ (24,097,073)</u>

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

Note: Expenses for 2014 is not comparable to 2015 (and after) expenses due to the implementation of GASB 68 for the year ended June 30, 2015. The standard requires the Board to record its proportionate share of the net pension liability associated with its participation in the statewide Teachers' and State Employees' Retirement System (TSERS).

Note: Expenses for 2017 and before are not comparable to 2018 (and after) expenses due to the implementation of GASB 75 for the year ended June 30, 2018. The standard requires the Board to record its proportionate share of the net OPEB liability and net OPEB asset associated with its participation in the statewide Teachers' and State Employees' Retirement System (TSERS).

LEE COUNTY SCHOOLS
GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

Schedule 3

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net Expense Governmental activities	(15,214,505)	(21,237,878)	(29,455,992)	(27,426,486)	(35,199,481)	(30,797,934)	(22,752,148)	(20,891,954)	(23,969,456)	(25,945,508)
Net (Expense)/Revenue Business-type activities	639,472	1,564,353	(825,350)	151,459	(687,331)	(160,642)	101,440	58,342	(127,617)	(199,466)
Total primary government-wide net expense	\$ (14,575,033)	\$ (19,673,525)	\$ (30,281,342)	\$ (27,275,027)	\$ (35,886,812)	\$ (30,958,576)	\$ (22,650,708)	\$ (20,833,612)	\$ (24,097,073)	\$ (26,144,974)
General revenues and transfers:										
Governmental activities:										
State of North Carolina - capital	201,515	156,004	258,304	861,276	278,824	-	423,557	1,081,788	222,528	228,042
State & Federal - operating	3,393,645	3,516,368	2,273,450	3,189,580	2,595,424	2,942,929	3,637,119	3,212,318	3,717,650	3,615,873
Lee County - unrestricted - operating	19,610,524	19,290,524	18,912,278	18,912,278	17,862,278	17,512,278	16,862,278	16,312,278	15,338,050	15,338,050
Lee County - unrestricted - capital	1,347,500	1,347,506	1,600,506	8,282,105	16,738,624	5,779,806	1,347,506	1,337,445	850,331	855,786
Other revenues	2,505,458	1,459,105	1,128,536	1,548,035	2,056,482	1,858,057	2,101,141	1,723,573	1,786,885	1,713,091
Transfers out	(71,955)	(143,406)	(229,068)	(302,292)	(44,733)	(44,642)	(46,204)	(45,450)	(50,459)	(45,000)
Total governmental activities general revenues and transfers	26,986,687	25,626,101	23,944,006	32,490,982	39,486,899	28,048,428	24,325,397	23,621,952	21,864,985	21,705,842
Business-type activities:										
Other revenues	11,741	(14,326)	11,147	8,053	6,710	14,620	5,276	9,402	2,798	2,318
Transfers in	71,955	143,406	229,068	302,292	44,733	44,642	46,204	45,450	50,459	45,000
Total business-type activities general revenues and transfers	83,696	129,080	240,215	310,345	51,443	59,262	51,480	54,852	53,257	47,318
Total government-wide general revenues and transfers	27,070,383	25,755,181	24,184,221	32,801,327	39,538,342	28,107,690	24,376,877	23,676,804	21,918,242	21,753,160
Change in Net Position										
Governmental activities	11,772,182	4,388,223	(5,511,986)	5,064,496	4,287,418	(2,749,506)	1,573,249	2,729,998	(2,104,471)	(4,239,666)
Business-type activities	723,168	1,693,433	(585,135)	461,804	(635,888)	(101,380)	152,920	113,194	(74,360)	(152,148)
Total primary government change in net position	\$ 12,495,350	\$ 6,081,656	\$ (6,097,121)	\$ 5,526,300	\$ 3,651,530	\$ (2,850,886)	\$ 1,726,169	\$ 2,843,192	\$ (2,178,831)	\$ (4,391,814)

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

**LEE COUNTY SCHOOLS
FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)**

Schedule 4

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Nonspendable:										
Inventories	\$ 502,096	\$ 557,933	\$ 681,493	\$ 637,006	\$ 579,144	\$ 567,363	\$ 376,698	\$ 446,931	\$ 450,871	\$ 430,087
Restricted:										
Stabilization by State statute	4,619	99,125	95,771	405,457	461,073	112,062	10,154	153,252	203,220	101,692
Assigned:										
Subsequent year's expenditures	-	-	-	-	-	-	-	-	-	1,248,049
Unassigned	5,258,384	4,862,725	4,308,620	1,859,271	(323,132)	(307,838)	563,495	2,254,533	2,499,950	890,591
Total general fund	<u>\$ 5,765,099</u>	<u>\$ 5,519,783</u>	<u>\$ 5,085,884</u>	<u>\$ 2,901,734</u>	<u>\$ 717,085</u>	<u>\$ 371,587</u>	<u>\$ 950,347</u>	<u>\$ 2,854,716</u>	<u>\$ 3,154,041</u>	<u>\$ 2,670,419</u>
All Other Governmental Funds										
Restricted:										
Stabilization by State statute	\$ 715,824	\$ 104,909	\$ -	\$ 140,313	\$ 104,107	\$ 8,980	\$ 89,607	\$ 69,733	\$ 92,496	\$ 48,272
School capital outlay	993,291	2,586,845	1,958,176	1,191,916	839,882	808,558	1,411,743	905,523	401,575	676,553
Instructional services	1,366,092	1,152,122	693,467	273,398	113,281	197,864	202,720	263,644	241,978	52,053
Individual schools	845,111	792,102	739,761	722,699	702,012	691,912	695,102	638,527	627,413	578,019
Assigned:										
Special revenues	3,954,269	2,108,774	1,741,469	563,957	137,557	207,514	92,070	883,732	2,181,789	1,859,577
Total all other governmental funds	<u>\$ 7,874,587</u>	<u>\$ 6,744,752</u>	<u>\$ 5,132,873</u>	<u>\$ 2,892,283</u>	<u>\$ 1,896,839</u>	<u>\$ 1,914,828</u>	<u>\$ 2,491,242</u>	<u>\$ 2,761,159</u>	<u>\$ 3,545,251</u>	<u>\$ 3,214,474</u>
Total fund balance	<u>\$ 13,639,686</u>	<u>\$ 12,264,535</u>	<u>\$ 10,218,757</u>	<u>\$ 5,794,017</u>	<u>\$ 2,613,924</u>	<u>\$ 2,286,415</u>	<u>\$ 3,441,589</u>	<u>\$ 5,615,875</u>	<u>\$ 6,699,292</u>	<u>\$ 5,884,893</u>

