

STATE OF NORTH CAROLINA

OFFICE OF THE STATE AUDITOR

BETH A. WOOD, CPA



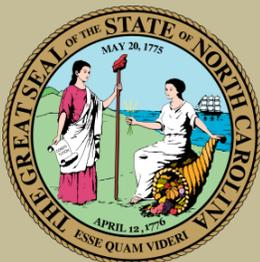
NORTH CAROLINA DEPARTMENT OF PUBLIC INSTRUCTION

RALEIGH, NORTH CAROLINA

FINANCIAL STATEMENT AUDIT REPORT

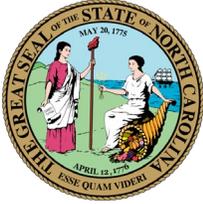
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

A DEPARTMENT OF THE STATE OF NORTH CAROLINA



NC OSA
The Taxpayers' Watchdog

STATE OF NORTH CAROLINA
Office of the State Auditor



Beth A. Wood, CPA
State Auditor

2 S. Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699
Telephone: (919) 807-7500
Fax: (919) 807-7647
www.auditor.nc.gov

AUDITOR'S TRANSMITTAL

The Honorable Roy Cooper, Governor
The General Assembly of North Carolina
The State Board of Education
Catherine Truitt, State Superintendent
Department of Public Instruction

We have completed a financial statement audit of the North Carolina Department of Public Instruction for the years ended June 30, 2021 and 2020, and our audit results are included in this report. You will note from the independent auditor's report that we determined that the financial statements are presented fairly in all material respects.

Our consideration of internal control over financial reporting and compliance and other matters based on an audit of the financial statements disclosed a deficiency that is detailed in the Finding, Recommendation, and Response section of this report. The Department's response is included following the finding.

North Carolina General Statutes require the State Auditor to make audit reports available to the public. Copies of audit reports issued by the Office of the State Auditor may be obtained through one of the options listed in the back of this report.

A handwritten signature in black ink that reads "Beth A. Wood".

Beth A. Wood, CPA
State Auditor

AN OVERVIEW OF HOW TO USE THIS REPORT

This report provides audited financial information on the North Carolina Department of Public Instruction (Department) and is designed to provide the information at a summarized level in the beginning, with more details of the information further into the report. This report is made up of various components as listed in the Table of Contents.

The Department reports financial activities in two major funds, general and proprietary, and one nonmajor governmental fund. The general fund is used to report most of the activity of the Department. The proprietary fund is used to report the activity of the Public School Insurance Fund.

The financial information in the report is presented at a summarized, departmental level initially. Where some numbers need further explanation, additional detail is provided in schedules or “Notes to the Financial Statements.”

The schedules/Notes will be referenced next to the line item caption.

Required Information: (Information required to be reported per Governmental Accounting Standards Board and *Government Auditing Standards*).

The **Independent Auditor’s Report** presents the auditor’s opinion on the financial statements, which is that the financial statements, as presented, are materially correct.

The **Management’s Discussion and Analysis** presents a discussion of the reasons for significant financial changes between years. The Management’s Discussion and Analysis is prepared by the Department and has not been subjected to the same auditing procedures performed on the financial statements.

“**A**” **Exhibits** present the Balance Sheet as of June 30, 2021 and 2020 and the Statement of Revenues, Expenditures, and Changes in Fund Balance for fiscal years ended June 30, 2021 and 2020, for the Department’s **governmental funds as a whole**.

“**B**” **Exhibits** present the Statement of Net Position as of June 30, 2020, the Statement of Revenues, Expenses, and Changes in Net Position for fiscal year ended June 30, 2020, and the Statement of Cash Flows for the fiscal year ended June 30, 2020 for the Department’s **proprietary fund as a whole (represented by the Public School Insurance Fund)**. This fund was transferred to the Department of Insurance effective July 1, 2020. See Note 16 for further information.

Notes to the Financial Statements are designed to give the reader additional information concerning the Department and further support the financial statements.

Required Supplementary Information:

“**C**” **Schedules** present the Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual (Budgetary Basis-Non-GAAP) comparison for the General Fund (for the fiscal years ended June 30, 2021 and 2020), the schedule of Ten-Year Claims Development Information for the Public School Insurance Fund (for the fiscal year ended

June 30, 2020), and the required supplementary information related to pension and other postemployment benefit plans for the Public School Insurance Fund (for the fiscal year ended June, 30, 2020).

Supplementary Information:

“**D**” Schedules present details of various revenues and/or expenditures of the governmental funds as follows:

- D-1 - Revenues by Source (Agrees to total revenues on Exhibit A-2)
- D-2 - Expenditures by Purpose (Agrees to total expenditures on Exhibit A-2 which are presented by natural classification)
- D-3 - Schedule of Grants, State, and Federal Aid Paid to Schools (Agrees to Exhibit A-2)
- D-4 - Schedule of Grants and Aid Paid to School Districts (Alphabetically)
- D-5 - Schedule of Grants and Aid Paid to School Districts (Amount - Sorted Largest to Smallest)
- D-6 - Schedule of Grants and Aid Paid to Charter Schools (Alphabetically by County)
- D-7 - Schedule of Grants and Aid Paid to Charter Schools (Amount - Sorted Largest to Smallest)

Required Information:

The **Independent Auditor’s Report on Internal Control and Compliance** - this report is not an opinion on internal control or compliance but rather a report on the matters related to internal control and compliance that were noted as a part of the audit of the financial statements.

Finding, Recommendation, and Response:

This section details a financial reporting finding and internal control deficiency that was considered reportable under *Government Auditing Standards*, as well as the auditor recommendation and the Department’s response to the finding.



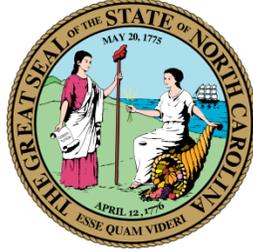
**Beth A. Wood, CPA
State Auditor**

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR’S REPORT.....	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
EXHIBITS	
A-1 BALANCE SHEET - GOVERNMENTAL FUNDS	13
A-2 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS	14
B-1 STATEMENT OF NET POSITION - PROPRIETARY FUND - PUBLIC SCHOOL INSURANCE FUND	15
B-2 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND - PUBLIC SCHOOL INSURANCE FUND	16
B-3 STATEMENT OF CASH FLOWS - PROPRIETARY FUND - PUBLIC SCHOOL INSURANCE FUND	17
NOTES TO THE FINANCIAL STATEMENTS	18
REQUIRED SUPPLEMENTARY INFORMATION	
C-1 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS-NON-GAAP) GENERAL FUND	62
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY INFORMATION	64
C-2 TEN-YEAR CLAIMS DEVELOPMENT INFORMATION - PUBLIC SCHOOL INSURANCE FUND.....	65
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - CLAIMS INFORMATION.....	66
C-3 SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (DEFINED BENEFIT PENSION PLAN - PROPRIETARY FUND - PUBLIC SCHOOL INSURANCE FUND).....	67

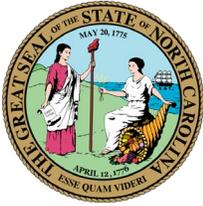
TABLE OF CONTENTS

C-4 SCHEDULE OF DEPARTMENT CONTRIBUTIONS (DEFINED BENEFIT PENSION PLAN - PROPRIETARY FUND - PUBLIC SCHOOL INSURANCE FUND).....	68
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (DEFINED BENEFIT PENSION PLAN - PROPRIETARY FUND - PUBLIC SCHOOL INSURANCE FUND).....	69
C-5 SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY OR ASSET (DEFINED BENEFIT OPEB PLANS - PROPRIETARY FUND - PUBLIC SCHOOL INSURANCE FUND)	70
C-6 SCHEDULE OF DEPARTMENT CONTRIBUTIONS (DEFINED BENEFIT OPEB PLANS - PROPRIETARY FUND - PUBLIC SCHOOL INSURANCE FUND)	71
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (DEFINED BENEFIT OPEB PLANS - PROPRIETARY FUND - PUBLIC SCHOOL INSURANCE FUND)	72
OTHER SUPPLEMENTARY INFORMATION	
D-1 SCHEDULE OF REVENUES BY SOURCE - GOVERNMENTAL FUNDS	73
D-2 SCHEDULE OF EXPENDITURES BY PURPOSE - GOVERNMENTAL FUNDS	74
D-3 SCHEDULE OF GRANTS, STATE, AND FEDERAL AID PAID TO SCHOOLS - GENERAL FUND	76
D-4 SCHEDULE OF GRANTS AND AID PAID TO SCHOOL DISTRICTS (ALPHABETICALLY) - GENERAL FUND	78
D-5 SCHEDULE OF GRANTS AND AID PAID TO SCHOOL DISTRICTS (AMOUNT - SORTED LARGEST TO SMALLEST) - GENERAL FUND.....	82
D-6 SCHEDULE OF GRANTS AND AID PAID TO CHARTER SCHOOLS (ALPHABETICALLY BY COUNTY) - GENERAL FUND.....	84
D-7 SCHEDULE OF GRANTS AND AID PAID TO CHARTER SCHOOLS (AMOUNT - SORTED LARGEST TO SMALLEST) - GENERAL FUND	89
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	96
FINDING, RECOMMENDATION, AND RESPONSE	98
ORDERING INFORMATION	102



INDEPENDENT AUDITOR'S REPORT

STATE OF NORTH CAROLINA
Office of the State Auditor



Beth A. Wood, CPA
State Auditor

2 S. Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699
Telephone: (919) 807-7500
Fax: (919) 807-7647
www.auditor.nc.gov

INDEPENDENT AUDITOR'S REPORT

The State Board of Education
and Management of the North Carolina Department of Public Instruction
Raleigh, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental funds as of and for the years ended June 30, 2021 and 2020, and the proprietary fund as of June 30, 2020 of the North Carolina Department of Public Instruction (Department), and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the North Carolina Department of Public Instruction governmental funds, as of June 30, 2021 and 2020, and the proprietary fund as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows for the years 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAGAS), 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 Department 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.

Emphasis of Matter

As discussed in Note 1, the financial statements of the North Carolina Department of Public Instruction are intended to present the financial position and changes in financial position that are only attributable to the transactions of the North Carolina Department of Public Instruction. They do not purport to, and do not, present fairly the financial position of the State of North Carolina as of June 30, 2021 or 2020, or the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As discussed in Note 16, the Public School Insurance Fund was transferred to another entity within the State of North Carolina effective July 1, 2020. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The Department's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Department's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 GAAS and GAGAS 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 GAAS and GAGAS, 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 Department'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 Department'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 the Management's Discussion and Analysis and other required supplementary information, as listed in the table of contents, 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 Department's basic financial statements. The accompanying supplementary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements 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 accompanying supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

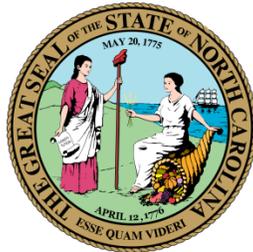
In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2022 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.



Beth A. Wood, CPA
State Auditor

Raleigh, North Carolina

July 29, 2022



MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis section of the North Carolina Department of Public Instruction's (Department) financial report is provided as an overview of the financial performance of the governmental funds for the fiscal years ended June 30, 2021 and 2020 and the proprietary fund for fiscal year ended June 30, 2020. This discussion and analysis should be read in conjunction with the financial statements and related notes to the financial statements which follow this section.

Overview of the Financial Statements

The Department's financial statements are comprised of the governmental funds and the proprietary fund. The governmental funds include the General Fund and Capital Projects Fund. The proprietary fund is known as the Public School Insurance Fund. The Governmental Funds' basic financial statements consist of the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance whereas the Public School Insurance Fund's basic financial statements consist of the Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

Governmental Funds:

- The Balance Sheet presents the governmental funds' assets, deferred outflows, liabilities, and deferred inflows that are considered relevant to an assessment of near-term liquidity. The difference between assets (plus deferred outflows) and liabilities (plus deferred inflows) is reported as fund balance.
- The Statement of Revenues, Expenditures, and Changes in Fund Balance reports the resource flows (revenues and expenditures) of the governmental funds.

Public School Insurance Fund:

- The Statement of Net Position shows the financial position of the proprietary fund and includes all of the fund's assets, deferred outflows, liabilities, deferred inflows, and net position. The Statement of Net Position also provides the basis for evaluating the liquidity and financial flexibility of the fund.
- The Statement of Revenues, Expenses, and Changes in Net Position displays revenue and expense activities of the proprietary fund. The net effect of revenues and expenses rolls into net position which reflects the current-year activities.
- The Statement of Cash Flows is prepared using the direct method. This statement shows the net changes in cash resulting from operating and investing activities.

Notes to the financial statements are designed to give the reader additional information concerning the Department and further supports the statements noted above.

Required Supplementary Information (RSI) follows the basic financial statements and notes to the financial statements. The RSI is mandated by the Governmental Accounting Standards Board (GASB) and includes the General Fund budgetary comparison schedules reconciling the statutory to the generally accepted accounting principles fund balances at fiscal year-end, pension and other postemployment benefits (OPEB)-related disclosures for the Public School Insurance Fund, and Public School Insurance Fund trend information related to funding progress and contributions.

Other Supplementary Information includes Schedule of Revenues by Source; Schedule of Expenditures by Purpose; Schedule of Grants, State, and Federal Aid Paid to Schools; Schedules of Grants and Aid Paid to School Districts; and Schedules of Grants and Aid Paid to Charter Schools.

Governmental Funds

Condensed Balance Sheets

The following Condensed Balance Sheets show the Governmental Funds' financial position at June 30, 2021, 2020 and 2019.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Assets	\$ 687,813,257	\$ 773,208,011	\$ 497,303,580
Deferred Outflows of Resources	0	0	0
Total Assets and Deferred Outflows	<u>\$ 687,813,257</u>	<u>\$ 773,208,011</u>	<u>\$ 497,303,580</u>
Liabilities	\$ 392,303,993	\$ 546,327,073	\$ 314,067,834
Deferred Inflows of Resources	0	0	0
Fund Balance			
Nonspendable	454,336	818,079	1,643,536
Restricted	5,983,422	14,297,117	3,436,340
Committed	558,632,430	483,403,731	437,408,504
Unassigned	<u>(269,560,924)</u>	<u>(271,637,989)</u>	<u>(259,252,634)</u>
Total Fund Balance (Deficit)	<u>295,509,264</u>	<u>226,880,938</u>	<u>183,235,746</u>
Total Liabilities, Deferred Inflows, and Fund Balance	<u>\$ 687,813,257</u>	<u>\$ 773,208,011</u>	<u>\$ 497,303,580</u>

Total assets for fiscal year 2021 decreased by \$85.4 million compared to fiscal year 2020. The major change is primarily attributed to the pooled cash account which accounted for a decrease of \$111.9 million, coupled with a \$27.2 million increase in intergovernmental receivables. The significant decrease in the pooled cash account was due to expenditures of the state Coronavirus Relief Fund (CRF) awards received in fiscal year 2020. The increase of the intergovernmental receivables was created from the agency's zero out process with the school districts' subledger activity, which reconciles monthly, the state and federal funding provided to the school districts the prior month to their actual expenditure provided the following month. This reconciliation process results in adjustments to provide additional funds to the school districts or requires the return of funds by the school districts. The year-end adjusting transactions are recorded with a June date to accurately reflect the monthly activity. In fiscal year 2021, the school districts requested an excess amount in federal funds that had to be returned, resulting in a significant increase in intergovernmental receivables.

Total assets increased by \$275.9 million in 2020 compared to fiscal year 2019. The major change is attributed to the pooled cash account which accounted for an increase of \$231.7 million. The primary cause of the increase can be attributed to the state Coronavirus Relief Fund (CRF) awards unspent at year-end by school districts. Additional total assets increase was driven by federal intergovernmental receivables owed largely to cover increased year-end claims of the Child Nutrition program.

Total liabilities decreased by \$154.0 million from fiscal year 2020 to 2021, mainly due to a \$171.1 million decrease in amounts due to other state agencies for state Coronavirus Relief Fund awards. These awards were provided in advance of school district spending which did not substantially occur until fiscal year 2021. This decrease was offset by an increase in intergovernmental payables of \$17.1 million due primarily to the increased intergovernmental federal payables for \$33.3 million due back to the federal awards caused by the excess funds requested by the school districts in June that was discovered during the zero out process performed in July. This was counterbalanced in part by a reduction in payables to school districts for accrued payroll.

Total liabilities increased by \$232.3 million from fiscal year 2019 to 2020, mainly due to a \$183.1 million increase in the due to other state agencies account described above for unexpended state Coronavirus Relief Fund awards. Additional liability increases in fiscal year 2020 included a higher volume of Child Nutrition claims reimbursements due to COVID and larger teacher salary installments accrued by school districts at year-end.

Overall fund balance increased by \$68.6 million in 2021 compared to 2020. This was mainly from \$65.1 million increase in amount committed to provide financial assistance to lower-wealth counties for construction of new public-school buildings under the Needs Based Public School Capital Fund (NBPSCF). Also, the amount set aside to finance improvements and modernization of the agency business processes increased by \$13.9 million during the period. The increases were offset by \$21.1 million reduction in the amount earmarked to assist county governments to meet their public-school building capital needs as well as equipment needs under local school technology plans.

Fund balance increased by \$43.6 million in 2020 compared to 2019. The reason for the increase is like that of fiscal year 2021. The major driver of the increase was \$43 million increase in Needs Based Public School Capital Fund.

Condensed Statements of Revenues, Expenditures, and Changes in Fund Balance

The following Condensed Statements of Revenues, Expenditures, and Changes in Fund Balance show the Governmental Funds' resource flows at June 30, 2021, 2020, and 2019.

	2021	2020	2019 (As Restated)
REVENUES			
Federal Funds	\$ 1,904,796,628	\$ 1,561,025,229	\$ 1,526,804,752
Other Revenues	1,307,625,034	954,448,389	1,130,851,853
Total Revenues	<u>3,212,421,662</u>	<u>2,515,473,618</u>	<u>2,657,656,605</u>
EXPENDITURES			
Grants, State, and Federal Aid	12,569,785,730	11,792,018,587	11,541,551,181
Contracted Personal Services	75,350,143	77,687,184	108,041,384
Salaries and Benefits	156,789,048	157,869,132	135,679,903
Other Expenditures	141,822,670	136,872,495	128,671,146
Total Expenditures	<u>12,943,747,591</u>	<u>12,164,447,398</u>	<u>11,913,943,614</u>
Excess of Expenditures Over Revenues	<u>(9,731,325,929)</u>	<u>(9,648,973,780)</u>	<u>(9,256,287,009)</u>
OTHER FINANCING SOURCES (USES)			
State Appropriations	9,839,135,842	9,663,672,423	9,400,639,686
Sale of Capital Assets	1,919,260	1,643,737	1,787,606
Insurance Recoveries	545,535	526,033	288,107
Transfers from State Reserves Fund	45,355,990	72,132,769	70,258,889
Transfers to State Reserve Fund	<u>(87,002,372)</u>	<u>(45,355,990)</u>	<u>(72,132,769)</u>
Total Other Financing Sources	<u>9,799,954,255</u>	<u>9,692,618,972</u>	<u>9,400,841,519</u>
Net Change in Fund Balance	68,628,326	43,645,192	144,554,510
Fund Balance - Beginning of Year	<u>226,880,938</u>	<u>183,235,746</u>	<u>38,681,236</u>
Fund Balance - End of Year	<u>\$ 295,509,264</u>	<u>\$ 226,880,938</u>	<u>\$ 183,235,746</u>

The Department recognized increased revenues of \$696.9 million in fiscal year 2021 compared to fiscal year 2020. The increase was partially attributed to \$381.1 million in federal Elementary and Secondary School Emergency Relief Fund (ESSER) receipts for mitigating the impact of the COVID-19 pandemic on schools. The State also provided increased funding to address the COVID-19 pandemic including \$231.8 million in Coronavirus Relief Fund awards and \$9.2 million for the Governor's Emergency Education Relief (GEER) program. Other revenue increases included additional lottery funding.

The Department recognized decreased revenues of \$142.2 million in fiscal year 2020 compared to fiscal year 2019. The largest drivers of this decrease were a \$58.3 million reduction in revenues from various state agencies from civil fines, penalties, and forfeitures and a \$112.1 million reduction in funding from other state agencies that had included Hurricane Florence relief funds in fiscal 2019. The revenues decrease was offset by an increase in federal funds of \$34.2 million caused by increases in the Title I Grant, Student Support and Academic Enrichment Grants, and preliminary portions of COVID-19 relief funding received in the last quarter of fiscal year 2020.

Total expenditures for fiscal year 2021 increased by \$779.3 million compared to fiscal year 2020. This is primarily due to increased grants, state, and federal aid to LEAs and charter schools for employer-provided benefits for retirement, annual leave, among other items of expenditures. Other factors that contributed to the increase include school district expenditures funded by state aid during the fiscal year, as well as increased funding for charter school expansions. The increase in school district expenditures was largely from CRF, ESSER, and GEER funds. CRF, ESSER, and GEER funding were used to support the teaching remote efforts as well as many other unique expenditures.

Total expenditures for fiscal year 2020 increased by \$250.5 million compared to fiscal year 2019 mainly due to a \$165.4 million increase in school district expenditures funded by state aid for salaries and benefits to teachers, principals, and other instructional staff, a \$35.9 million increase in supplies and materials expenditures largely funded by COVID-19 relief awards, and an increase of funding for charter school expansions.

Total other financing sources increased by \$107.3 million from 2020 to 2021 and \$291.8 million from 2020 to 2019. These increases were largely driven by increases in appropriations which predominately fund teacher and other school personnel pay increases and benefit costs. Transfers to and from the state reserve accounts, representing legislative approved carry forward and encumbrances for prior and current years, offset appropriation increases by \$41.6 million and \$1.9 million in fiscal years 2021 and 2020, respectively.

Budget Variation

General Fund

Data for the General Fund budget variances is presented in Schedule C-1: Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis - Non-GAAP) of this report.

Variances - Original and Final Budget:

For fiscal year 2021, the original budgeted revenues were moderately lower than the final budgeted numbers with an increase of \$782.6 million. This change is primarily attributed to an

increase of federal funds. Total final expenditures increased from the original budgeted amounts by \$196.8 million. The change is mainly attributed to an increase in the grants, state, and federal aid.

For fiscal year 2020, the original budgeted revenues were moderately higher than the final budgeted revenues with the decrease of \$88.8 million primarily related to federal funds. The original budgeted expenditures were moderately lower than the final budgeted numbers by \$561.8 million. This change was mainly attributed to an increase in grants, state, and federal aid.

Generally, the variances between the original and final budget are attributable to the timing and length of the budget preparation process and the budgeting of federal funds for the fiscal year. The original budgets for fiscal years 2020 and 2021 were prepared approximately 18 months prior to the final budgets. The final budgets reflect all budget revisions made throughout the fiscal year to adjust for known facts as well as supplemental adjustments approved by the General Assembly. Consequently, significant variances in comparing the original and final budgets are expected.

Variances - Final Budget and Actual Results:

In comparing actual results for the year to the final budget for fiscal year 2021, total actual revenues were \$4.5 billion less than final budgeted, and total actual expenditures were \$4.2 billion less than final budgeted. Budgeted expenditures in the grants, state, and federal aid line are the primary reason for the variances. This variance is largely explained by the significant infusion of Elementary and Secondary School Emergency Relief (ESSER) funds that were awarded via three separate federal appropriations, The Coronavirus Aid, Relief, and Economic Security Act (CARES), The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), and The American Rescue Plan Act (ARP) and were first budgeted in whole or in part in 2021. Because each of the ESSER I, ESSER II, and ESSER III funds are multi-year awards totaling more than \$4 billion with staggered expiration dates (ESSER I - 9/30/2022, ESSER II - 9/30/2023, and ESSER III - 9/30/2024), significant portions of these awards were budgeted, but remained unspent and undrawn as of June 30, 2021.

In comparing actual results for the year to the final budget for fiscal year 2020, total actual revenues were \$210.2 million less than final budgeted and total actual expenditures were \$1.2 billion less than final budgeted. Budgeted expenditures in the grants, state, and federal aid line are the primary reason for the variances. DPI received Coronavirus Relief Fund awards in spring of 2020 through the Governor's Office which school districts were spending instead of other final budgeted federal program dollars. Components of this funding, as well as initial ESSER I funding, were also budgeted at this time but not spent by the end of the fiscal year. There were \$210.2 million in total revenues budgeted but not realized as revenue at the end of the fiscal year. Federal receipts were the main driver.

Proprietary Fund - Public School Insurance Fund

Condensed Statements of Net Position

The following Condensed Statement of Net Position show the Proprietary Fund's financial position at June 30, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets	\$ 122,958,444	\$ 116,829,801
Noncurrent Assets	<u>757</u>	<u>549</u>
Total Assets	<u>122,959,201</u>	<u>116,830,350</u>
Deferred Outflows of Resources	<u>247,827</u>	<u>207,985</u>
Liabilities		
Current Liabilities	11,649,760	11,607,469
Noncurrent Liabilities	<u>876,413</u>	<u>812,355</u>
Total Liabilities	<u>12,526,173</u>	<u>12,419,824</u>
Deferred Inflows of Resources	<u>385,948</u>	<u>426,079</u>
Net Position		
Restricted	443	435
Unrestricted	<u>110,294,464</u>	<u>104,191,997</u>
Total Net Position	<u>\$ 110,294,907</u>	<u>\$ 104,192,432</u>

Total assets increased by \$6.1 million in fiscal year 2020 from fiscal year 2019. Pooled investments increased \$8.3 million due to investment returns. Prepaid reinsurance also increased \$7.2 million during the fiscal year due to a policy purchased near year-end. These increases were offset by cash and reinsurance recoverable decreases as hurricane-related claims of the prior year were paid and reinsurance was collected. The decrease in total liabilities were negligible from fiscal year 2019 to fiscal year 2020. The \$6.1 million increase in net position for the year is also a reflection of the change in total assets. Net position is primarily unrestricted and available for the purposes of the Fund.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

While the Condensed Statement of Net Position show the financial position of the Proprietary Fund, the following Condensed Statement of Revenues, Expenses, and Changes in net position provide answers to the nature and source of changes in net position for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Insurance Premiums	\$ 11,867,119	\$ 12,811,305
Miscellaneous	498	
Total Revenues	<u>11,867,617</u>	<u>12,811,305</u>
Operating Expenses		
Personal Services	567,210	499,437
Contracted Personal Services	113	2,987
Supplies and Materials	1,925	8,734
Travel	43,975	46,657
Communication	1,530	1,524
Claims	7,356,775	14,084,251
Insurance	6,395,551	3,951,617
Other	3,632	5,069
Total Operating Expenses	<u>14,370,711</u>	<u>18,600,276</u>
Operating Loss	(2,503,094)	(5,788,971)
Nonoperating Revenues		
Investment Earnings	8,605,569	7,119,559
Total Nonoperating Revenues	<u>8,605,569</u>	<u>7,119,559</u>
Increase in Net Position	6,102,475	1,330,588
Net Position - Beginning of Year	<u>104,192,432</u>	<u>102,861,844</u>
Net Position - End of Year	<u>\$ 110,294,907</u>	<u>\$ 104,192,432</u>

Total operating expenses decreased by \$4.2 million compared to fiscal year 2019. This was primarily due to a \$6.7 million decrease in claims compared to the significant expense of Hurricane Florence claims in fiscal year 2019. This decrease was offset by a \$2.4 million increase in insurance expense due to the increased cost of reinsurance. Investment earnings also increased by \$1.5 million due to interest earned and market performance during the current year.

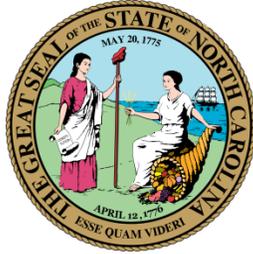
Future Outlook

In response to the COVID-19 pandemic, the federal government passed three acts to appropriate funds to the States to address the educational needs of students. From these acts, North Carolina received over \$6 billion in new one-time federal grants to support primary and secondary education, in addition to its recurring \$1 billion in federal grants. These COVID-19 related grants have various expiration dates from December 31, 2021 to September 30, 2024. This additional infusion of one-time funding will provide critical resources to improve school facility systems, infrastructure, technology, and programs to support student learning recovery

and acceleration. The agency continues to focus on ensuring compliance with the requirements of the grants and providing technical assistance to the school districts.

Over the last year, the global economy and the State of NC have been dramatically affected by the coronavirus pandemic. Although the pandemic persists, mandatory closures have been lifted and businesses are reemploying personnel. North Carolina's unemployment rate continues to decline to levels below the national average. At the same time, the cost of labor is rising. Consequently, filling vacancies in our schools and the agency with qualified professionals is increasingly difficult.

Recurrent delays in the state's budget appropriation processes creates uncertainty in agency and school district budgets and commitments for large state-level information technology and program projects. The fiscal year 2022-2023 biennial budget was not certified until mid-January 2022, compelling a compressed timeline for budget implementation, procurement, expenditure, and close out that has significantly burdened agency financial and human resources staff workloads. Important initiatives to modernize student information, business operations, and resource planning enterprise systems are experiencing delays that disrupt the timely replacement of antiquated systems.



FINANCIAL STATEMENTS

**North Carolina Department of Public Instruction
Balance Sheet
Governmental Funds
As of June 30, 2021 and 2020**

Exhibit A-1

	2021			2020		
	General Fund	Capital Projects Fund	Total Governmental Funds	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents (Note 2)	\$ 584,518,240	\$ 6,575,653	\$ 591,093,893	\$ 698,734,573	\$ 4,275,894	\$ 703,010,467
Receivables:						
Accounts Receivable	730,849		730,849	610,345		610,345
Intergovernmental Receivables (Note 4)	95,434,684		95,434,684	68,273,547		68,273,547
Interest Receivable	99,495		99,495	495,573		495,573
Inventories	454,336		454,336	818,079		818,079
Total Assets	<u>681,237,604</u>	<u>6,575,653</u>	<u>687,813,257</u>	<u>768,932,117</u>	<u>4,275,894</u>	<u>773,208,011</u>
DEFERRED OUTFLOWS OF RESOURCES	0	0	0	0	0	0
Total Assets and Deferred Outflows	<u>\$ 681,237,604</u>	<u>\$ 6,575,653</u>	<u>\$ 687,813,257</u>	<u>\$ 768,932,117</u>	<u>\$ 4,275,894</u>	<u>\$ 773,208,011</u>
LIABILITIES						
Accounts Payable and Accrued Liabilities:						
Accounts Payable	\$ 8,166,691	\$ 102,633	\$ 8,269,324	\$ 5,771,519	\$ 440,802	\$ 6,212,321
Accrued Payroll	291		291	291		291
Intergovernmental Payables (Note 6)	355,503,885		355,503,885	338,408,632		338,408,632
Due to Other State Agencies	12,010,621		12,010,621	183,066,474		183,066,474
Funds Held for Others	15,625		15,625	896,303		896,303
Civil Penalty Collections Held for School Districts	16,107,754		16,107,754	16,107,754		16,107,754
Unearned Revenue	396,493		396,493	1,635,298		1,635,298
Total Liabilities	<u>392,201,360</u>	<u>102,633</u>	<u>392,303,993</u>	<u>545,886,271</u>	<u>440,802</u>	<u>546,327,073</u>
DEFERRED INFLOWS OF RESOURCES	0	0	0	0	0	0
FUND BALANCES (Note 9)						
Nonspendable	454,336		454,336	818,079		818,079
Restricted	5,983,422		5,983,422	14,297,117		14,297,117
Committed	552,159,410	6,473,020	558,632,430	479,568,639	3,835,092	483,403,731
Unassigned	(269,560,924)		(269,560,924)	(271,637,989)		(271,637,989)
Total Fund Balances	<u>289,036,244</u>	<u>6,473,020</u>	<u>295,509,264</u>	<u>223,045,846</u>	<u>3,835,092</u>	<u>226,880,938</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 681,237,604</u>	<u>\$ 6,575,653</u>	<u>\$ 687,813,257</u>	<u>\$ 768,932,117</u>	<u>\$ 4,275,894</u>	<u>\$ 773,208,011</u>