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

LEE COUNTY SCHOOLS
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

Schedule 5

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
State of North Carolina	\$ 72,913,426	\$ 68,407,270	\$ 64,116,691	\$ 64,819,739	\$ 63,129,174	\$ 60,277,598	\$ 58,250,871	\$ 58,212,394	\$ 56,074,348	\$ 53,194,780
U.S. Government	20,751,807	21,931,134	9,844,111	5,789,602	5,877,244	6,541,806	6,446,494	6,036,639	5,979,321	5,556,113
Local sources:										
Lee County - unrestricted	19,610,524	19,290,524	18,912,278	18,912,278	17,862,278	17,512,278	16,862,278	16,312,278	15,338,050	15,338,050
Lee County - restricted	1,347,500	1,347,506	1,600,506	8,282,105	16,738,624	5,779,806	1,347,506	1,337,445	850,331	855,786
Other revenues	8,314,899	4,005,186	3,888,377	3,798,055	4,233,698	3,984,303	3,595,098	2,980,489	3,091,743	2,539,239
Total revenues	122,938,156	114,981,620	98,361,963	101,601,779	107,841,018	94,095,791	86,502,247	84,879,245	81,333,793	77,483,968
Expenditures:										
Instructional services:										
Regular instructional	53,118,200	55,385,967	43,372,981	43,546,867	43,686,478	42,253,746	43,085,919	42,073,510	39,237,667	37,223,985
Special populations	14,151,574	13,170,517	11,568,234	11,844,955	12,324,901	11,855,172	11,432,686	10,640,024	10,029,201	9,352,307
Alternative programs	9,842,883	9,291,055	8,400,752	6,452,357	6,791,712	6,989,635	6,655,926	5,622,664	4,753,017	4,330,225
School leadership	7,413,654	6,785,349	5,926,785	6,007,917	5,502,017	5,299,309	4,889,357	4,817,139	4,522,478	4,553,509
Co-curricular	1,914,696	1,508,747	700,368	1,277,835	1,637,726	1,610,663	1,632,666	1,676,952	1,653,113	1,591,707
School-based support	7,273,918	6,525,035	6,550,733	5,414,999	5,105,706	4,894,988	4,599,770	4,535,548	4,578,934	4,108,470
System-wide support services:										
Support and development	932,636	778,326	540,351	551,286	554,051	572,283	633,298	549,544	530,186	716,329
Special population support and development	727,237	732,916	677,173	682,214	648,465	481,505	512,550	404,738	374,312	387,574
Alternative programs and services										
support and development	267,889	243,611	219,962	238,526	253,307	366,519	337,146	332,102	329,478	273,998
Technology support	1,431,046	1,251,768	1,020,715	1,044,043	1,092,678	1,115,862	1,183,579	1,141,830	1,270,757	1,338,588
Operational support	15,464,559	12,867,568	10,598,451	10,443,194	10,617,172	11,472,923	9,255,585	10,227,925	9,421,257	9,184,442
Financial and human resource services	1,748,476	1,594,437	1,402,785	1,424,240	1,439,055	1,422,383	1,355,325	1,143,687	1,258,451	1,258,069
Accountability	977	381	460	1,910	973	4,809	1,685	17,714	20,655	5,994
System-wide pupil support	212,626	186,857	164,507	163,889	101,856	111,338	197,562	201,319	175,827	312,652
Policy, leadership and public relations	1,308,167	1,053,170	1,056,021	1,104,847	1,064,165	1,828,285	917,536	936,045	835,103	804,991
Ancillary services	522,837	651,989	548,564	347,632	260,876	204,535	199,246	152,474	152,147	129,131
Non-programmed charges	4,730,668	1,100,612	1,054,764	610,921	357,209	300,953	210,828	226,557	227,069	190,482
Debt service:										
Principal retirement	365,758	519,186	547,688	426,709	510,407	607,415	309,003	507,390	169,421	105,394
Interest and fees	-	-	-	-	-	-	-	2,306	5,744	8,975
Capital Outlay	25,300	-	76,150	6,850,439	15,797,835	5,361,657	1,234,241	1,692,662	1,150,246	834,776
Total expenditures	121,453,101	113,647,491	94,427,444	98,434,780	107,746,589	96,753,980	88,643,908	86,902,130	80,695,063	76,711,598
Revenues over (under) expenditures	1,485,055	1,334,129	3,934,519	3,166,999	94,429	(2,658,189)	(2,141,661)	(2,022,885)	638,730	772,370
Other financing sources (uses)										
Transfers to other funds	(54,067)	(50,598)	(122,637)	(44,768)	(44,733)	(44,642)	(46,204)	(45,450)	(50,459)	(45,000)
Installment purchase obligations issued	-	686,789	568,371	-	266,032	1,356,992	83,812	988,858	163,344	-
Insurance Proceeds	-	199,018	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(54,067)	835,209	445,734	(44,768)	221,299	1,312,350	37,608	943,408	112,885	(45,000)
Net change in fund balance	\$ 1,430,988	\$ 2,169,338	\$ 4,380,253	\$ 3,122,231	\$ 315,728	\$ (1,345,839)	\$ (2,104,053)	\$ (1,079,477)	\$ 751,615	\$ 727,370
Debt service as a percentage of noncapital expenditures	0.30%	0.46%	0.59%	0.47%	0.55%	0.67%	0.35%	0.60%	0.22%	0.15%