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

North Carolina Department of Public Instruction
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Fiscal Years Ended June 30, 2021 and 2020

Exhibit A-2

	2021			2020		
	General	Capital	Total	General	Capital	Total
	Fund	Projects	Governmental	Fund	Projects	Governmental
	Fund	Fund	Funds	Fund	Fund	Funds
REVENUES						
Federal Funds	\$ 1,519,895,415	\$ 0	\$ 1,519,895,415	\$ 1,415,738,036	\$ 0	\$ 1,415,738,036
Federal COVID-19 Funds	384,901,213		384,901,213	145,287,193		145,287,193
Revenues from Other State Agencies (Note 10)	1,049,583,364	3,688,000	1,053,271,364	727,563,906	104,693	727,668,599
Contributions, Gifts, and Grants	13,987,185		13,987,185	11,823,943		11,823,943
E Rate Telecommunication/Internet Access Program Funds	10,154,656		10,154,656	10,344,175		10,344,175
Sales and Services	831,226		831,226	488,348		488,348
Fees, Licenses and Fines	224,179,727		224,179,727	191,539,952		191,539,952
Property and Equipment Rental	383,355		383,355	1,091,178		1,091,178
Investment Earnings	2,262,889		2,262,889	8,809,713		8,809,713
Student Tuition and Fees	762,817		762,817	460,863		460,863
Miscellaneous Income	1,791,815		1,791,815	2,221,618		2,221,618
Total Revenues (See Schedule D-1)	3,208,733,662	3,688,000	3,212,421,662	2,515,368,925	104,693	2,515,473,618
EXPENDITURES						
Grants, State, and Federal Aid (See Schedule D-3)	12,569,785,730		12,569,785,730	11,792,018,587		11,792,018,587
Contracted Personal Services	75,350,143		75,350,143	77,687,184		77,687,184
Salaries and Benefits	156,789,048		156,789,048	157,869,132		157,869,132
Supplies and Materials	2,469,695		2,469,695	3,426,154		3,426,154
Purchases for Resale	31,528		31,528	267,697		267,697
Travel	644,924		644,924	2,552,064		2,552,064
Communication	1,084,190		1,084,190	840,631		840,631
Utilities	948,447		948,447	922,587		922,587
Data Processing Services	22,609,549		22,609,549	22,482,162		22,482,162
Claims and Benefits	127,250		127,250	2,420,547		2,420,547
Other Services	1,689,682		1,689,682	2,015,700		2,015,700
Other Fixed Charges	10,022,030		10,022,030	12,279,595		12,279,595
Expenditures to Other State Agencies (Note 10)	20,500,608		20,500,608	21,096,535		21,096,535
Capital Outlay	77,503,676	1,229,621	78,733,297	63,581,863	1,991,986	65,573,849
Insurance	2,409,479		2,409,479	2,478,706		2,478,706
Other Expenditures	551,991		551,991	516,268		516,268
Total Expenditures (See Schedule D-2)	12,942,517,970	1,229,621	12,943,747,591	12,162,455,412	1,991,986	12,164,447,398
Revenues Over (Under) Expenditures	(9,733,784,308)	2,458,379	(9,731,325,929)	(9,647,086,487)	(1,887,293)	(9,648,973,780)
OTHER FINANCING SOURCES (USES)						
State Appropriations	9,839,135,842		9,839,135,842	9,663,572,423	100,000	9,663,672,423
Sale of Capital Assets	1,919,260		1,919,260	1,643,737		1,643,737
Insurance Recoveries	365,986	179,549	545,535	526,033		526,033
Transfers from State Reserve Fund	45,355,990		45,355,990	72,132,769		72,132,769
Transfers to State Reserve Fund	(87,002,372)		(87,002,372)	(45,355,990)		(45,355,990)
Total Other Financing Sources	9,799,774,706	179,549	9,799,954,255	9,692,518,972	100,000	9,692,618,972
Net Change in Fund Balance	65,990,398	2,637,928	68,628,326	45,432,485	(1,787,293)	43,645,192
Fund Balances - Beginning of Year	223,045,846	3,835,092	226,880,938	177,613,361	5,622,385	183,235,746
Fund Balances - End of Year	\$ 289,036,244	\$ 6,473,020	\$ 295,509,264	\$ 223,045,846	\$ 3,835,092	\$ 226,880,938

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

**North Carolina Department of Public Instruction
Statement of Net Position
Proprietary Fund - Public School Insurance Fund
As of June 30, 2020**

Exhibit B-1

ASSETS

Current Assets:	
Cash and Cash Equivalents (Note 2)	\$ 6,111,175
Pooled Investments (Note 2)	103,876,136
Receivables:	
Premiums Receivable	173,191
Interest Receivable	13,825
Reinsurance Recoverable	1,950,784
Prepaid Reinsurance	<u>10,833,333</u>
 Total Current Assets	 <u>122,958,444</u>
Noncurrent Assets:	
Net Other Postemployment Benefits Asset	<u>757</u>
 Total Assets	 <u>122,959,201</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows Related to Pensions (Note 11)	107,842
Deferred Outflows Related to Other Postemployment Benefits (Note 12)	<u>139,985</u>
 Total Deferred Outflows of Resources	 <u>247,827</u>

LIABILITIES

Current Liabilities:	
Accounts Payable and Accrued Liabilities:	
Accounts Payable	16,635
Other Payable	3,683
Due to Other State Agencies	2,257
Claims Payable (Note 13)	8,666,793
Unearned Revenue	2,956,409
Compensated Absences (Note 7)	<u>3,983</u>
 Total Current Liabilities	 <u>11,649,760</u>
Noncurrent Liabilities:	
Compensated Absences (Note 7)	95,835
Net Pension Liability (Note 7)	214,628
Net Other Postemployment Benefits Liability (Note 7)	<u>565,950</u>
 Total Noncurrent Liabilities	 <u>876,413</u>
 Total Liabilities	 <u>12,526,173</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows Related to Pensions (Note 11)	11,076
Deferred Inflows Related to Other Postemployment Benefits (Note 12)	<u>374,872</u>
 Total Deferred Inflows of Resources	 <u>385,948</u>

NET POSITION

Restricted - Expendable for Specific Purposes	443
Unrestricted	<u>110,294,464</u>
 Total Net Position	 <u>\$ 110,294,907</u>

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

**North Carolina Department of Public Instruction
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund - Public School Insurance Fund
For the Fiscal Year Ended June 30, 2020**

Exhibit B-2

REVENUES

Operating Revenues:

Insurance Premiums	\$ 11,867,119
Miscellaneous	498
Total Operating Revenues	<u>11,867,617</u>

EXPENSES

Operating Expenses:

Salaries and Benefits	567,210
Contracted Personal Services	113
Supplies and Materials	1,925
Travel	43,975
Communication	1,530
Claims	7,356,775
Insurance	6,395,551
Other	3,632
Total Operating Expenses	<u>14,370,711</u>
Operating Income Loss	(2,503,094)

NONOPERATING REVENUES

Investment Earnings	<u>8,605,569</u>
Increase in Net Position	6,102,475
Net Position - Beginning of Year	<u>104,192,432</u>
Net Position - End of Year	<u>\$ 110,294,907</u>

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

**North Carolina Department of Public Instruction
Statement of Cash Flows
Proprietary Fund - Public School Insurance Fund
For the Fiscal Year Ended June 30, 2020**

Exhibit B-3

CASH FLOWS FROM OPERATING ACTIVITIES

Received from Customers	\$ 11,954,688
Payments to Employees and Fringe Benefits	(584,948)
Payments to Suppliers	(13,599,951)
Payments for Claims	(1,543,978)
	<hr/>
Net Cash Used by Operating Activities	(3,774,189)
	<hr/>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment Income	267,727
	<hr/>
Net Decrease in Cash and Cash Equivalents	(3,506,462)
Cash and Cash Equivalents - July 1, 2019	9,617,637
	<hr/>
Cash and Cash Equivalents - June 30, 2020	\$ 6,111,175
	<hr/> <hr/>

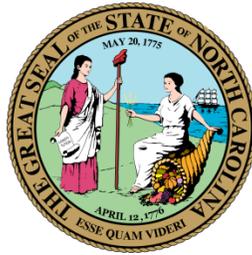
**RECONCILIATION OF OPERATING LOSS TO
NET CASH USED BY OPERATING ACTIVITIES**

Operating Loss	\$ (2,503,094)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Changes in Assets and Deferred Outflows of Resources:	
Premiums Receivable	2,484,956
Prepaid Reinsurance	(7,154,638)
Reinsurance Recoverable	3,372,419
Net Other Postemployment Benefits Asset	(208)
Deferred Outflows for Pensions	25,701
Deferred Outflows for Other Postemployment Benefits	(65,543)
Changes in Liabilities and Deferred Inflows of Resources:	
Accounts Payable and Accrued Liabilities	2,441,792
Unearned Revenue	(2,397,389)
Compensated Absences	20,973
Net Pension Liability	2,356
Net Other Postemployment Benefits Liability	38,617
Deferred Inflows for Pensions	(4,432)
Deferred Inflows for Other Post Employment Benefits	(35,699)
	<hr/>
Net Cash Used by Operating Activities	\$ (3,774,189)
	<hr/> <hr/>

NONCASH INVESTING ACTIVITIES

Noncash Distributions from the State Treasurer	\$ 2,903,235
Change in Fair Value of Investments	5,435,994

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



NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

- A. Organization** - The North Carolina Department of Public Instruction (Department) is a part of the State of North Carolina and is not a separate legal or reporting entity. The Department is charged with implementing the State's public-school laws for pre-kindergarten through 12th grade public education at the direction of the State Board of Education and the Superintendent of Public Instruction.

The Department provides leadership and service to 116 local public school districts, including approximately 2,500 individual public schools; 207 charter schools; and three residential schools for students with hearing and visual impairments. The areas of support include curriculum and instruction, accountability, finance, teacher and administrator preparation and licensing, professional development, and school business support and operations.

The Department develops the Standard Course of Study, which describes the subjects and course content that is taught in North Carolina public schools, and the assessments and accountability model used to evaluate student, school, and district success.

The Department licenses approximately 117,000 teachers and administrators who serve public schools. The Department's primary offices are in Raleigh, with four regional alternative licensing centers in Concord, Fayetteville, Elm City and Catawba. Approximately 30,000 new teacher and administrator licenses are issued annually from these centers. The Department's work extends to the NC Center for the Advancement of Teaching with locations in Cullowhee and Ocracoke, and the NC Virtual Public School. The Department also works closely with nine Regional Education Service Alliances/Consortia and six regional accountability offices.

- B. Financial Reporting Entity** - The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents for their actions. As required by accounting principles generally accepted in the United States of America (GAAP), the financial reporting entity includes both the primary government and all of its component units. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. The Department is a part of the State of North Carolina and an integral part of the State's *Annual Comprehensive Financial Report*.

The accompanying financial statements present all funds belonging to the Department. The Department's accounts and transactions are included in the State's *Annual Comprehensive Financial Report* as part of the State's governmental funds and proprietary funds.

- C. Basis of Presentation** - The Department's records are maintained on a cash basis throughout the year, but adjustments are made at the end of

the fiscal year to convert to GAAP for government entities. The financial statements are prepared according to GAAP as follows:

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* requires the presentation of both government-wide and fund level financial statements. See below for a description of each fund. The financial statements presented are governmental fund and proprietary fund financial statements of the Department. Because the Department is not a separate legal or reporting entity, government-wide financial statements are not prepared.

The fund financial statements provide information about the Department's funds. The emphasis of fund financial statements is on major governmental funds and the proprietary fund, each displayed in separate columns within the fund's financial statements. Throughout the report, the term Department is used to refer to the governmental funds and proprietary fund combined unless otherwise specifically noted.

The Department's financial statements consist of the following major funds:

General Fund - This fund is the Department's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Department also reports one nonmajor governmental fund, the Capital Projects Fund, in a separate column. This fund accounts for financial resources to be used for capital outlays, including the acquisition or construction of major capital facilities, and is primarily funded by state appropriations and the State's issuance of debt. Specific projects are identified in the State's budget and approved by the legislature.

Public School Insurance Fund - This proprietary fund accounts for the activities of the Public School Insurance Fund (the Fund). The purpose of the Fund is to manage and operate an insurance fund for public school property. The Fund insures the property assets of North Carolina public schools and those North Carolina community colleges that elect to participate. The Fund is financed by premiums collected from the public school districts and community colleges. The Fund insured 76 out of 116 public school districts and 32 out of 58 community colleges.

D. Measurement Focus and Basis of Accounting

Governmental Funds - Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The operating statement presents increases (revenues and other financing

sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures.

Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Department considers revenues to be available if they are collected within 31 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, except for compensated absences, workers' compensation, and financing agreements, which are recognized as expenditures when payment is due. Pension and other postemployment benefit contributions to cost-sharing plans are recognized as expenditures in the periods to which the payment relates even if the payment is not due until the subsequent period.

Since capital asset and long-term liability accounts relating to the governmental funds are reported only at the state-wide level, these amounts are not included in the Department's governmental funds financial statements. However, those amounts are reported in the Notes to the Financial Statements.

Proprietary Fund - Proprietary fund financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the Department receives (or gives) value without directly giving (or receiving) equal value in exchange, includes investment earnings (or losses). Revenues are recognized, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met, if probable of collection.

The preparation of financial statements, in conformity with GAAP, requires management of the Department to make estimates and judgments that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and the disclosures and contingencies at the date of the financial statements and revenues and expenditures recognized during the reporting period. Actual results could differ from those estimates. Should actual results differ from those estimates, changes will flow through the financial statements during the year of change and will be disclosed, if material.

- E. Cash and Cash Equivalents** - This classification includes deposits held by the State Treasurer in the short-term investment fund (STIF). The STIF maintained by the State Treasurer has the general characteristics of a demand deposit account in that participants may deposit and withdraw cash at any time without prior notice or penalty. The Department's equity position in the STIF is recorded at fair value. Additional information

regarding the fair value measurement of deposits held by the State Treasurer in the STIF is disclosed in Note 3.

F. Investments - To the extent available, investments are recorded at fair value based on quoted market prices in active markets on a trade-date basis. Additional information regarding the fair value measurement of investments is disclosed in Note 3. Because of the inherent uncertainty in the use of estimates, values that are based on estimates may differ from the values that would have been used had a ready market existed for the investments. The net change in the value of investments is recognized as a component of investment income.

G. Receivables - Receivables consist of amounts that have arisen in the ordinary course of business.

Accounts receivables for the governmental funds primarily include amounts due from charter schools, home-based schools, and local education agencies in connection with sale of textbooks and publications. Receivables are considered fully collectible; accordingly, no allowance for doubtful accounts has been recorded.

Account receivables for the proprietary fund include insurance premiums due from insured schools and reinsurance recoverable due from third party providers.

Intergovernmental receivables for the governmental funds include amounts due from the federal government for various federal program purposes including the reimbursement of allowable expenditures for qualified meals under the child nutrition program; amounts due from local education agencies for overdrawn federal funding; and purchases of instructional materials.

H. Due from/to Other State Agencies - Activities between state agencies are composed of amounts due from or due to agencies. All amounts are considered collectible; accordingly, no allowance for doubtful accounts has been recorded.

I. Inventories and Prepaid Items - Inventories, consisting of expendable supplies and materials, are valued at cost using the first-in, first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased.

Prepaid reinsurance for the proprietary fund represents the portion of reinsurance coverage related to future periods.

J. Payables - Accounts payable for the governmental fund include amounts due to vendors/suppliers, staff in connection with payment for supplies, travel reimbursements, and payment of sales and use taxes withheld from sale of textbooks and publications.

Intergovernmental payables for the governmental funds mainly represent accrued payroll for state-funded school teachers, amounts due to the schools in connection with the federal child nutrition program for qualified meals, and amounts due back to the federal government for overdrawn federal revenues.

- K. Unearned Revenue** - Unearned revenue for the governmental funds represents the cumulative excess of cash received from the federal government over expenditures paid in connection with reimbursement of allowable expenditures made pursuant to contracts and grants. Unearned revenue for the proprietary fund represents insurance premiums paid by schools for coverage relating to future periods.
- L. Long-Term Liabilities** - General long-term liabilities for the governmental funds are not recognized in the governmental funds until they become due. Consequently, the general long-term liabilities not yet due are not reported on the face of the governmental funds' financial statements but are disclosed in Note 7 of the Department's Notes to the Financial Statements. Long-term liabilities for the proprietary fund are reported on the face of the proprietary fund's financial statements and disclosed in Note 7.

Noncurrent long-term liabilities include principal amounts of long-term debt and other long-term liabilities that will not be paid within the next fiscal year. Debt is defined as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Other long-term liabilities include compensated absences, net pension liability, net other postemployment benefits (OPEB) liability, and workers' compensation.

Net Pension Liability - The net pension liability represents the Department's proportionate share of the collective net pension liability reported in the State of North Carolina's 2020 and 2019 *Comprehensive Annual Financial Report*. This liability represents the Department's portion of the collective total pension liability less the fiduciary net position of the Teachers' and State Employees' Retirement System. See Note 11 for further information regarding the Department's policies for recognizing liabilities, expenses, deferred outflows of resources, and deferred inflows of resources related to pensions.

Net OPEB Liability - The net OPEB liability represents the Department's proportionate share of the collective net OPEB liability reported in the State of North Carolina's 2020 and 2019 *Comprehensive Annual Financial Report*. This liability represents the Department's portion of the collective total OPEB liability less the fiduciary net position of the Retiree Health Benefit Fund. See Note 12 for further information regarding the Department's policies for recognizing liabilities, expenses, deferred outflows of resources, and deferred inflows of resources related to OPEB.

Compensated Absences - Employees of the Department are permitted to accumulate earned but unused vacation pay benefits. In the proprietary

fund, all vacation pay is accrued when incurred. When determining the vacation pay liability due within one year, leave is considered taken on a last in, first out (LIFO) basis. In the governmental funds, a liability for these amounts is reported only as payments become due each period upon the occurrence of relevant events such as employee resignations and retirements. This liability is reported in Note 7 of the Department's Notes to the Financial Statements.

The Department's policy provides for a maximum accumulation of unused vacation leave of 30 days which can be carried forward each January 1 or for which an employee can be paid upon termination of employment. Also, any accumulated vacation leave in excess of 30 days at calendar year-end is converted to sick leave. Under this policy, the accumulated vacation leave for each employee at June 30 equals the leave carried forward at the previous December 31 plus the leave earned, less the leave taken between January 1 and June 30.

In addition to the vacation leave described above, compensated absences include the accumulated unused portion of the special annual leave bonuses awarded by the North Carolina General Assembly. The bonus leave balance on December 31 is retained by employees and transferred into the next calendar year. It is not subject to the limitation on annual leave carried forward described above and is not subject to conversion to sick leave.

There is no liability for unpaid accumulated sick leave because the Department has no obligation to pay sick leave upon employee termination or retirement. However, additional service credit for retirement pension benefits is given for accumulated sick leave upon retirement.

- M. Deferred Outflows/Inflows of Resources** - In addition to assets, the Department reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of fund balance/net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Department has the following items that qualify for reporting in this category: deferred outflows related to pensions, and deferred outflows related to OPEB.

In addition to liabilities, the Department reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance/net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The Department has the following items that qualify for reporting in this category: deferred inflows related to pensions, and deferred inflows related to OPEB.

N. Fund Balance / Net Position

Fund Balance - Fund balance for the governmental funds is reported in the following classifications depicting the relative strength of the constraints that control how specific amounts can be spent.

Nonspendable Fund Balance - These amounts cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance - These amounts have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions.

Committed Fund Balance - These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the North Carolina General Assembly, the State's highest level of decision-making authority. The North Carolina General Assembly establishes commitments through the passage of legislation that becomes State law. Commitments may be changed or lifted only by taking the same formal action that imposed the constraint originally.

Unassigned Fund Balance - This is the residual classification for the General Fund. Other governmental funds cannot report positive unassigned fund balance but can report negative unassigned fund balance if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

Expenditures are made from the most restrictive resource (i.e., restricted, committed, assigned, and unassigned in that order) when more than one fund balance classification is available for use.

Net Position - Net position for the proprietary fund is classified as follows:

Expendable Restricted Net Position - Expendable restricted net position includes resources for which the proprietary fund is legally or contractually obligated to spend in accordance with restrictions imposed by external parties. It includes the net position of accrued employee benefits such as other postemployment benefits.

Unrestricted Net Position - This represents resources derived from premiums and investment earnings. It also includes the net position of accrued employee benefits such as compensated absences, pension plans, and other postemployment benefits.

Restricted and unrestricted resources are tracked using a fund accounting system and are spent in accordance with established fund authorities. Fund authorities provide rules for the fund activity and are separately established for restricted and unrestricted activities. When both restricted and unrestricted funds are available for expenditure, the decision for

funding is transactional based within the departmental management system in place at the Department. Both restricted and unrestricted net position include consideration of deferred outflows of resources and deferred inflows of resources.

- O. **Revenues and Expenditures from/to Other State Agencies** - Revenues and expenditures from/to other state agencies for the governmental funds represent funds that the Department obtains from or transfers to other agencies, institutions, or entities within the State of North Carolina. These transfers are not considered other financing sources or uses per GAAP, nor are they considered interfund transfers. These revenues and expenditures represent nonexchange transactions and are eliminated at the statewide reporting level in the State's *Annual Comprehensive Financial Report*.
- P. **Revenues and Expenses** - The proprietary fund classifies revenues and expenses as operating or nonoperating in the accompanying Statement of Revenues, Expenses and Changes in Net Position. Operating revenues and expenses generally result from providing insurance coverage as the proprietary fund's principal ongoing operation. Operating revenues include activities that have characteristics of exchange transactions, such as the receipt of insurance premiums in exchange for insuring covered property and content. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities as defined by GASB Statement No. 9 - *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions. Revenues from nonexchange transactions that represent investment earnings, are considered nonoperating since these are either investing, capital, or noncapital financing activities.

Insurance premium revenues are recognized on a pro rata basis over the term of the policy. Premiums applicable to the unexpired terms of the policies in force are reported as unearned at the balance sheet date.

- Q. **Claims Expense** - The Public-School Insurance Fund establishes provisions for insured events based on estimates of the ultimate cost of claims. Provisions for insured events ordinarily result in an expense. On occasion, developments in the provisions for insured events may require an adjustment to the previously recorded estimated liability. In any year where the amount of these developments results in negative expense, those amounts will be reclassified to income as Adjustment to Estimated Claims Liability for presentation purposes.
- R. **Transfers from/to State Reserve Fund** - These transfers are for funds obligated in the current year, but not spent at year-end, that will be carried forward to the next fiscal year. The Department must obtain authorization from the Office of State Budget and Management (OSBM) to carryforward funds. At year-end, these funds are transferred to the State Reserve Fund

and held by the North Carolina Office of the State Controller until approval is granted from OSBM to return the funds to the Department in the next fiscal year.

NOTE 2 - DEPOSITS AND INVESTMENTS

Unless specifically exempt, the Department is required by *North Carolina General Statute 147-77* to deposit moneys received with the State Treasurer or with a depository institution in the name of the State Treasurer. General Statute 147-69.1, authorizes the State Treasurer to invest all deposits in the following: obligations of or fully guaranteed by the United States; obligations of certain federal agencies; specified repurchase agreements; obligations of the State of North Carolina; time deposits with specified financial institutions; prime quality commercial paper with specified ratings; specified bills of exchange or time drafts; asset-backed securities with specified ratings; and corporate bonds and notes with specified ratings.

At June 30, 2021 and 2020, the governmental funds' Balance Sheet reported cash and cash equivalents of \$591,093,893 and \$703,010,467, respectively, which represents the Department's equity position in the State Treasurer's Short-Term Investment Fund (STIF). At June 30, 2020, the proprietary fund's Statement of Net Position reported cash and cash equivalents of \$6,111,175. These amounts represent the Department's equity position in the State Treasurer's Short-Term Investment Fund (STIF). The STIF (a portfolio within the State Treasurer's Investment Pool, an external investment pool that is not registered with the Securities and Exchange Commission or subject to any formal oversight other than that of the legislative body) had a weighted average maturity of 1.3 years as of June 30, 2021 and June 30, 2020. Assets and shares of the STIF are valued at fair value.

At June 30, 2020, the proprietary fund's Statement of Net Position reported pooled investments of \$103,876,136, which represents the Department's equity position in the State Treasurer's Bond Index External Investment Fund (BIF). The BIF (a portfolio within the State Treasurer's Investment Pool, an external investment pool that is not registered with the Securities and Exchange Commission or subject to any formal oversight other than that of the legislative body) had a weighted average maturity of 7.97 years as of June 30, 2020. Assets and shares of the BIF are valued at fair market value.

Deposit and investment risks associated with the State Treasurer's Investment Pool (which includes the State Treasurer's STIF and BIF) are included in the North Carolina Department of State Treasurer Investment Programs' separately issued audit report. This separately issued report can be obtained from the Department of State Treasurer, 3200 Atlantic Avenue, Raleigh, NC 27604 or can be accessed from the Department of State Treasurer's website at <https://www.nctreasurer.com/> in the Audited Financial Statements section.

NOTE 3 - FAIR VALUE MEASUREMENTS

To the extent available, the Department's investments are recorded at fair value at year-end. GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

- Level 1 Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.
- Level 2 Investments with inputs - other than quoted prices included within Level 1 - that are observable for an asset, either directly or indirectly.
- Level 3 Investments classified as Level 3 have unobservable inputs for an asset and may require a degree of professional judgment.

Short-Term Investment Fund - At June 30, 2021 and 2020, cash and cash equivalents valued at \$591,093,893 and \$709,121,642, respectively, were held in the STIF. Ownership interests of the STIF are 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. Pool investments are measured at fair value in accordance with GASB 72. The Department's position in the pool is measured and reported at fair value and the STIF is not required to be categorized within the fair value hierarchy.

Bond Index External Investment Fund - At June 30, 2020, the Department's investments, valued at \$103,876,136, were held in the BIF. Ownership interest of the BIF are determined monthly at fair market value based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations of net earnings. Valuation of the underlying assets is performed by the custodian. The Department's position in the pool is measured and reported at fair value and the BIF is not required to be categorized within the fair value hierarchy.

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables for the general fund at June 30, 2021 and 2020 were as follows:

	2021	2020
Intergovernmental Receivables:		
Child Nutrition Program	\$ 24,060,208	\$ 35,491,417
Local School Districts	35,774,051	7,010,811
Other Federal	35,600,425	25,771,319
Total Intergovernmental Receivables	\$ 95,434,684	\$ 68,273,547

NOTE 5 - CAPITAL ASSETS

Capital assets, which include property, plant, and equipment, are reported as expenditures in the governmental funds. Consequently, capital asset balances are not reported on the face of the governmental funds' financial statements, but are reported below. Purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized. Donated capital assets are recorded at acquisition value at the date of the donation except that capital assets donated prior to July 1, 2015 are recorded at their estimated fair value at the date of donation.

Generally, capital assets are defined by the Department as assets with an initial value or cost greater than or equal to \$5,000 and an estimated useful life of two or more years, except for internally generated computer software which is capitalized when the value or cost is greater than or equal to \$1,000,000.

The value of assets constructed includes all material direct and indirect construction costs that are incurred as a result of the construction.

Depreciation and amortization are recorded at the statewide level for governmental funds. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets in the following manner:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	10-100 years
Machinery and Equipment	2-30 years
General Infrastructure	10-75 years
Computer Software	2-30 years

A summary of changes in the governmental funds' capital assets for the year ended June 30, 2021 is presented as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital Assets, Nondepreciable:				
Land	\$ 52,253	\$ 0	\$ 0	\$ 52,253
Art, Literature, and Artifacts	419,300			419,300
Construction in Progress	17,459,359	2,799,100	1,170,662	19,087,797
Total Capital Assets, Nondepreciable	17,930,912	2,799,100	1,170,662	19,559,350
Capital Assets, Depreciable:				
Buildings	51,382,052	53,650		51,435,702
Machinery and Equipment	8,738,419	127,022	1,114,394	7,751,047
General Infrastructure	547,115			547,115
Total Capital Assets, Depreciable	60,667,586	180,672	1,114,394	59,733,864
Less Accumulated Depreciation for:				
Buildings	23,290,928	848,332		24,139,260
Machinery and Equipment	5,401,516	326,166	976,609	4,751,073
General Infrastructure	477,581	12,158		489,739
Total Accumulated Depreciation	29,170,025	1,186,656	976,609	29,380,072
Total Capital Assets, Depreciable, Net	31,497,561	(1,005,984)	137,785	30,353,792
Capital Assets, Net	\$ 49,428,473	\$ 1,793,116	\$ 1,308,447	\$ 49,913,142

A summary of changes in the governmental funds' capital assets for the year ended June 30, 2020 is presented as follows:

	Balance July 1, 2019 (As Restated)	Increases	Decreases	Balance June 30, 2020
Capital Assets, Nondepreciable:				
Land	\$ 52,253	\$ 0	\$ 0	\$ 52,253
Art, Literature, and Artifacts	419,300			419,300
Construction in Progress	10,366,605	8,245,043	1,152,289	17,459,359
Total Capital Assets, Nondepreciable	10,838,158	8,245,043	1,152,289	17,930,912
Capital Assets, Depreciable:				
Buildings	50,071,997	1,456,155	146,100	51,382,052
Machinery and Equipment	8,858,871	438,173	558,625	8,738,419
General Infrastructure	558,126		11,011	547,115
Computer Software	2,352,831		2,352,831	
Total Capital Assets, Depreciable	61,841,825	1,894,328	3,068,567	60,667,586
Less Accumulated Depreciation/Amortization for:				
Buildings	22,430,816	861,440	1,328	23,290,928
Machinery and Equipment	5,451,491	378,471	428,446	5,401,516
General Infrastructure	473,865	12,402	8,686	477,581
Computer Software	705,849	94,113	799,962	
Total Accumulated Depreciation/Amortization	29,062,021	1,346,426	1,238,422	29,170,025
Total Capital Assets, Depreciable, Net	32,779,804	547,902	1,830,145	31,497,561
Capital Assets, Net	\$ 43,617,962	\$ 8,792,945	\$ 2,982,434	\$ 49,428,473

The July 1, 2019 balances for machinery and equipment were restated to reflect prior year additions made after the end of the prior fiscal year.

Does not include financing agreements for buses; see Note 7B for further details.