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

**LEE COUNTY SCHOOLS
OPERATING STATISTICS
Last Ten Fiscal Years**

Schedule 6

Fiscal Year	Average Daily Membership	Average Daily Attendance	Fund Operating Expenditures	Per Pupil Expenditure	% Change	NC Per Pupil Expenditure Rank	Certified Personnel	Ratio of Pupil-Certified Ratio	Student Attendance Percentage	Students Receiving Free or Reduced-Price Meals
2023	8,973	N/A	N/A	N/A	N/A	N/A	703	12.8	N/A	69.2%
2022	9,072	8,184	109,738,539	12,096	19.7%	84	733	12.4	90.2%	66.2%
2021	9,159	8,385	92,542,213	10,104	8.6%	102	746	12.3	91.5%	49.5%
2020	9,800	9,434	91,176,013	9,304	-0.4%	104	738	13.3	96.3%	71.1%
2019	9,790	9,316	91,476,908	9,344	-0.3%	100	737	13.3	95.2%	68.5%
2018	9,839	9,375	92,166,203	9,367	3.5%	85	753	13.1	95.3%	66.7%
2017	9,948	9,455	90,011,736	9,048	4.3%	82	714	13.9	95.0%	69.3%
2016	9,981	9,531	86,595,691	8,676	4.8%	86	698	14.3	95.5%	68.3%
2015	9,936	9,448	82,228,577	8,276	4.6%	102	712	14.0	95.1%	67.4%
2014	9,944	9,483	78,653,308	7,910	-5.2%	106	715	13.9	95.4%	65.8%

Sources: Lee County Schools Child Nutrition Department, Students Receiving Free or Reduced-Price Meals
North Carolina Department of Public Instruction, all other information reported.

Notes: 1) The amounts shown for per pupil expenditures represent the per pupil expenditures as computed and reported by the North Carolina Department of Public Instruction (NCDPI). NCDPI computes this statistic by dividing current expense expenditures by average daily membership. Consequently, capital expense expenditures and certain other expenditures (community services, Head Start, and inter/intra fund transfers) are excluded to improve the comparability of per pupil expenditures between fiscal years and between other North Carolina school districts. This computation is considered the official per pupil expenditure reported for Lee County Schools.

2) This table is a ten year schedule. However, the average daily attendance and pupil expenditure reports for the year ended June 30, 2023 could not be obtained from the NCDPI prior to this report being issued. Therefore, there are only nine years of comparative data noted above.

**LEE COUNTY SCHOOLS
GOVERNMENTAL FUND EXPENDITURES BY FUNCTION
Last Ten Fiscal Years**

Schedule 7

Fiscal Year	Regular Instructional	Special Populations	Other Instructional	Support and Development	Special Population Support and Development	Alternative Programs	Technology Support	Operational Support	Financial/HR	Other Policy/Leadership	Ancillary Services	Payments to Other Governments	Total
2023	\$ 53,118,200	\$ 14,151,574	\$ 26,445,151	\$ 932,636	\$ 727,237	\$ 267,889	\$ 1,431,046	\$ 15,464,559	\$ 1,748,476	\$ 1,521,770	\$ 522,837	\$ 4,730,668	\$ 121,062,043
2022	55,385,967	13,170,517	24,110,186	778,326	732,916	243,611	1,251,768	12,867,568	1,594,437	1,240,408	651,989	1,100,612	113,128,305
2021	43,372,981	11,568,234	21,578,638	540,351	677,173	219,962	1,020,715	10,598,451	1,402,785	1,220,988	548,564	1,054,764	93,803,606
2020	43,546,867	11,844,955	19,153,108	551,286	682,214	238,526	1,044,043	10,443,194	1,424,240	1,270,646	347,632	610,921	91,157,632
2019	43,686,478	12,324,901	19,037,161	554,051	648,465	253,307	1,092,678	10,617,172	1,439,055	1,166,994	260,876	357,209	91,438,347
2018	42,253,746	11,855,172	18,794,595	572,283	481,505	366,519	1,115,862	11,472,923	1,422,383	1,944,432	204,535	300,953	90,784,908
2017	43,085,919	11,432,686	17,777,719	633,298	512,550	337,146	1,183,579	9,255,585	1,355,325	1,116,783	199,246	210,828	87,100,664
2016	42,073,510	10,640,024	16,652,303	549,544	404,738	332,102	1,141,830	10,227,925	1,143,687	1,155,078	152,474	226,557	84,699,772
2015	39,237,667	10,029,201	15,507,542	530,186	374,312	329,478	1,270,757	9,421,257	1,258,451	1,031,585	152,147	227,069	79,369,652
2014	37,223,985	9,352,307	14,583,911	716,329	387,574	273,998	1,338,588	9,184,442	1,258,069	1,123,637	129,131	190,482	75,762,453

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

**LEE COUNTY SCHOOLS
CAPITAL PROJECTS FUND EXPENDITURES
Last Ten Fiscal Years**

Schedule 8

Fiscal Year	Sites and Building Improvements	Furniture and Equipment	Vehicles and Other	Total
2023	\$ 1,575,717	\$ 2,049,137	\$ 561,012	\$ 4,185,866
2022	509,829	2,030,667	1,264,224	3,804,720
2021	144,135	518,680	1,546,455	2,209,270
2020	6,351,613	1,938,762	930,142	9,220,517
2019	16,585,771	913,212	266,031	17,765,014
2018	5,753,819	459,569	2,135,601	8,348,989
2017	1,157,519	104,635	396,615	1,658,769
2016	1,356,386	363,862	1,636,261	3,356,509
2015	1,161,677	152,212	319,336	1,633,225
2014	710,703	43,697	141,086	895,486