NOTE 6 - INTERGOVERNMENTAL PAYABLES

Intergovernmental payables for the general fund at June 30, 2021 and 2020 were as follows:

	2021	2020
Intergovernmental Payables:		
Accrued Payroll for School Districts	\$ 280,437,868	\$ 291,159,971
Child Nutrition Program	24,060,208	35,491,417
Other Federal Programs	33,259,378	4,642,660
Other School District Paybles	17,746,431	7,114,584
Total Intergovernmental Payables	\$ 355,503,885	\$ 338,408,632

NOTE 7 - LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities - A summary of changes in long-term liabilities for the year ended June 30, 2021 is presented as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Current Portion
Long-Term Debt					
Financing Agreements	\$ 106,817,517	\$ 57,991,459	\$ 66,174,636	\$ 98,634,340	\$ 45,633,441
Other Long-Term Liabilities					
Compensated Absences	10,703,811	6,594,157	5,880,478	11,417,490	900,840
Workers' Compensation ¹	213,511,745	52,608,971	54,656,956	211,463,760	74,012,316
Net Pension Liability ²	33,853,266	6,640,755		40,494,021	
Net Other Postemployment Benefits Liability ³	89,267,326		10,691,082	78,576,244	
Total Other Long-Term Liabilities	347,336,148	65,843,883	71,228,516	341,951,515	74,913,156
Total Long-Term Liabilities	\$ 454,153,665	\$ 123,835,342	\$ 137,403,152	\$ 440,585,855	\$ 120,546,597

¹ Additional information regarding workers' compensation is included in Note 13.

² Additional information regarding net pension liability is included in Note 11.

³ Additional information regarding net other postemployment benefits liability is included in Note 12.

A summary of changes in long-term liabilities for the year ended June 30, 2020 is presented as follows:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Current Portion
Long-Term Debt					
Financing Agreements	\$ 98,057,901	\$ 64,009,532	\$ 55,249,916	\$ 106,817,517	\$ 46,664,006
Other Long-Term Liabilities					
Compensated Absences	8,737,265	7,299,835	5,333,289	10,703,811	645,440
Workers' Compensation Liability ¹	210,474,559	68,773,396	65,736,210	213,511,745	74,729,111
Net Pension Liability ²	35,766,047		1,912,781	33,853,266	
Net Other Postemployment Benefits Liability ³	88,851,065	416,261		89,267,326	
Total Other Long-Term Liabilities	343,828,936	76,489,492	72,982,280	347,336,148	75,374,551
Total Long-Term Liabilities	\$ 441,886,837	\$ 140,499,024	\$ 128,232,196	\$ 454,153,665	\$ 122,038,557

Proprietary Fund - Public School Insurance Fund

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Compensated Absences	\$ 78,845	\$ 48,479	\$ 27,506	\$ 99,818	\$ 3,983
Net Pension Liability ²	212,272	2,356		214,628	
Net Other Postemployment Benefits Liability ³	527,333	38,617		565,950	
Total Long-Term Liabilities	\$ 818,450	\$ 89,452	\$ 27,506	\$ 880,396	\$ 3,983

¹ Additional information regarding workers' compensation is included in Note 13.

² Additional information regarding net pension liability is included in Note 11.

³ Additional information regarding net other postemployment benefits liability is included in Note 12.

B. Financing Agreements - The Department entered into financing agreements with financial institutions on behalf of the school districts to fund the replacement of school buses. Pursuant to the annual master facilitator agreements between the Department, the school districts, and the respective financial institutions, the Department agreed to make the scheduled payments on behalf of the school districts using funds appropriated by the General Assembly for the acquisition of the school buses.

The financing agreements for each applicable fiscal year are scheduled for four equal annual installments, with the first installment due upon delivery of the school buses. The financing agreements as of June 30, 2021 and 2020 follow:

Financing Agreement	Financial Institution	Final Installment Date	Original Installment Amount	Installments Paid Through June 30, 2021	Installments Outstanding June 30, 2021
2017 - 2018 Replacement of School Buses	Banc of America Public Capital Corp.	11/15/2020	\$ 62,113,721	\$ 62,113,721	\$ 0
2018 - 2019 Replacement of School Buses	Banc of America Public Capital Corp.	11/15/2021	60,532,771	45,399,579	15,133,192
2019 - 2020 Replacement of School Buses	Banc of America Public Capital Corp.	11/15/2022	64,009,532	32,004,766	32,004,766
2020 - 2021 Replacement of School Buses	Banc of America Public Capital Corp.	11/15/2023	57,991,459	6,495,077	51,496,382
Total Financing Agreements			<u>\$ 244,647,483</u>	<u>\$ 146,013,143</u>	<u>\$ 98,634,340</u>

Financing Agreement	Financial Institution	Final Installment Date	Original Installment Amount	Installments Paid Through June 30, 2020	Installments Outstanding June 30, 2020
2016 - 2017 Replacement of School Buses	Banc of America Public Capital Corp.	11/15/2019	\$ 68,560,052	\$ 68,560,052	\$ 0
2017 - 2018 Replacement of School Buses	Banc of America Public Capital Corp.	11/15/2020	62,113,721	46,585,291	15,528,430
2018 - 2019 Replacement of School Buses	Banc of America Public Capital Corp.	11/15/2021	60,532,771	30,266,386	30,266,385
2019 - 2020 Replacement of School Buses	Banc of America Public Capital Corp.	11/15/2022	64,009,532	2,986,830	61,022,702
Total Financing Agreements			<u>\$ 255,216,076</u>	<u>\$ 148,398,559</u>	<u>\$ 106,817,517</u>

NOTE 8 - OPERATING LEASE OBLIGATIONS

The Department entered into operating leases for copiers, equipment, and facilities. Future minimum lease payments under noncancelable operating leases consist of the following at June 30, 2021:

Fiscal Year	Amount
2022	\$ 152,535
2023	43,445
2024	17,544
2025	17,544
2026	13,158
Total Minimum Lease Payments	<u>\$ 244,226</u>

Future minimum lease payments under noncancelable operating leases consist of the following at June 30, 2020:

Fiscal Year	Amount
2021	\$ 127,269
2022	43,513
2023	11,833
Total Minimum Lease Payments	\$ 182,615

Rental expense for all operating leases during the years ended June 30, 2021 and 2020 was \$176,440 and \$133,491, respectively.

NOTE 9 - FUND BALANCE

The details of the fund balance classifications for the governmental funds at June 30, 2021 are as follows:

	General Fund	Capital Projects Fund	Total
Nonspendable:			
Inventory	\$ 454,336	\$ 0	\$ 454,336
Restricted For:			
Primary and Secondary Education	5,983,422		5,983,422
Committed to:			
Primary and Secondary Education	170,203,847		170,203,847
Public School Capital Projects	381,955,563	6,473,020	388,428,583
Unassigned	(269,560,924)		(269,560,924)
Total Fund Balance	<u>\$ 289,036,244</u>	<u>\$ 6,473,020</u>	<u>\$ 295,509,264</u>

The details of the fund balance classifications for the governmental funds at June 30, 2020 are as follows:

	General Fund	Capital Projects Fund	Total
Nonspendable:			
Inventory	\$ 818,079	\$ 0	\$ 818,079
Restricted For:			
Primary and Secondary Education	14,297,117		14,297,117
Committed to:			
Primary and Secondary Education	141,619,893		141,619,893
Public School Capital Projects	337,948,746	3,835,092	341,783,838
Unassigned	(271,637,989)		(271,637,989)
Total Fund Balance	<u>\$ 223,045,846</u>	<u>\$ 3,835,092</u>	<u>\$ 226,880,938</u>

NOTE 10 - REVENUES AND EXPENDITURES FROM/TO OTHER STATE AGENCIES

The governmental funds' revenues and expenditures from/to other state agencies by entity and purpose for the fiscal years ended June 30, 2021 and 2020 were as follows:

Revenues from Other State Agencies:

	Purpose	2021	2020
General Fund:			
Office of State Budget and Management			
Lottery	General Education Support	\$ 609,952,864	\$ 582,300,545
NC Pandemic Recovery Office	COVID- 19 Relief	270,292,635	38,470,673
Governor's Emergency Education Relief Fund	Instructional Support for COVID-19 Responses	9,209,347	
Other OSBM Transfers		44,075,475	
Department of Revenue	General Educational Support	76,768,010	76,021,744
Department of Health and Human Services	Medicaid Funds for Services to Exceptional Children	30,072,657	30,500,944
Department of Information Technology	COVID- 19 Crisis	8,942,376	
Department of Information Technology	Government Data Analytics Center (GDAC)	270,000	270,000
	Total General Fund Revenues from Other State Agencies	<u>1,049,583,364</u>	<u>727,563,906</u>
Capital Projects Fund:			
Office of State Budget and Management	Capital Facility Costs from Issuance of Debt		18,195
Office of State Budget and Management	State Capital & Infrastructure Fund	3,688,000	
Department of Health and Human Services	Western School for the Deaf		86,498
	Total Capital Projects Fund Revenues from Other State Agencies	<u>3,688,000</u>	<u>104,693</u>
	Total Governmental Funds' Revenues from Other State Agencies	<u>\$ 1,053,271,364</u>	<u>\$ 727,668,599</u>

Expenditures to Other State Agencies:

	Purpose	2021	2020
General Fund:			
Community College System Office	Perkins V	\$ 15,264,049	\$ 15,411,095
Department of Health and Human Services	Psychiatric Residential Treatment Facility Services	3,098,061	3,058,240
Department of Information Technology	Government Data Analytics Center (GDAC) - IT Business System Modernization		2,627,200
Department of Natural and Cultural Resources	ESSER II	500,000	
Department of Public Safety	Hurricane Florence Relief	438,498	
Wildlife Resource Commission	ESSER II	1,200,000	
	Total General Fund Expenditures to Other State Agencies	<u>\$ 20,500,608</u>	<u>\$ 21,096,535</u>

NOTE 11 - PENSION PLANS

Defined Benefit Plan

Pension contributions to cost sharing plans are recognized as expenditures in the period to which the payment relates, even if payment is not due until the subsequent period. Consequently, the net pension liability, discussed in Note 7 to the financial statements, is not reported on the face of the governmental funds' financial statements. However, the net pension liability for proprietary fund is reported on the face of the proprietary fund's financial statements.

Plan Administration: The State of North Carolina administers the Teachers' and State Employees' Retirement System (TSERS) plan. This plan is a cost-sharing, multiple-employer, defined benefit pension plan established by the State to provide pension benefits for general employees and law enforcement officers (LEOs) of the State, general employees and LEOs of its component units, and employees of Local Education Agencies (LEAs) and charter schools not in the reporting entity. Membership is comprised of

employees of the State (state agencies and institutions), universities, community colleges, and certain proprietary component units along with the LEAs and charter schools that elect to join the Retirement System. Benefit provisions are established by General Statute 135-5 and may be amended only by the North Carolina General Assembly.

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 membership 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 membership service. Survivor benefits are available to eligible beneficiaries of general 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 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.

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. Effective July 1, 2019, LEO's who complete 25 years of credible service with 15 years as an officer are eligible to retire with partial retirement benefits. 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 (not including sick leave) regardless of age, or have completed 15 years of creditable service as an LEO and have reached age 50, or have completed five years of creditable service as an LEO and have reached age 55, or have completed 15 years of creditable service as an 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. Employees are required to contribute 6% of their annual pay. The contribution rate for employers is set each year by the North Carolina General Assembly in the Appropriations Act based on the actuarially-determined rate recommended by the actuary. The Department's contractually-required contribution rate for the years ended June 30, 2021 and 2020 was 14.78% and 12.97%, respectively, of covered payroll. Employee contributions to the pension plan were \$3,913,021 and \$3,690,478, and the Department's contributions were \$9,639,075 and \$7,977,852, for the years ended June 30, 2021 and 2020,

respectively. Of this amount, the proprietary fund contributed \$50,547 for the year ended June 30, 2020.

The TSERS plan's financial information, including all information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position, is included in the State of North Carolina's fiscal year 2020 and 2019 *Comprehensive Annual Financial Report*. An electronic version of this report is available on the North Carolina Office of the State Controller's website at <https://www.osc.nc.gov/> or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

TSERS Basis of Accounting: The financial statements of the TSERS plan were prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. 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 TSERS plan, and additions to/deductions from the TSERS plan's fiduciary net position have been determined on the same basis as they are reported by TSERS.

Methods Used to Value TSERS Investments: Pursuant to *North Carolina General Statutes*, the State Treasurer is the custodian and administrator of the retirement systems. The State Treasurer maintains various investment portfolios in its External Investment Pool. TSERS and other pension plans of the State of North Carolina participate in the Long-Term Investment, Fixed Income Investment, Equity Investment, Real Estate Investment, Alternative Investment, Opportunistic Fixed Income Investment, and Inflation Sensitive Investment Portfolios. The Fixed Income Asset Class includes the Long-Term Investment and Fixed Income Investment Portfolios (TSERS and other pension plans of the State of North Carolina were the sole participants as of the December 31, 2018 valuation date). The Global Equity Asset Class includes the Equity Investment Portfolio. The investment balance of each pension trust fund represents its share of the fair value of the net position of the various portfolios within the External Investment Pool. Detailed descriptions of the methods and significant assumptions regarding investments of the State Treasurer are provided in the 2020 and 2019 *Comprehensive Annual Financial Report*.

Net Pension Liability: At June 30, 2021 and 2020, the Department reported a liability of \$40,494,021 and \$34,067,894, respectively, for its proportionate share of the collective net pension liability. Of this amount, the proprietary fund reported \$214,628 for the year ended June 30, 2020. The net pension liability was measured as of June 30, 2020 and 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 and 2018, and update procedures were used to roll forward the total pension liability to June 30, 2020 and 2019. The Department's proportion of the net pension liability was based on the present value of future salaries for the Department relative to the present value of future salaries for all participating employers, actuarially-determined.

As of June 30, 2020, the Department's proportion was 0.33516%, which was an increase of 0.00654 from its proportion measured as of June 30, 2019, which was 0.32862%. The Department's proportion as of June 30, 2019 was a decrease of 0.03275 from its proportion measured as of June 30, 2018, which was 0.36137%. Of this amount, the proprietary fund's share was 0.00207%, which was a decrease of 0.00006 from its proportion measured as of June 30, 2018, which was 0.00213%.

Actuarial Assumptions: The following table presents the actuarial assumptions used to determine the total pension liability for the TSERS plan at the actuarial valuation date of December 31, 2019 and 2018:

Inflation	3%
Salary Increases*	3.5% - 8.1%
Investment Rate of Return**	7.0%

* Salary increases include 3.5% inflation and productivity factor.

** Investment rate of return includes inflation assumption and is net of pension plan investment expense.

TSERS 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 used in the December 31, 2019 and 2018 valuations were based on the results of an actuarial experience review for the period January 1, 2010 through December 31, 2014.

Future ad hoc cost of living adjustment 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 and 2019 (the valuation dates) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	1.4%
Global Equity	5.3%
Real Estate	4.3%
Alternatives	8.9%
Opportunistic Fixed Income	6.0%
Inflation Sensitive	4.0%

The information in the preceding table is based on 30-year expectations developed with the consulting actuary and is part of the asset, liability, and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2020 and 2019, is 1.2% and 1.4% respectively.

Discount Rate: The discount rate used to measure the total pension liability was 7.00% for the December 31, 2019 and 2018 valuations. The discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those 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 Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the plan at June 30, 2020 calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

<u>Net Pension Liability</u>		
<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$ 72,879,728	\$ 40,494,021	\$ 13,329,115

The following presents the net pension liability of the plan at June 30, 2019 calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	Net Pension Liability		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Department as a Whole \$	64,840,679	\$ 34,067,894	\$ 8,253,449
Proprietary Fund \$	408,435	\$ 214,628	\$ 51,989

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended June 30, 2021, the Department’s proportionate share of the collective pension expense was \$12,000,907. At June 30, 2021, the Department’s proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

Employer Balances of Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions by Classification:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Actual and Expected Experience	\$ 2,231,438	\$ 0
Changes of Assumptions	1,372,229	
Net Difference Between Projected and Actual Earnings on Plan Investments	4,478,224	
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	1,261,093	483,720
Contributions Subsequent to the Measurement Date	9,639,075	
Total	\$ 18,982,059	\$ 483,720

For the year ended June 30, 2020, the Department’s proportionate share of the collective pension expense was \$11,982,915. Of this amount the proprietary fund recognized \$74,487. At June 30, 2020, the Department’s proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

Employer Balances of Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions by Classification:

	<u>Department as a Whole</u>		<u>Proprietary Fund</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Actual and Expected Experience	\$ 2,849,740	\$ 68,202	\$ 17,953	\$ 430
Changes of Assumptions	3,630,068		22,869	
Net Difference Between Projected and Actual Earnings on Plan Investments	653,034		4,114	
Change in Proportion and Differences Between Employer’s Contributions and Proportionate Share of Contributions	158,348	762,000	998	4,801
Change in Proportion			11,361	5,845
Contributions Subsequent to the Measurement Date	<u>7,977,582</u>		<u>50,547</u>	
Total	\$ 15,268,772	\$ 830,202	\$ 107,842	\$ 11,076

The amounts reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 and 2019 measurement dates will be included as a reduction of the net pension liability in the subsequent fiscal years. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Schedule of the Net Amount of the Employer’s Balances of Deferred Outflows of Resources and Deferred Inflows of Resources That will be Recognized in Pension Expense:

<u>Year Ending June 30:</u>	<u>Amount</u>
2022	\$ 2,971,013
2023	2,351,446
2024	2,202,705
2025	<u>1,334,100</u>
Total	\$ 8,859,264

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS

Other postemployment benefit contributions to cost sharing plans are recognized as expenditures in the period to which the payment relates, even if payment is not due until the subsequent period. Consequently, the net other postemployment benefits liability, discussed in Note 7 to the financial statements, is not reported on the face of the governmental fund financial statements. However, the net other postemployment benefits liability and asset

for the proprietary fund is reported on the face of the proprietary fund financial statements.

The Department participates in two postemployment benefit plans, the Retiree Health Benefit Fund and the Disability Income Plan of North Carolina, that are administered by the State of North Carolina as pension and other employee benefit trust funds. Each plan's financial information, including all information about the plans' assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position, is included in the State of North Carolina's fiscal year 2020 and 2019 *Comprehensive Annual Financial Report*. An electronic version of this report is available on the North Carolina Office of the State Controller's website at <https://www.osc.nc.gov/> or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

A. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting: The financial statements of these plans were prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of each plan. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of each plan, and additions to/deductions from each plans' fiduciary net position have been determined on the same basis as they are reported by the plans.

Methods Used to Value Plan Investments: Pursuant to *North Carolina General Statutes*, the State Treasurer is the custodian and administrator of the other postemployment benefits funds. The State Treasurer maintains various investment portfolios in its External Investment Pool. The Retiree Health Benefit Fund participates in the External Investment Pool. The Disability Income Plan of North Carolina is invested in the Short-Term Investment Portfolio of the External Investment Pool and the Bond Index External Investment Pool. The investment balance of each other employee benefit trust fund represents its share of the fair value of the net position of the various portfolios within the pool. Detailed descriptions of the methods and significant assumptions regarding investments of the State Treasurer are provided in the 2020 and 2019 *Comprehensive Annual Financial Report*.

B. Plan Descriptions

1. Health Benefits

Plan Administration: The State of North Carolina administers the North Carolina State Health Plan for Teachers and State Employees, referred to as the State Health Plan (the Plan), a healthcare plan exclusively for the benefit of employees of the State, the University of North Carolina System, community colleges, and certain other component units. In addition, Local Education Agencies (LEAs),

charter schools, and some select local governments that are not part of the State's financial reporting entity also participate. Health benefit programs and premium rates are determined by the State Treasurer upon approval of the Plan Board of Trustees.

The Retiree Health Benefit Fund (RHBF) has been established as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is established by General Statute 135-7, Article 1. RHBF is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of eligible former employees of the State, the University of North Carolina System, and community colleges. In addition, LEAs, charter schools, and some select local governments that are not part of the State's financial reporting entity also participate.

By statute, RHBF is administered by the Board of Trustees of the Teachers' and State Employees' Retirement System (TSERS). RHBF is supported by a percent of payroll contributions from participating employing units. Each year the percentage is set in legislation, as are the maximum per retiree contributions from RHBF to the Plan. The State Treasurer, with the approval of the 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 Plan.

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 as described in Note 13. 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 options or the self-funded Traditional 70/30 Preferred Provider Organization plan option that is also offered to non-Medicare members. If the Traditional 70/30 Plan is selected by a Medicare retiree, the self-funded State Health Plan coverage is secondary to Medicare.

Those former employees who are eligible to receive medical benefits from RHBF are long-term disability beneficiaries of the Disability Income Plan of North Carolina and retirees of TSERS, the Consolidated Judicial Retirement System, the Legislative Retirement System, the 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 North Carolina General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the North Carolina 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 North Carolina 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 total noncontributory premium.

Section 35.21 (c) & (d) of Session Law 2017-57 repeals retiree medical benefits for employees first hired on or after January 1, 2021. The legislation amends Article 3B of Chapter 135 of the General Statutes to require that retirees must earn contributory retirement service in the Teachers' and State Employees' Retirement System (or in an allowed local system unit), the Consolidated Judicial Retirement System, or the Legislative Retirement System 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.

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

Contributions: Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the North Carolina General Assembly in the Appropriations Bill. The Department's contractually-required contribution rate for the years ended June 30, 2021 and 2020 was 6.68% and 6.47%, respectively, of covered payroll. The Department's contributions to the RHBF were \$4,356,497 and \$3,979,565 for the years ended June 30, 2021 and 2020, respectively. Of this amount, the proprietary fund contributed \$25,218 for the year ended June 30, 2020.

In fiscal year 2020, the State Health Plan (the Plan) transferred \$475.2 million to RHBF as a result of cost savings to the Plan over a span of six years. For financial reporting purposes, the transfer was recognized as a nonemployer contributing entity contribution and was allocated among RHBF employers. For the fiscal year ended June 30, 2021, the contribution allocated to the Department was \$1,346,009.

2. Disability Income

Plan Administration: As discussed in Note 13, 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 participating component units, LEAs which are not part of the reporting entity, and the ORP. By statute, DIPNC is administered by the Department of State Treasurer and the Board of Trustees of TSERS.

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 provided the following requirements are met: (1) the employee has five or more years of contributing membership service in TSERS or the 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; and (6) the employee must terminate employment as a permanent, full-time employee. An employee is eligible to receive an unreduced retirement benefit from TSERS after (1) reaching the age of 65 and completing five years of membership service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of creditable service, at any age.

For employees who had five or more years of membership service as of July 31, 2007, during the first 36 months of the long-term disability period, the monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one-twelfth of the annual longevity payment and local supplements to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of \$3,900 per month reduced by any primary Social Security disability benefits and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled, but the benefits payable shall be no less than \$10 a month. After the first 36 months of the long-term disability, the long-term benefit is calculated in the same manner as described above except the monthly benefit is reduced by an amount equal to a monthly primary Social Security disability benefit to which the participant or beneficiary might be entitled had Social Security disability benefits been awarded. When an employee qualifies for an unreduced service retirement allowance from TSERS, the benefits payable from DIPNC

will cease, and the employee will commence retirement under TSERS or the ORP.

For employees who had less than five years of membership service as of July 31, 2007, and meet the requirements for long-term disability on or after August 1, 2007, during the first 36 months of the long-term disability period, the monthly long-term benefit shall be reduced by an amount equal to the monthly primary Social Security retirement benefit to which the employee might be entitled should the employee become age 62 during the first 36 months. This reduction becomes effective as of the first day of the month following the month of initial entitlement to Social Security benefits. After the first 36 months of the long-term disability, no further benefits are payable under the terms of this section unless the employee has been approved and is in receipt of primary Social Security disability benefits.

Contributions: Although DIPNC operates on a calendar year, disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the North Carolina General Assembly and coincide with the State's fiscal year. The Department's contractually-required contribution rate for the years ended June 30, 2021 and 2020 was 0.09% and 0.10%, respectively, of covered payroll. The Department's contributions to DIPNC were \$58,695 and \$61,508 for the years ended June 30, 2021 and 2020, respectively. Of this amount, the proprietary fund contributed \$390 for the year ended June 30, 2020.

C. Net OPEB Liability (Asset)

Net OPEB Liability: At June 30, 2021 and 2020, the Department reported a liability of \$78,576,244 and \$89,833,276, respectively, for its proportionate share of the collective net OPEB liability for RHBF. Of this amount, the proprietary fund reported \$565,950 for the year ended June 30, 2020. The net OPEB liability was measured as of June 30, 2020 and 2019, respectively. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019 and 2018, and update procedures were used to roll forward the total OPEB liability to June 30, 2020 and 2019. The Department's proportion of the net OPEB liability was based on the present value of future salaries for the Department relative to the present value of future salaries for all participating employers, actuarially-determined.

As of June 30, 2020, the Department's proportion was 0.28325%, which was a decrease of 0.00068 from its proportion measured as of June 30, 2019, which was 0.28393%. The Department's proportion as of June 30, 2019 was a decrease of 0.02981 from its proportion measured as of June 30, 2018, which was 0.31374%. Of this amount, the proprietary fund's share was 0.00179%, which was a decrease of 0.00006 from its proportion measured as of June 30, 2018, which was 0.00185%.

Net OPEB Asset: At June 30, 2021 and 2020, the Department reported an asset of \$139,401 and \$120,237, respectively, for its proportionate share of the collective net OPEB asset for DIPNC. Of this amount, the proprietary fund reported \$757 for the year ended June 30, 2020. The net OPEB asset was measured as of June 30, 2020 and 2019. The total OPEB liability used to calculate the net OPEB asset was determined by actuarial valuations as of December 31, 2019 and 2018, and update procedures were used to roll forward the total OPEB liability to June 30, 2020 and 2019. The Department's proportion of the net OPEB asset was based on the present value of future salaries for the Department relative to the present value of future salaries for all participating employers, actuarially-determined.

As of June 30, 2020, the Department's proportion was 0.28337%, which was an increase of 0.00472 from its proportion measured as of June 30, 2019, which was 0.27865%. The Department's proportion as of June 30, 2019 was a decrease of 0.02756 from its proportion measured as of June 30, 2018, which was 0.30621%. Of this proportion, the proprietary fund's share was 0.00175%, which was a decrease of 0.00006 from its proportion measured as of June 30, 2018, which was 0.00181%.

Actuarial Assumptions: The total OPEB liabilities for RHBF and DIPNC were determined by actuarial valuations as of December 31, 2019 and 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liabilities were then rolled forward to June 30, 2020 and 2019 utilizing update procedures incorporating the actuarial assumptions.

	Retiree Health Benefit Fund	Disability Income Plan of N. C.
Valuation Date	12/31/2019	12/31/2019
Inflation	3%	3%
Salary Increases*	3.5%-8.1%	3.5% - 8.1%
Investment Rate of Return**	7%	3.75%
	6.5% grading down to	6.5% grading down to
Healthcare Cost Trend Rate - Medical	5% by 2024	5% by 2024
	9.5% grading down to	9.5% grading down to
Healthcare Cost Trend Rate - Prescription Drug	5% by 2029	5% by 2029
Healthcare Cost Trend Rate - Medicare Advantage	5%	N/A
Healthcare Cost Trend Rate - Administrative	3%	3%

* Salary increases include 3.5% inflation and productivity factor.

** Investment rate of return is net of pension plan investment expense, including inflation.

N/A - Not Applicable

	Retiree Health Benefit Fund	Disability Income Plan of N. C.
Valuation Date	12/31/2018	12/31/2018
Inflation	3%	3%
Salary Increases*	3.5% - 8.1%	3.5% - 8.1%
Investment Rate of Return**	7%	3.75%
	6.5% grading down to	6.5% grading down to
Healthcare Cost Trend Rate - Medical	5% by 2024	5% by 2024
	9.5% grading down to	9.5% grading down to
Healthcare Cost Trend Rate - Prescription Drug	5% by 2028	5% by 2028
	6.5% grading down to	
Healthcare Cost Trend Rate - Medicare Advantage	5% by 2024	N/A
Healthcare Cost Trend Rate - Administrative	3%	N/A

* Salary increases include 3.5% inflation and productivity factor.

** Investment rate of return is net of pension plan investment expense, including inflation.

N/A - Not Applicable

The OPEB plans currently use 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 studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The projected long-term investment returns and inflation assumptions are developed through a 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 projects 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. DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2020 and 2019.

Best estimates of real rates of return for each major asset class included in RHBF's target asset allocation as of June 30, 2020 and 2019 (the valuation dates) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed Income	1.4%
Global Equity	5.3%
Real Estate	4.3%
Alternatives	8.9%
Opportunistic Fixed Income	6.0%
Inflation Sensitive	4.0%

The information in the preceding table is based on 30-year expectations developed with the consulting actuary and is part of the asset, liability, and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2020 and 2019 was 1.2% and 1.4%, respectively.

Actuarial valuations of the plans involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial assumptions used for RHBF are consistent with those used to value the pension benefits of TSERS where appropriate. These assumptions are based on the most recent pension valuations available. The discount rate used for RHBF reflects a pay-as-you-go approach.

Projections of benefits for financial reporting purposes of the plans are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and historical pattern of sharing of benefit costs between the employer and plan members to that point. Historically, the benefits funded solely by employer contributions applied equally to all retirees. Currently, as described earlier in the note, benefits are dependent on membership requirements.

The actuarial methods and assumptions used for DIPNC include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial assumptions used in the December 31, 2019 and 2018 valuations were generally based on the results of an actuarial experience study prepared as of December 31, 2014, as amended for updates to certain assumptions (such as the long-term investment return, medical claims, and medical trend rate assumptions) implemented based on annual reviews that have occurred since that experience study.

Discount Rate: The discount rate used to measure the total OPEB liability for RHBF was 2.21% and 3.50% for the measurement date of June 30, 2020 and 2019, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at the current statutorily determined contribution rate. Based

on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 2.21% and 3.50% was used as the discount rate used to measure the total OPEB liability as of June 30, 2020 and 2019, respectively. The 2.21% and 3.50% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2020 and 2019, respectively.