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

LEE COUNTY SCHOOLS
SOURCES OF SCHOOL FOOD SERVICE REVENUES AND REIMBURSEMENTS
Last Ten Fiscal Years

Schedule 9

<u>Year Ended June 30</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Food Sales	\$489,602	\$12,756	\$1,160	\$619,880	\$688,007	\$784,149	\$743,626	\$768,292	\$706,621	\$797,864
USDA Reimbursement	4,381,014	6,435,987	4,262,905	3,241,504	3,994,353	3,975,539	4,101,657	4,027,427	3,753,530	3,542,790
Donated Commodities	441,575	532,769	347,638	394,794	336,675	347,559	354,410	343,790	311,877	320,061
Other	40,340	(14,326)	11,147	17,252	14,203	29,194	69,897	198,028	368,882	354,839
Total	\$5,352,531	\$6,967,186	\$4,622,850	\$4,273,430	\$5,033,238	\$5,136,441	\$5,269,590	\$5,337,537	\$5,140,910	\$5,015,554
Food Sales	9%	0%	0%	14%	13%	15%	14%	14%	14%	16%
USDA Reimbursement	82%	92%	92%	76%	79%	77%	78%	76%	73%	71%
Donated Commodities	8%	8%	8%	9%	7%	7%	7%	6%	6%	6%
Other	1%	0%	0%	1%	1%	1%	1%	4%	7%	7%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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

Note: Other revenues include such things as investment income, indirect cost not paid, disposition of fixed assets, donations and miscellaneous revenue.

**LEE COUNTY SCHOOLS
OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years**

Schedule 10

Fiscal Year	Capital Leases	Installment Purchases	Total Primary Government	Population Estimate	Percentage of Personal Income	Per Capita
2023	\$ -	\$ 294,794	\$ 294,794	*	*	*
2022	-	660,552	660,552	65,476	*	\$ 10.09
2021	-	492,949	492,949	64,138	0.02%	7.69
2020	-	472,266	472,266	62,353	0.02%	7.57
2019	-	898,975	898,975	61,779	0.04%	14.55
2018	-	1,143,350	1,143,350	61,452	0.06%	18.61
2017	-	393,773	393,773	60,430	0.02%	6.52
2016	-	618,964	618,964	59,616	0.03%	10.38
2015	55,824	81,672	137,496	59,660	0.01%	2.30
2014	103,738	39,835	143,573	59,662	0.01%	2.41

* Information not yet available

Sources: Information taken from District's financial statements and other sources including Bureau of Economic Analysis, U.S. Department of Commerce.

Note: The Board's debt is reported on Lee County Schools' financials as required. Details regarding the Board's outstanding long-term obligations can be found in the notes to the financial statements.

**LEE COUNTY SCHOOLS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2023**

Schedule 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Underlying Debt</u>
Direct:			
Lee County Schools	\$ 294,794	100%	\$ 294,794
Total direct debt	<u>294,794</u>		<u>294,794</u>
Overlapping Debt: ⁽¹⁾			
Lee County	74,044,231	100%	74,044,231
City of Sanford	23,011,195	100%	23,011,195
Town of Broadway	610,889	100%	610,889
Total overlapping debt	<u>97,666,315</u>		<u>97,666,315</u>
Total direct and overlapping debt	<u>\$ 97,961,109</u>		<u>\$ 97,961,109</u>

Sources: Lee County Schools, Annual Financial Report for the year ended June 30, 2023.
County of Lee, North Carolina, Annual Financial Report for the year ended June 30, 2023.

Notes:

Percentage of overlap based on assessed property values. County issues debt for the school system as needed.

**LEE COUNTY SCHOOLS
NUMBER OF PERSONNEL
Last Ten Fiscal Years**

Schedule 12

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Officials, Administrators, Managers	15	15	14	14	14	13	16	15	15	16
Principals	16	16	16	17	16	15	16	16	16	16
Assistant Principals	26	20	21	20	20	21	21	20	20	20
Elementary Classroom Teachers	398	416	439	448	445	446	452	421	413	427
Secondary Classroom Teachers	184	182	187	190	194	193	197	191	185	183
Other Classroom Teachers	26	22	19	19	16	17	17	17	15	15
Guidance	27	26	26	26	21	20	21	21	22	22
Psychological	2	2	2	3	4	4	5	5	4	5
Librarians, Audiovisual Staff	9	8	9	9	8	8	8	8	8	8
Consultants, Supervisors of Instruction	34	32	29	33	34	34	32	28	27	22
Other Professional Staff	58	46	43	42	40	43	40	39	32	31
Teacher Assistants	174	153	147	171	180	180	185	167	175	190
Technicians	12	11	11	13	13	13	15	17	18	18
Clerical, Secretarial Staff	72	71	71	73	74	72	68	66	65	50
Service Workers	108	115	121	141	140	141	141	136	133	131
Laborers Unskilled	<u>1</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>1,162</u>	<u>1,135</u>	<u>1,158</u>	<u>1,219</u>	<u>1,219</u>	<u>1,220</u>	<u>1,234</u>	<u>1,167</u>	<u>1,148</u>	<u>1,154</u>

Source: NCDPI SS200 Full-Time Personnel Report.

**LEE COUNTY SCHOOLS
TEACHERS' SALARIES
Last Ten Fiscal Years**

<u>Year Ended June 30th</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>
2023	\$ 40,700	\$ 67,140	\$ 51,942
2022	38,500	69,784	52,464
2021	38,500	69,784	41,527
2020	38,500	66,696	46,867
2019	38,500	69,784	50,713
2018	38,500	69,784	52,800
2017	38,500	67,198	47,221
2016	37,800	65,880	43,134
2015	35,310	69,818	43,491
2014	32,956	68,748	42,417

Source: Lee County Schools' Finance Department

Note: The above table includes base pay from the state salary schedule and the systemwide local salary supplement.

**LEE COUNTY SCHOOLS
SCHOOLS AND STUDENT PROGRAMS
Last Ten Fiscal Years**

Schedule 14

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Number of Schools										
Elementary	8	8	8	8	7	7	7	7	7	7
Middle	3	3	3	3	3	3	3	3	3	3
High	3	3	3	3	3	3	3	3	3	3
Alternative	2	2	2	2	2	2	2	2	2	2
Exceptional	1	1	1	1	1	1	1	1	1	1
Total	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>
Child Nutrition										
Average breakfasts served daily	2,068	2,712	2,305	2,195	2,501	2,668	2,833	2,784	2,698	2,346
Average lunches served daily	4,830	5,857	2,733	4,633	5,941	6,096	6,204	6,289	6,135	6,078
Exceptional Children's Program										
Number of disabled students	1,291	1,306	1,296	1,250	1,269	1,235	1,204	1,204	1,197	1,212
Number of academically/ intellectually gifted students	1,283	1,288	1,324	1,420	1,424	1,417	1,385	1,344	1,313	1,256
English as a Second Language Program (ESL)										
Number of students served	1,673	2,680	1,351	1,460	1,300	1,250	1,102	1,140	1,191	1,198
Number of schools with ESL	17	17	17	17	15	16	16	16	16	16
Number of languages spoken	32	28	30	28	25	18	18	23	22	22
Athletic Programs										
Middle Schools										
Men's sports	7	7	7	7	7	7	7	6	5	5
Women's sports	6	6	6	6	6	6	6	6	5	5
High Schools										
Men's sports	11	11	11	11	11	11	11	11	11	11
Women's sports	12	12	12	12	12	12	12	12	12	12

Source: Information taken from District's financial statements and other sources.

**LEE COUNTY SCHOOLS
SCHOOL BUILDING INFORMATION
Last Ten Fiscal Years**

Schedule 15

School	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Elementary										
B.T. Bullock										
Square feet	78,768	78,768	78,768	78,768	78,768	78,768	78,768	78,768	78,768	78,768
Capacity	594	594	594	594	594	594	594	594	594	594
First month membership	490	491	417	460	656	657	673	697	708	685
W.B. Wicker Elementary										
Square Feet	125,345	125,345	125,345	125,345	See	See	See	See	See	See
Capacity	969	969	969	969	Notes	Notes	Notes	Notes	Notes	Notes
First month membership	570	586	617	695	Below	Below	Below	Below	Below	Below
Broadway										
Square Feet	86,615	86,615	86,615	86,615	86,615	86,615	86,615	86,615	86,615	86,615
Capacity	638	638	638	638	638	638	638	638	638	638
First month membership	465	466	469	534	579	567	575	574	607	632
Deep River										
Square Feet	78,768	78,768	78,768	78,768	78,768	78,768	78,768	78,768	78,768	78,768
Capacity	594	594	594	594	594	594	594	594	594	594
First month membership	494	485	557	580	583	619	647	619	606	636
Greenwood										
Square Feet	94,324	94,324	94,324	94,324	94,324	94,324	94,324	94,324	94,324	94,324
Capacity	660	660	660	660	660	660	660	660	660	660
First month membership	554	535	571	567	671	658	699	673	657	654
J. Glenn Edwards										
Square Feet	70,229	70,229	70,229	70,229	70,229	70,229	70,229	70,229	70,229	70,229
Capacity	682	682	682	682	682	682	682	682	682	682
First month membership	545	541	504	563	746	748	730	770	743	750
Tramway										
Square Feet	78,768	78,768	78,768	78,768	78,768	78,768	78,768	78,768	78,768	78,768
Capacity	594	594	594	594	594	594	594	594	594	594
First month membership	530	545	604	680	699	699	691	702	691	704
J.R. Ingram										
Square Feet	70,229	70,229	70,229	70,229	70,229	70,229	70,229	70,229	70,229	70,229
Capacity	682	682	682	682	682	682	682	682	682	682
First month membership	411	416	443	481	720	732	724	712	663	700
Middle										
East Lee										
Square Feet	95,983	95,983	95,983	95,983	95,983	95,983	95,983	95,983	95,983	95,983
Capacity	880	880	880	880	880	880	880	880	880	880
First month membership	526	539	663	677	651	615	665	656	683	707
SanLee										
Square Feet	137,396	137,396	137,396	137,396	137,396	137,396	137,396	137,396	137,396	137,396
Capacity	836	836	836	836	836	836	836	836	836	836
First month membership	805	819	906	947	959	869	855	811	832	808

**LEE COUNTY SCHOOLS
SCHOOL BUILDING INFORMATION
Last Ten Fiscal Years**

Schedule 15
(continued)

School	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
West Lee										
Square Feet	95,983	95,983	95,983	95,983	95,983	95,983	95,983	95,983	95,983	95,983
Capacity	880	880	880	880	880	880	880	880	880	880
First month membership	605	614	693	714	681	668	685	712	762	723
High										
Lee County										
Square Feet	332,989	332,989	332,989	332,989	332,989	332,989	332,989	332,989	332,989	332,989
Capacity	1,675	1,675	1,675	1,675	1,675	1,675	1,675	1,675	1,675	1,675
First month membership	1,451	1,524	1,453	1,464	1,460	1,542	1,533	1,514	1,485	1,450
Southern Lee										
Square Feet	183,520	183,520	183,520	183,520	183,520	183,520	183,520	183,520	183,520	183,520
Capacity	1,375	1,375	1,375	1,375	1,375	1,375	1,375	1,375	1,375	1,375
First month membership	1,146	1,244	1,247	1,199	1,149	1,113	1,130	1,175	1,168	1,138
Lee Early College										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	400	400	400	400	400	400	400	400	400	400
First month membership	245	273	303	297	302	296	271	286	287	275
Alternative										
Bragg Street Academy										
Square Feet	10,893	10,893	10,893	10,893	10,893	10,893	10,893	10,893	10,893	10,893
Capacity	62	62	62	62	62	62	62	62	62	62
First month membership	87	48	60	70	65	50	44	46	53	39
Warren Williams Elementary Alternative										
Square Feet	19,401	19,401	19,401	19,401	19,401	19,401	19,401	19,401	19,401	19,401
Capacity	120	120	120	120	120	120	120	120	120	120
First month membership	-	-	6	3	5	7	13	8	9	6
Special										
F.L. Knight/The Children's Center										
Square Feet	20,841	20,841	20,841	20,841	20,841	20,841	20,841	20,841	20,841	20,841
Capacity	110	110	110	110	110	110	110	110	110	110
First month membership	49	54	57	59	63	64	68	67	64	69

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

Notes: Lee Early College is housed on the local community college campus. W. B. Wicker opened in August 2019. This information does not include mobile unit square footage.