The discount rate used to measure the total OPEB liability for DIPNC was 3.75% for both remeasurement dates of June 30, 2020 and 2019. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the 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 plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate: The following presents the Department's proportionate share of the net OPEB liability (asset) of the plans, as well as what the plans' net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate for the year ended June 30, 2021:

	Net OPEB Liability (Asset)		
	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
RHBF Net OPEB Liability:			
\$	93,186,117	\$ 78,576,244	\$ 66,805,045
	1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
DIPNC Net OPEB Asset:			
\$	(120,393)	\$ (139,401)	\$ (157,857)

The following presents the Department's proportionate share of the net OPEB liability (asset) of the plans, as well as what the plans' net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate for the year ended June 30, 2020:

	Net OPEB Liability (Asset)		
	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
RHBF Net OPEB Liability:			
Department as a Whole	\$ 106,755,309	\$ 89,834,030	\$ 76,285,080
Proprietary Fund	673,025	565,950	480,929
	1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
DIPNC Net OPEB Asset:			
Department as a Whole	\$ (101,838)	\$ (120,237)	\$ (138,116)
Proprietary Fund	(640)	(757)	(867)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates: The following presents the net OPEB liability (asset) of the plans, as well as what the plans' net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates for the year ended June 30, 2021:

	1% Decrease (Medical - 4% - 5.5%, Pharmacy - 4% - 8.5%, Med. Advantage - 4%, Administrative - 2%)	Current Healthcare Cost Trend Rates (Medical - 5% - 6.5%, Pharmacy - 5% - 9.5%, Med. Advantage - 5%, Administrative - 3%)	1% Increase (Medical - 6% - 7.5%, Pharmacy - 6% - 10.5%, Med. Advantage - 6%, Administrative - 4%)
RHBF Net OPEB Liability:			
\$	63,346,432	\$ 78,576,244	\$ 98,932,276
	1% Decrease (Medical - 4% - 5.5%, Pharmacy - 4% - 8.5%, Administrative - 2%)	Current Healthcare Cost Trend Rates (Medical - 5% - 6.5%, Pharmacy - 5% - 9.5%, Administrative - 3%)	1% Increase (Medical - 6% - 7.5%, Pharmacy - 6% - 10.5%, Administrative - 4%)
DIPNC Net OPEB Asset:			
\$	(139,631)	\$ (139,401)	\$ (139,200)

The following presents the net OPEB liability (asset) of the plans, as well as what the plans' net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates for the year ended June 30, 2020:

	1% Decrease (Medical - 4% - 5.5%, Pharmacy - 4% - 8.5%, Med. Advantage - 4% - 5.5%, Administrative - 2%)	Current Healthcare Cost Trend Rates (Medical - 5% - 6.5%, Pharmacy - 5% - 9.5%, Med. Advantage - 5% - 6.5%, Administrative - 3%)	1% Increase (Medical - 6% - 7.5%, Pharmacy - 6% - 10.5%, Med. Advantage - 6% - 7.5%, Administrative - 4%)
RHBF Net OPEB Liability:			
Department as a Whole	\$ 73,971,530	\$ 89,834,030	\$ 110,690,738
Proprietary Fund	466,344	565,950	697,835
	1% Decrease (Medical - 4% - 5.5% Pharmacy - 4% - 8.5%)	Current Healthcare Cost Trend Rates (Medical - 5% - 6.5% Pharmacy - 5% - 9.5%)	1% Increase (Medical - 6% - 7.5% Pharmacy - 6% - 10.5%)
DIPNC Net OPEB Asset:			
Department as a Whole	\$ (120,449)	\$ (120,237)	\$ (120,040)
Proprietary Fund	(756)	(757)	(754)

OPEB Expense: For the fiscal year ended June 30, 2021, the Department recognized OPEB expense as follows:

OPEB Plan	Amount
RHBF	\$ (5,278,693)
DIPNC	128,809
Total OPEB Expense	\$ (5,149,884)

For the fiscal year ended June 30, 2020, the Department recognized OPEB expense as follows:

Department as a Whole		Proprietary Fund	
OPEB Plan	Amount	OPEB Plan	Amount
RHBF	\$ (4,484,742)	RHBF	\$ (37,937)
DIPNC	138,145	DIPNC	895
Total OPEB Expense	\$ (4,346,597)	Total OPEB Expense	\$ (37,042)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: At June 30, 2021, the Department's proportionate share of deferred outflows of resources and deferred inflows of resources related to OPEB were from the following sources:

**Employer Balances of Deferred Outflows of Resources
Related to OPEB by Classification:**

	RHBF	DIPNC	Total
Differences Between Actual and Expected Experience	\$ 71,184	\$ 100,985	\$ 172,169
Changes of Assumptions	3,446,017	10,839	3,456,856
Net Difference Between Projected and Actual Earnings on Plan Investments	165,529		165,529
Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	339,210	59,684	398,894
Contributions Subsequent to the Measurement Date	4,356,497	58,695	4,415,192
Total	\$ 8,378,437	\$ 230,203	\$ 8,608,640

**Employer Balances of Deferred Inflows of Resources
Related to OPEB by Classification:**

	RHBF	DIPNC	Total
Differences Between Actual and Expected Experience	\$ 3,073,999	\$ 0	\$ 3,073,999
Changes of Assumptions	31,887,481	10,978	31,898,459
Net Difference Between Projected and Actual Earnings on Plan Investments		23,616	23,616
Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	11,044,772		11,044,772
Total	\$ 46,006,252	\$ 34,594	\$ 46,040,846

At June 30, 2020, the Department's proportionate share of deferred outflows of resources and deferred inflows of resources related to OPEB were from the following sources:

	Employer Balances of Deferred Outflows of Resources Related to OPEB by Classification:					
	Department as a Whole			Proprietary Fund		
	RHBF	DIPNC	Total	RHBF	DIPNC	Total
Differences Between Actual and Expected Experience	\$ 0	\$ 122,832	\$ 122,832	\$ 0	\$ 774	\$ 774
Changes of Assumptions	4,317,810	13,319	4,331,129	27,202	84	27,286
Net Difference Between Projected and Actual Earnings on Plan Investments	59,822	22,902	82,724	377	144	521
Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions		76,645	76,645		483	483
Change in Proportion				85,252	61	85,313
Contributions Subsequent to the Measurement Date	3,979,565	61,508	4,041,073	25,218	390	25,608
Total	\$ 8,357,197	\$ 297,206	\$ 8,654,403	\$ 138,049	\$ 1,936	\$ 139,985

	Employer Balances of Deferred Inflows of Resources Related to OPEB by Classification:					
	Department as a Whole			Proprietary Fund		
	RHBF	DIPNC	Total	RHBF	DIPNC	Total
Differences Between Actual and Expected Experience	\$ 4,528,729	\$ 0	\$ 4,528,729	\$ 28,531	\$ 0	\$ 28,531
Changes of Assumptions	27,007,820	12,336	27,020,156	170,149	78	170,227
Net Difference Between Projected and Actual Earnings on Plan Investments						
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	14,173,441		14,173,441	89,293	236	89,529
Proportionate Share of Contributions				86,585		86,585
Total	\$ 45,709,990	\$ 12,336	\$ 45,722,326	\$ 374,558	\$ 314	\$ 374,872

Amounts reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 and 2019 measurement dates will be recognized as a reduction of the net OPEB liability related to RHBF and an increase of the net OPEB asset related to DIPNC in the subsequent fiscal years. Other amounts reported as deferred outflows of

resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Schedule of the Net Amount of the Employer's Balances of Deferred Outflows of Resources and Deferred Inflows of Resources That will be Recognized in OPEB Expense:

Year Ending June 30:	RHBF	DIPNC
2022	\$ (14,192,979)	\$ 38,614
2023	(14,184,350)	29,132
2024	(7,382,658)	19,492
2025	(3,714,671)	25,633
2026	(2,509,654)	7,238
Thereafter	<u>16,805</u>	<u>16,805</u>
Total	<u>\$ (41,984,312)</u>	<u>\$ 136,914</u>

NOTE 13 - RISK MANAGEMENT

A. Public Entity Risk Pool

The Public School Insurance Fund (the Fund) is a public entity risk pool reported within the State's proprietary fund. In accordance with Chapter 115C, Article 38, of the General Statutes, the purpose of the Fund is to insure the schools, in order to safeguard the property investments made in the public schools of North Carolina. North Carolina community colleges, which are related parties, can also acquire insurance through the Fund as stated in General Statute 115D-58.11(c). The board of each school district and the board of trustees of each community college are required to insure their buildings and contents on a replacement cost basis, as suggested by the Fund. The Fund is financed by premiums collected from the schools and the community colleges and interest is earned on the Fund's cash balance. Each board has to give notice of its election to insure in the Fund at least 30 days prior to such insurance becoming effective and shall furnish to the Fund a detailed list of all school buildings, contents and other insurable school property. While policies remain in effect, the Fund shall act as insurer of the properties covered by such insurance. As of June 30, 2020, the Fund insured 76 out of 116 public school districts and 32 out of 58 community colleges.

The provision for losses and loss adjustment expenses includes paid and unpaid claims and expenses associated with settling claims, including legal fees. Claim liabilities are based on estimates of losses that have been reported but not settled and management's evaluation of losses that have been incurred but have not yet been reported (IBNR). The liability represents the estimated ultimate cost of settling the claims. There are no salvage claims since any salvage is adjusted in the claim settlement. There are no subrogation claims pending. Since claims are reviewed by adjusters and the actual loss projection is computed in a short time after the claim is reported, the claim adjustment expense associated with the unpaid claim liability will be reflected in the current period. The Fund does not hold any

annuity contracts. The Fund does not agree to structured settlements to pay specific amounts or determinable dates.

The only acquisition costs are related to proposal costs and inspection costs for insured members. Since the Fund can only insure the schools and the community colleges, new contracts are immaterial. Since existing contracts are renewed once a year, the Fund's costs are for policy maintenance. Therefore, acquisition costs do not need to be amortized.

Reinsurance Ceded - In the ordinary course of business, the Fund reinsures certain risks with commercial insurers through contractual agreements, commonly referred to as reinsurance ceded. These agreements serve to limit the Fund's potential losses for large aggregate and individual losses. A contingent liability exists with respect to reinsurance ceded to the extent that any reinsurer is unable to meet its obligation assumed under the reinsurance agreements.

Premiums ceded to reinsurers during 2020 were \$6,395,551, and the amount deducted from unpaid claims liabilities as of June 30, 2020, for reinsurance was \$3,910,826.

As discussed above, the Fund establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

The following schedule shows the changes in the reported liability for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Unpaid Claims and Claim Adjustment Expenses at Beginning of Year	\$ 6,226,415	\$ 6,079,920
Incurred Claims and Claim Adjustment Expenses:		
Provision for Insured Events of the Current Year	10,345,305	16,887,162
Decreases in Provision for Insured Events of Prior Years	<u>(2,988,530)</u>	<u>(2,802,911)</u>
Total Incurred Claims and Claim Adjustment Expenses	<u>7,356,775</u>	<u>14,084,251</u>
Payments:		
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Year	2,931,945	10,968,949
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Prior Fiscal Years	<u>1,984,452</u>	<u>2,968,807</u>
Total Payments	<u>4,916,397</u>	<u>13,937,756</u>
Total Unpaid Claims and Claim Adjustment Expenses at End of the Year	<u>\$ 8,666,793</u>	<u>\$ 6,226,415</u>

Loss Contingency - The Department evaluates contingencies on an ongoing basis. Amounts that have not been reported, but can be reasonably estimated have been included in the total claims incurred as an Incurred but not reported (IBNR) amount.

With the collection of premiums from the insured educational units, payment of valid claims becomes the responsibility of the Fund. All claims greater than \$10,000,000 per occurrence are covered by reinsurance

contracts. Maximum recoverable from reinsurance for any one catastrophic event is \$45,500,000 per occurrence. Losses in excess of the reinsurance limit would be paid by the Fund from long-term investments, subject to the maximum amount of available funds. Annual aggregate limits of \$15,000,000 apply separately with respect to flood and earthquake. Coverage applies to "all risk" perils. Boiler and machinery coverage are provided under a separate contract underwritten by the Fund. Incurred losses are reduced by estimated amounts recoverable under the Fund's reinsurance policies. There were no premium deficiencies in fiscal year 2020. Investment income was considered in the determination of premium deficiencies.

State - Administered Risk Management Programs

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These exposures to loss are handled via a combination of methods, including participation in state-administered insurance programs, purchase of commercial insurance, and self-retention of certain risks. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

B. Employee Benefit Plans

1. State Health Plan

Department employees and retirees are provided comprehensive major medical care benefits. Coverage is funded by contributions to the State Health Plan (Plan), a discretely presented component unit of the State of North Carolina. The Plan is funded by employer contributions. Certain plans also require contributions from employees. The Plan has contracted with third parties to process claims. See Note 12, Other Postemployment Benefits, for additional information regarding retiree health benefits.

2. Death Benefit Plan of North Carolina

Term life insurance (death benefits) of \$25,000 to \$50,000 is provided to eligible workers who enroll in the Teachers' and State Employees' Retirement System. This Death Benefit Plan is administered by the State Treasurer and funded via employer contributions. The employer contribution rate was 0.13% and 0.16% for the fiscal years ended June 30, 2021 and 2020, respectively.

3. Disability Income Plan

Short-term and long-term disability benefits are provided to Department employees through the Disability Income Plan of North Carolina (DIPNC), part of the State's Pension and Other Employee Benefit Trust Funds. Short-term benefits are paid by the Department

up to the first six months of benefits and reimbursed by DIPNC for any additional short-term benefits. As discussed in Note 12, long-term disability benefits are payable as other postemployment benefits 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.

C. Other Risk Management and Insurance Activities

1. Automobile, Fire, and Other Property Losses

The Department is required to maintain fire and lightning coverage on all state-owned buildings and contents through the State Property Fire Insurance Fund (Fund), an internal service fund of the State. Such coverage is provided at no cost to the Department for operations supported by the State's General Fund. Other operations not supported by the State's General Fund are charged for the coverage. Losses covered by the Fund are subject to a \$5,000 per occurrence deductible. However, some agencies have chosen a higher deductible for a reduction in premium.

All state-owned vehicles are covered by liability insurance through a private insurance company and handled by the North Carolina Department of Insurance. The liability limits for losses are \$1,000,000 per claim and \$10,000,000 per occurrence. The Department pays premiums to the North Carolina Department of Insurance for the coverage.

2. Public Officers' and Employees' Liability Insurance

The risk of tort claims of up to \$1,000,000 per claimant is retained under the authority of the State Tort Claims Act. In addition, the State provides excess public officers' and employees' liability insurance up to \$2,000,000 per claim and \$5,000,000 and \$10,000,000 in the aggregate per fiscal years ended June 30, 2021 and 2020, respectively. This coverage is provided via contract with a private insurance company and the Department pays the premium, based on a composite rate, directly to the private insurer.

3. Employee Dishonesty and Computer Fraud

The Department is protected for losses from employee dishonesty and computer fraud. This coverage is with a private insurance company and is handled by the North Carolina Department of Insurance. The Department is charged a premium by the private insurance company. Coverage limit is \$5,000,000 per occurrence. The private insurance company pays 90% of each loss less a \$100,000 deductible.

4. Workers' Compensation Program

On behalf of the State Board of Education, and in accordance with Chapter 115C-337, Article 23; and Chapter 115, Article 2, the Department administers a workers' compensation program for all Department employees and all public school employees whose salaries are paid in whole or in part from state funds. The program provides benefits to workers injured on the job, in accordance with the North Carolina Workers' Compensation Act, Chapter 97. When an employee is injured, the Department's primary responsibility is to provide the arrangements necessary to carry out the provisions of the Workers' Compensation Act. The Department retains the risk for workers' compensation, though portions of the year-end liability are split-funded between the Department and local public school districts.

Additional details on the state-administered risk management programs are disclosed in the State's *Annual Comprehensive Financial Report*, issued by the Office of the State Controller.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

A. Federal Grants - The Department receives significant financial assistance from the federal government in the form of grants and entitlements, which are generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Under the terms of the grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures. Any disallowance as a result of questioned costs could become a liability of the Department. As of June 30, 2021, the Department is unable to estimate what liabilities may result from such audits.

B. Construction and Other Commitments

As of June 30, 2021, and 2020, the Department had outstanding commitments of \$237,582,942 and \$188,843,944 for Needs-Based Public School building Capital Fund cost-reimbursement grants awarded annually to Local Education Agencies (LEAs) for school capital projects, respectively.

Other capital projects commitments as of June 30, 2021 and 2020 were \$1,902,000 and \$4,803,114, respectively.

C. Pending Litigation and Claims

Hoke County et al. v. State of North Carolina and State Board of Education - Right to a Sound Basic Education (formerly Leandro).

In 1994, students and boards of education in five counties in the State filed suit in Superior Court requesting a declaration that the public education

system of North Carolina, including its system of funding, violates the State constitution by failing to provide adequate or substantially equal educational opportunities, by denying due process of law, and by violating various statutes relating to public education. Five other school boards and students therein intervened, alleging claims for relief on the basis of the high proportion of at-risk and high-cost students in their counties' systems.

The suit is similar to a number of suits in other states, some of which resulted in holdings that the respective systems of public education funding were unconstitutional under the applicable state law. The State filed a motion to dismiss, which was denied. On appeal, the North Carolina Supreme Court upheld the present funding system against the claim that it unlawfully discriminated against low-wealth counties but remanded the case for trial on the claim for relief based on the Court's conclusion that the constitution guarantees every child the opportunity to obtain a sound basic education. Trial on the claim of one plaintiff-county was held in the fall of 1999. On October 26, 2000 the trial court, in Section Two of a projected three-part ruling, concluded that at-risk children in North Carolina are constitutionally entitled to such pre-kindergarten educational programs as may be necessary to prepare them for higher levels of education and the "sound basic education" mandated by the Supreme Court. On March 26, 2001, the Court issued Section Three of the three-part ruling, in which the judge ordered all parties to investigate certain school systems to determine why they are succeeding without additional funding. The State filed a Notice of Appeal to the Court of Appeals, which resulted in the Court's decision to re-open the trial and call additional witnesses. That proceeding took place in the fall of 2001. On April 4, 2002 the Court entered Section Four of the ruling, ordering the State to take such actions as may be necessary to remedy the constitutional deficiency for those children who are not being provided with access to a sound basic education and to report to the Court at 90-day intervals remedial actions being implemented. On July 30, 2004, the North Carolina Supreme Court affirmed the majority of the trial court's orders, thereby directing the executive and legislative branches to take corrective action necessary to ensure that every child has the opportunity to obtain a sound, basic education. Thereafter, the State took steps to respond to the trial court's orders.