LEE COUNTY, NORTH CAROLINA
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (1) (amounts expressed in thousands)</u>	<u>Per Capita Personal Income (1)</u>	<u>Public School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
2023	*	*	*	8,973	4.10%
2022	64,138	*	*	9,072	4.50%
2021	62,353	\$2,797,802	\$44,870	9,159	5.50%
2020	61,779	\$2,596,019	\$42,021	9,800	8.30%
2019	61,452	\$2,464,105	\$40,098	9,790	5.10%
2018	60,430	\$2,334,875	\$38,638	9,839	4.70%
2017	59,616	\$2,226,406	\$37,346	9,948	4.80%
2016	59,660	\$2,127,162	\$35,655	9,981	5.90%
2015	59,662	\$2,067,150	\$34,648	10,062	7.90%
2014	59,715	\$1,943,657	\$32,251	10,012	8.10%

* Information not yet available

Notes:

- (1) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year.
- (2) Lee County Board of Education
- (3) N.C. Employment Security Commission

**LEE COUNTY, NORTH CAROLINA
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago**

Schedule 17

<u>Employer</u>	<u>Fiscal Year 2023 (1)</u>			<u>Fiscal Year 2014</u>		
	<u>Approximate Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Caterpillar, Inc	1,000+	1	3.98%	500-999	6	3.17%
Lee County Schools	1,000+	2	3.98%	1000+	1	4.23%
Pilgrims Pride Corporation	500-999	3	2.98%	500-999	4	3.17%
Pentair Water Pool & Spa Inc.	500-999	4	2.98%	500-999	8	3.17%
County of Lee	500-999	5	2.98%	250-499	10	1.58%
Central Carolina Community College	500-999	6	2.98%	-	-	-
Tyson Mexican Original Inc	250-499	7	1.49%	-	-	-
Kelly Services Inc	250-499	8	1.49%	-	-	-
Bear Creek Arsenal	250-499	9	1.49%	-	-	-
Frontier Yarns Inc.	250-499	10	1.49%	250-499	9	1.58%
Static Control Components Inc.	-	-	-	500-999	2	3.17%
Coty LLC	-	-	-	500-999	3	3.17%
Amisub of North Carolina Inc.	-	-	-	500-999	5	3.17%
Central Carolina Hospital	-	-	-	500-999	7	3.17%
			25.86%			29.58%
Total County employment	25,120			23,650		

Source: Lee County, North Carolina, Annual Financial Reports

Notes:

(1) North Carolina Chamber of Commerce - current year data is as of March 31st

LEE COUNTY, NORTH CAROLINA
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Schedule 18

Governmental Activities

Fiscal Year	General Obligation Bonds	Bond Anticipation Notes	Certificates of Participation	Limited Obligation Bonds	Installment Loans	Leases	Subscriptions	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2023	\$ 17,284,598	\$ -	\$ 11,875,000	\$ 32,089,000	\$ 12,596,814	\$ 351,732	\$ 1,031,685	\$ 75,228,829	*	\$ 1,149
2022	18,519,212	-	15,169,000	28,088,705	23,356,923	493,634		85,627,474	2.72%	1,335
2021	19,753,826	-	18,549,000	29,369,561	22,365,781	-		90,038,168	3.22%	1,423
2020	20,988,440	-	21,850,000	30,650,417	17,803,636	-		91,292,493	3.52%	1,478
2019	22,223,054	-	25,221,000	31,931,273	11,450,495	-		90,825,822	3.69%	1,478
2018	23,457,668	-	28,727,000	33,212,129	13,288,354	-		98,685,151	4.23%	1,633
2017	24,692,282	-	32,138,000	-	15,326,549	-		72,156,831	3.24%	1,210
2016	-	5,000,000	35,597,000	-	17,476,344	-		58,073,344	2.73%	973
2015	-	-	38,337,386	-	19,620,409	-		57,957,795	2.80%	971
2014	235,000	-	41,693,273	-	21,526,974	-		63,455,247	3.36%	1,053

* Information not yet available

Source: Lee County, North Carolina, Annual Financial Reports

(1) See Schedule 16 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Calendar year 2022 personal income data not available to calculate fiscal year 2023.

LEE COUNTY, NORTH CAROLINA
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Schedule 19

Fiscal Year	Real Property		Personal Property	Public Service Companies (1)	Less: Tax Exempt Real Property	Total Taxable Assessed Value (4)	Total Direct Tax Rate (2)	Estimated Actual Taxable Value (3)	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property							
2023	\$ 2,992,135,731	\$ 1,504,990,100	\$ 2,204,358,057	\$ 148,614,897	\$ 76,392,700	\$ 6,773,706,085	0.730	\$ 9,167,283,915	73.89%
2022	3,023,484,574	1,453,045,600	2,033,559,902	145,784,046	73,995,575	6,581,878,547	0.760	7,322,962,335	89.88%
2021	2,945,595,415	1,401,236,000	1,754,588,848	137,922,324	70,227,675	6,169,114,912	0.775	6,593,047,891	93.57%
2020	2,874,992,867	1,381,959,140	1,639,042,129	137,125,466	69,532,775	5,963,586,827	0.775	6,114,617,888	97.53%
2019	2,537,340,894	1,381,959,140	1,547,278,924	131,956,672	58,081,100	5,540,454,530	0.795	5,750,342,013	96.35%
2018	2,755,025,988	1,103,412,700	1,360,258,047	130,019,424	56,427,400	5,292,288,759	0.795	5,458,781,598	96.95%
2017	2,732,225,485	1,065,034,400	1,308,860,808	131,814,026	55,539,050	5,182,395,669	0.795	5,295,724,166	97.86%
2016	2,727,421,080	1,054,477,500	1,228,665,416	128,584,786	54,316,610	5,084,832,172	0.795	5,188,604,257	98.00%
2015	2,710,869,570	1,046,605,800	1,228,580,482	112,327,319	55,834,498	5,042,548,673	0.720	5,093,483,508	99.00%
2014	2,694,946,922	1,038,649,500	1,338,835,425	114,024,251	54,524,152	5,131,931,946	0.720	5,166,547,816	99.33%

Source: Lee County, North Carolina, Annual Financial Reports

Notes:

- (1) Public service companies valuations are provided to the County by the North Carolina Department of Revenue. These amounts include both real and personal property.
- (2) Per \$100 of value.
- (3) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio by the State Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year.
- (4) Property in Lee County is reassessed every four years. The last reassessment was on January 1, 2023.

**LEE COUNTY, NORTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago**

Schedule 20

Taxpayer	Type of Business	Fiscal Year 2023			Fiscal Year 2014		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Pfizer	Pharmaceuticals	\$ 641,504,449	1	9.3%	\$ 206,080,536	1	4.0%
Caterpillar	Manufacturing	94,209,044	2	1.4%	65,140,310	5	1.3%
Coty, Inc.	Cosmetics	88,639,481	3	1.3%	115,378,073	2	2.2%
Donald R. Simpson	Real Estate	86,330,390	4	1.2%	71,832,925	4	1.4%
Frontier Spinning Mills LLC	Textiles	83,829,493	5	1.2%	72,707,456	3	1.4%
Pilgrims Pride	Chicken Producer	81,305,302	6	1.2%	-	-	-
Duke Energy Progress, Inc.	Utility	73,664,271	7	1.1%	47,516,700	6	0.9%
Audentes Therapeutics Inc.	Pharmaceuticals	51,171,043	8	0.7%	-	-	-
GKN Automotive Components, Inc.	Automotive Parts	50,888,446	9	0.7%	-	-	-
Bharat Forge	Manufacturing	46,786,884	10	0.7%	42,332,015	7	0.8%
Magneti Marelli, Inc.	Manufacturing	-	-	-	-	-	-
Static Control	Manufacturing	-	-	-	36,614,113	8	0.7%
The Pantry, Inc.	Convenience Stores	-	-	-	33,527,705	9	0.7%
Moen, Inc.	Plumbing Fixtures	-	-	-	33,522,960	10	0.7%
Totals		\$ 1,298,328,803		18.8%	\$ 724,652,793		14.1%

Source: Lee County, North Carolina, Annual Financial Reports

**LEE COUNTY, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(in thousands)**

Schedule 21

Fiscal Year Ended June 30	Total Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2023	\$ 50,697,559	\$ 50,330,102	99.3%	*	\$ 50,330,102	99.3%
2022	50,151,696	49,786,804	99.3%	\$ 176,328	49,963,132	99.6%
2021	47,853,703	47,435,805	99.1%	280,211	47,716,016	99.7%
2020	46,274,460	45,683,518	98.7%	443,490	46,127,008	99.7%
2019	44,082,416	43,705,689	99.1%	283,889	43,989,578	99.8%
2018	42,164,227	41,830,217	99.2%	271,054	42,101,271	99.9%
2017	41,240,994	40,895,166	99.2%	293,295	41,188,461	99.9%
2016	40,362,332	39,983,958	99.1%	347,378	40,331,336	99.9%
2015	36,363,858	35,935,577	98.8%	386,094	36,321,671	99.9%
2014	37,033,563	36,508,688	98.6%	374,531	36,883,219	99.6%

* Information not yet available

Source: Lee County, North Carolina, Annual Financial Reports

Note: The total tax levy includes penalties assessed and releases or discoveries made after the original assessment of taxable value.

COMPLIANCE SECTION



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

To the Lee County Board of Education
Sanford, 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 Lee 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 Lee County Board of Education, North Carolina's basic financial statements and have issued our report thereon dated August 30, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lee County Board of Education's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

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 Lee 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

*August 30, 2023
Rockingham, North Carolina*



INDEPENDENT AUDITOR'S REPORT

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

To the Lee County Board of Education
Sanford, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lee 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 Lee 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 Lee 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 Lee County Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Lee 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 Lee 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 Lee 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 Lee 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 Lee 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 Lee 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 Lee 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

*August 30, 2023
Rockingham, North Carolina*



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

To the Lee County Board of Education
Sanford, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Lee County Board of Education, North Carolina's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the Board's major State programs for the year ended June 30, 2023. The Lee 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 Lee County Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

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

*August 30, 2023
Rockingham, North Carolina*

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

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified? *None Identified for Reporting*

Noncompliance material to financial statements noted? *No*

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified? *None Identified for Reporting*

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? *No*

Identification of major federal programs:

AL Number	Name of Federal Program or Cluster
	Special Education Cluster:
84.027	Grants to States - IDEA, part B (611)
84.027	COVID-19 – ARP – Grants to States - IDEA, part B (611)
84.027	Special Needs Targeted Assistance
84.173	Preschool Grants - IDEA, Part B (619)
84.173	COVID-19 – ARP – Preschool Grants - IDEA, Part B (619)
84.173	Preschool Targeted Assistance
84.425	COVID-19 – Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B Programs *\$ 767,232*

Auditee qualified as low-risk auditee? *Yes*

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

Section I - Summary of Auditor's Results (Continued)

State Awards

Internal control over major State programs:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified? *None Identified for Reporting*

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

Unmodified

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

No

Identification of major State programs:

Program Name

State Public School Fund

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

Section IV - State Award Findings and Questioned Costs

None reported.

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

Finding 22-01

Status: Corrected.

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

Grantor/Pass-through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Expenditures
Federal Grants:			
<u>U.S. Department of Agriculture</u>			
Passed-through the N.C. Department of Public Instruction:			
Child Nutrition Cluster:			
Noncash Assistance (Commodities):			
National School Lunch Program	10.555	PRC 035	\$ 441,575
Cash Assistance:			
School Breakfast Program	10.553	PRC 035	862,845
National School Lunch Program	10.555	PRC 035	3,140,331
Supply Chain Assistance Funds	10.555	PRC 035	252,111
After School Snack Program	10.555	PRC 035	1,904
Summer Food Service Program for Children	10.559	PRC 035	123,823
Child Nutrition Discretionary Grants	10.579	PRC 053	17,887
Cash Assistance Subtotal			<u>4,398,901</u>
Total Child Nutrition Cluster			<u>4,840,476</u>
Total U.S. Department of Agriculture			<u>4,840,476</u>
<u>Federal Communications Commission</u>			
Direct Program:			
COVID-19 - Emergency Connectivity Fund Program	32.009		<u>674,937</u>
<u>U.S. Department of Education</u>			
Office of Elementary and Secondary Education			
Passed-through the N.C. Department of Public Instruction:			
Title I, Grants to Local Educational Agencies	84.010	PRC 050, 105	3,661,355
Migrant Education (Title I of IASA)	84.011	PRC 051	92,626
Supporting Effective Instruction State Grant	84.367	PRC 103	587,655
Language Acquisition Grant	84.365	PRC 104, 111	189,278
Education for Homeless Children and Youth	84.196	PRC 026	20,980
Student Support and Academic Enrichment Program	84.424	PRC 108	239,634
Rural and Low Income Schools	84.358	PRC 109	3,239
Special Education Cluster:			
Grants to States - IDEA, part B (611)	84.027	PRC 060	1,941,242
COVID-19 - ARP - Grants to States - IDEA, part B (611)	84.027	PRC 185	244,504
Special Needs Targeted Assistance	84.027	PRC 118	5,321
Preschool Grants - IDEA, Part B (619)	84.173	PRC 049	78,943
COVID-19 - ARP - Preschool Grants - IDEA, Part B (619)	84.173	PRC 186	12,000
Preschool Targeted Assistance	84.173	PRC 119	1,920
Total Special Education Cluster			<u>2,283,930</u>
Special Education - State Personnel Development	84.323	PRC 082	<u>7,921</u>
Career and Technical Education - Basic Grants to States Program Development	84.048	PRC 017	<u>179,288</u>

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

Grantor/Pass-through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Expenditures
COVID-19 - Education Stabilization Fund:			
CARES Act:			
COVID-19 - K-12 Emergency Relief Fund - ESSER I	84.425D	PRC 163	743,459
COVID-19 - ESSER I - Digital Curricula	84.425D	PRC 165	70,347
COVID-19 - ESSER I - Exceptional Children Grants	84.425D	PRC 167	48,782
COVID-19 - GEER I - Specialized Instructional Support Personnel for COVID-19 Response	84.425C	PRC 169	26,271
COVID-19 - GEER I - Supplemental Instructional Services	84.425C	PRC 170	129,839
CRRSA:			
COVID-19 - K-12 Emergency Relief Fund - ESSER II Supplemental Funding	84.425D	PRC 171	3,836,807
COVID-19 - ESSER II - Supplemental Contracted Instructional Support Funding	84.425D	PRC 173	63,172
COVID-19 - ESSER II - School Nutrition COVID Support	84.425D	PRC 174	43,345
COVID-19 - ESSER II - Learning Loss Funding	84.425D	PRC 176	249,438
COVID-19 - ESSER II - Summer Career Accel. Program	84.425D	PRC 177	138,987
COVID-19 - ESSER II - Competency-Based Assessment	84.425D	PRC 178	42,443
ARP:			
COVID-19 - ESSER III - K-12 Emergency Relief Fund	84.425D	PRC 181	6,769,222
COVID-19 - ESSER III - Homeless	84.425W	PRC 183	59,163
COVID-19 - ESSER III - Homeless II	84.425W	PRC 184	66,073
COVID-19 - ESSER III - Summer Career Accel. Programs	84.425U	PRC 188	199,035
COVID-19 - ESSER III - Math Enrichment Programs	84.425U	PRC 189	43,658
COVID-19 - ESSER III - Grants for Identification and Location of Missing Students	84.425U	PRC 191	38,878
COVID-19 - ESSER III - Cyberbullying & Suicide Prevention Grants	84.425U	PRC 192	82,470
COVID-19 - ESSER III - Principal Retention Supplements	84.425U	PRC 206	7,059
Total COVID-19 - Education Stabilization Fund	84.425		<u>12,658,448</u>
Total U.S. Department of Education			<u>19,924,354</u>
<u>U.S. Department of Defense</u>			
Direct Program:			
ROTC	12.000		<u>134,629</u>
Total Federal Assistance			<u>25,574,396</u>
State Grants:			
<u>N.C. Department of Public Instruction:</u>			
Cash Assistance:			
State Public School Fund		Various	68,043,162
Career and Technical Education:			
State Months of Employment		PRC 013	3,552,578
Program Support Funds		PRC 014	287,455
Driver Training		PRC 012	201,546
School Technology Fund		PRC 015	111,412

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

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
Passed-through Lee County:			
Public School Capital Fund - Lottery			201,515
Cash assistance subtotal			<u>72,397,668</u>
Non-Cash Assistance:			
State Buses Appropriation		PRC 120	<u>365,758</u>
Total N.C. Department of Public Instruction			<u>72,763,426</u>
<u>N.C. Department of Agriculture:</u>			
State Reduced Breakfast Program			6,491
State Reduced Lunch Program			<u>22,108</u>
Total N.C. Department of Agriculture			<u>28,599</u>
<u>N.C. Department of Health and Human Services:</u>			
Division of Public Health			
School Nurse Funding Initiative			<u>150,000</u>
Total State Assistance			<u>72,942,025</u>
Total Federal and State Assistance			<u>\$ 98,516,421</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 Lee County Board of Education under the programs of the federal government and the State of North Carolina for the year ended June 30, 2023. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Lee County Board of Education, it is not intended to and does not present the financial position, changes in net assets or cash flows of Lee County Board of Education.

Note 2. Summary of Significant Accounting Policies

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

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

LEE COUNTY
SCHOOLS

INSPIRED.