On June 15, 2011, the General Assembly enacted legislation which placed certain restrictions on the North Carolina pre-kindergarten program which had been established by the General Assembly in 2001. Following a hearing requested by the plaintiffs, the trial court entered an order prohibiting the enforcement of legislation having the effect of restricting participation in the program. On appeal, the North Carolina Court of Appeals affirmed the trial court's order prohibiting the State from denying any eligible "at risk" children admission to the program. The State appealed this decision, and in November 2013, the North Carolina Supreme Court held that amendments to the 2011 legislation had rendered the appeal moot. The case was remanded to Superior Court.

On March 13, 2018, the Superior Court issued an Order appointing WestEd to serve as the Court's independent, non-party consultant to make recommendations for specific actions necessary to achieve sustained compliance with the constitutional mandates of *Leandro*. On October 4, 2019, WestEd submitted its final report and recommendations to the Court. The WestEd report estimated that over the eight-year period beginning in the 2019-20 fiscal year it could take as much as \$6.86 billion in additional funding beyond 2018-2019 appropriations for the State to meet its Leandro obligations. On January 21, 2020, the Court entered a Consent Order Regarding the Need for Immediate, Systemic Action for the Achievement of Leandro Compliance. In that Order, the Court found that many children across North Carolina are still not receiving the constitutionally required opportunity for a sound basic education and the State had to make systemic changes and investments to fulfill its obligations. Consistent with that decision, the Court ordered the State Defendants, in consultation with the plaintiff parties, to develop a comprehensive remedial plan to provide all children with the opportunity for a sound basic education. The Court did not order the State to appropriate any funds but ordered the State to remedy the deficiencies identified in its Order of January 21, 2020.

In June 2020, the parties submitted a Joint Report to the Court on Sound Basic Education for All: Fiscal Year 2021 Action Plan For North Carolina. That Joint Report detailed the actions the State and NC SBE were committed to taking in the first year (Fiscal Year 2021) of an eight-year Plan. The parties agreed that the actions outlined in the Joint Report were the necessary and appropriate actions needed in Fiscal Year 2021 to begin to adequately address the constitutional violations in providing the opportunity for a sound basic education to all children in North Carolina. The State Defendants estimated that the costs of the action steps detailed in the Joint Report would require an additional State investment of \$426.99 million in Fiscal Year 2021. The Court thereafter ordered the parties to formalize the commitments in the Joint Report in a Consent Order which the Court entered on September 11, 2020.

On March 15, 2021, the State Defendants submitted the Comprehensive Remedial Plan required under the January and September Consent Orders. The State Defendants, including the NC State Board of Education, agreed that the actions outlined in that Plan were the necessary and appropriate actions needed over the next eight years to address the constitutional violations and provide the opportunity for a sound basic education to all children in North Carolina. Attached to the Plan was an Appendix which detailed the implementation timeline for each action step, as well as the estimated additional State investment necessary for each of the actions described in the Plan. The State Defendants estimated that the actions steps in the Plan would cost an additional \$5.5 billion in recurring funds at the end of the eight-year implementation period.

On June 7, 2021, the Court entered an Order directing the State Defendants to implement the Comprehensive Remedial Plan in full and in accordance with the timelines contained therein. The Court further ordered

the State Defendants to seek and secure “such funding and resources as are needed and required to implement in a sustainable manner the programs and policies set forth in the Comprehensive Remedial Plan.” The Court held open the possibility of entering judgment in the future “granting declaratory relief and such other relief as needed to correct the wrong” if the State fails to implement the actions described in the Plan. Finally, the Court ordered State Defendants to submit a report no later than August 6, 2021, regarding progress toward fulfilling the terms and conditions of the Order and stated that it would hold a hearing in September 2021 to address issues raised in that report.

On August 6, 2021, the State Board of Education and the State of North Carolina filed Reports on Progress on the Comprehensive Remedial Plan. On August 27, 2021, the Plaintiffs and the Plaintiff Intervenors filed Responses to those Reports. The Court has scheduled a hearing on September 8, 2021, to “address issues raised in the reports and responses.” The court entered an Order on November 10, 2021, following a hearing held on October 18, 2021. Among other things, the November 10, 2021 Order directs the Office of the State Budget and Management and the current State Budget Director, the Office of the State Controller and the current Controller, and the Office of the State Treasurer and the current State Treasurer to “take the necessary actions to transfer the total amount of funds necessary to effectuate years two & three of the Comprehensive Remedial Plan, from the unappropriated balances within the General Fund to the state agents and state actors with fiscal responsibility for implementing the Comprehensive Remedial Plan (CRP) as follows:

- (a) Department of Health and Human Services (DHHS): \$189,800,000;
- (b) Department of Public Instruction (DPI): \$1,522,053,000; and
- (c) University of North Carolina System: \$41,300,000.”

The November 10, 2021 Order included a provision staying the order for 30 days (i.e., until December 10, 2021) “to permit the other branches of government to take further action consistent with the findings and conclusions” of the Order. On November 24, 2021, the State Controller petitioned the Court of Appeals to issue a writ of prohibition, temporary stay and writ of supersedeas. On November 29, 2021, the Court of Appeals set a deadline of November 30, 2021, for the parties to respond to the petition for writ of prohibition, temporary stay and writ of supersedeas.

On November 30, 2021, the Court of Appeals (JJ, Dillon and Griffin) allowed the petition and issued a writ of prohibition restraining the trial court from enforcing the portion of its order requiring the Controller “to treat the \$1.7 billion in unappropriated school funding identified by the court ‘as an appropriation from the General Fund as contemplated within N.C. General Statutes 143C-6-4(b)(2)(a) and to carry out all action necessary to effectuate those transfers.” Judge Arrowood dissented.

On April 26, 2022 after taking evidence, the superior court compared funds required to pay for the action steps in years 2 and 3 of the CRP and the funds appropriated for those purposes in the Appropriations Act and found that the Appropriations Act underfunded years 2 and 3 of the CRP by a total of \$785,106,248. More specifically, the Appropriations Act underfunded DPI \$608,006,248; DHHS \$142,900,000; and UNC \$34,200,000.

The case is now before the Supreme Court for decision. While there are many ways of framing the dispute, the fundamental issue is whether the judicial branch has the authority to order the executive or legislative branches to transfer funds from the General Fund to State agencies responsible for implementing programs necessary to provide North Carolina students with the opportunity to obtain a sound basic education or whether those State agencies can execute on a judgment which awards those funds to them for purposes of fulfilling the State's constitutional obligations. Consequently, at present, the orders in this case do not expose the State Board of Education or DPI to any unfunded liabilities.

NOTE 15 - CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

For the fiscal years ended June 30, 2021 and 2020, the Department implemented the following pronouncements issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 84, Fiduciary Activities

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance

GASB Statement No. 98, The Annual Comprehensive Financial Report

GASB Statement No. 84 improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity, and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for 90-days or less. The Department does not have any trust or custodial funds meeting the criteria of a fiduciary activity that are required to be reported in separate fiduciary fund financial statements.

GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first

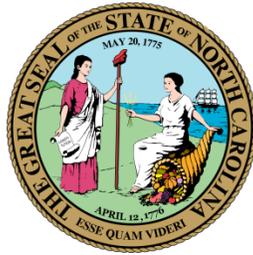
became effective or are scheduled to become effective for periods beginning after June 15, 2018.

GASB Statement No. 98 establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

NOTE 16 - TRANSFER OF OPERATION - THE PUBLIC SCHOOL INSURANCE FUND

Per North Carolina General Assembly House Bill 922 [Session Law 2019-176] and effective July 1, 2020, the Department of Public Instruction (the Department) transferred the assets and liabilities comprising its Public School Insurance Fund, now the State Public Education Property Insurance Fund, to the Department of Insurance for the purpose of increasing operating efficiencies by consolidating the Fund's operations with the existing insurance operations at the Department of Insurance.

A detail listing of the assets, liabilities, revenues, and expenditures in the transfer are presented in the B-1 and B-2 exhibits. There were no accounting adjustments associated with this transfer of operations.



REQUIRED SUPPLEMENTARY INFORMATION

**North Carolina Department of Public Instruction
 Required Supplementary Information
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis-Non-GAAP) - General Fund
 For the Fiscal Years Ended June 30, 2021 and 2020**

**Schedule C-1
 Page 1 of 2**

	2021			
	Budgeted Amounts		Actual (Cash Basis)	Favorable (Unfavorable)
	Original	Final		
REVENUES				
Federal Funds	\$ 5,671,344,598	\$ 6,429,241,133	\$ 1,943,605,748	\$ (4,485,635,385)
Revenues from Other State Agencies	842,394,620	854,199,343	827,053,692	(27,145,651)
Contributions, Gifts and Grants	10,130,730	11,409,577	13,997,136	2,587,559
E Rate Telecommunication/Internet Program Funds		9,526,619	10,154,655	628,036
Sales and Services	1,381,408	980,692	247,543	(733,149)
Fees, Licenses and Fines	271,631,967	272,415,566	268,424,386	(3,991,180)
Property and Equipment Rental	1,600,000	1,600,000	383,355	(1,216,645)
Investment Earnings	5,597,164	5,600,216	2,658,968	(2,941,248)
Student Tuition	505,000	541,750	762,817	221,067
Miscellaneous Income	72,860	1,702,513	1,975,031	272,518
Total Revenues	6,804,658,347	7,587,217,409	3,069,263,331	(4,517,954,078)
EXPENDITURES				
Grants, State, and Federal Aid	16,468,690,245	16,661,318,193	12,616,056,327	4,045,261,866
Contracted Personal Services	112,172,653	133,513,424	73,721,960	59,791,464
Salaries and Benefits	169,135,962	167,318,189	156,728,678	10,589,511
Supplies and Materials	7,293,553	6,408,071	2,044,303	4,363,768
Purchase Services	191,722,042	155,676,136	113,118,766	42,557,370
Other Expenditures	1,226,566	928,729	523,178	405,551
Reserves	30,281,225	49,603,375		49,603,375
Expenditures to Other State Agencies	18,628,293	21,164,049	21,062,110	101,939
Total Expenditures	16,999,150,539	17,195,930,166	12,983,255,322	4,212,674,844
Excess of Revenues Under Expenditures	(10,194,492,192)	(9,608,712,757)	(9,913,991,991)	(305,279,234)
OTHER FINANCING SOURCES (USES)				
State Appropriations	9,987,410,026	9,987,410,026	9,839,135,842	(148,274,184)
Sale of Capital Assets	1,509,000	1,509,000	1,920,212	411,212
Insurance Recoveries			130,808	235,178
Transfers from State Reserve Fund	30,607,635	45,355,992	45,355,990	(2)
Transfers to State Reserve Fund	(68,887,895)	(87,002,373)	(87,002,372)	1
Total Other Financing Sources and (Uses)	9,950,638,766	9,947,403,453	9,799,775,658	(147,627,795)
Net Change in Fund Balance	(243,853,426)	338,690,696	(114,216,333)	(452,907,029)
Fund Balance July 1, 2020	698,734,573	698,734,573	698,734,573	
Fund Balance June 30, 2021	\$ 454,881,147	\$ 1,037,425,269	\$ 584,518,240	\$ (452,907,029)

The following table presents a reconciliation of resulting basis differences in the fund balance (budgetary basis) at June 30, 2021 to the fund balance on a modified accrual basis (GAAP).

	General Fund
Fund Balance (Budgetary Basis) June 30, 2021	\$ 584,518,240
Reconciling Adjustments:	
Basis Differences:	
Receivables	96,265,028
Payables	(363,686,492)
Due to Other State Agencies	(12,010,621)
Unearned Revenue	(396,493)
Civil Penalty Collections Held for School Districts	(16,107,754)
Total Basis Differences	(295,936,332)
Other Adjustments:	
Inventories	454,336
Fund Balance (GAAP Basis) June 30, 2021	\$ 289,036,244

The accompanying notes to the required supplementary information are an integral part of this schedule.

**North Carolina Department of Public Instruction
 Required Supplementary Information
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis-Non-GAAP) - General Fund
 For the Fiscal Years Ended June 30, 2021 and 2020**

**Schedule C-1
 Page 2 of 2**

	2020			
	Budgeted Amounts		Actual (Cash Basis)	Favorable (Unfavorable)
	Original	Final		
REVENUES				
Federal Funds	\$ 1,890,510,018	\$ 1,777,081,423	\$ 1,544,003,023	\$ (233,078,400)
Revenues from Other State Agencies	871,412,510	882,401,443	910,631,782	28,230,339
Contributions, Gifts and Grants	10,130,730	10,970,811	11,536,416	565,605
E Rate Telecommunication/Internet Program Funds		10,487,429	10,344,175	(143,254)
Sales and Services	1,372,388	1,123,012	362,027	(760,985)
Fees, Licenses and Fines	194,593,654	194,768,699	187,093,609	(7,675,090)
Property and Equipment Rental	1,600,000	1,600,000	1,091,178	(508,822)
Investment Earnings	5,597,164	6,554,876	8,989,635	2,434,759
Student Tuition	505,000	510,000	460,863	(49,137)
Miscellaneous Income	72,860	1,528,258	2,357,559	829,301
Total Revenues	2,975,794,324	2,887,025,951	2,676,870,267	(210,155,684)
EXPENDITURES				
Grants, State, and Federal Aid	12,307,112,842	12,846,411,326	11,762,338,888	1,084,072,438
Contracted Personal Services	81,710,314	102,032,582	82,236,338	19,796,244
Salaries and Benefits	165,217,945	166,775,236	157,861,665	8,913,571
Supplies and Materials	6,520,452	7,551,615	2,804,057	4,747,558
Purchased Services	186,939,127	148,521,591	108,750,902	39,770,689
Insurance				825,362
Other Expenditures	1,232,016	898,693	535,655	363,038
Reserves	22,883,635	57,811,051		57,811,051
Expenditures to Other State Agencies	17,905,493	21,288,296	21,096,535	191,761
Total Expenditures	12,789,521,824	13,351,290,390	12,135,624,040	1,215,666,350
Excess of Revenues Under Expenditures	(9,813,727,500)	(10,464,264,439)	(9,458,753,773)	1,005,510,666
OTHER FINANCING SOURCES (USES)				
State Appropriations	9,754,717,896	9,754,717,896	9,663,572,423	(91,145,473)
Sale of Capital Assets	1,509,000	1,509,000	1,586,525	77,525
Insurance Recoveries		158,491	526,033	367,542
Transfers from State Reserve Fund	53,151,162	72,132,771	72,132,769	(2)
Transfers to State Reserve Fund	(30,607,635)	(45,355,992)	(45,355,990)	2
Total Other Financing Sources and (Uses)	9,778,770,423	9,783,162,166	9,692,461,760	(90,700,406)
Net Change in Fund Balance	(34,957,077)	(681,102,273)	233,707,987	914,810,260
Fund Balance July 1, 2019	465,026,586	465,026,586	465,026,586	
Fund Balance June 30, 2020	\$ 430,069,509	\$ (216,075,687)	\$ 698,734,573	\$ 914,810,260

The following table presents a reconciliation of resulting basis differences in the fund balance (budgetary basis) at June 30, 2020 to the fund balance on a modified accrual basis (GAAP).

	General Fund
Fund Balance (Budgetary Basis) June 30, 2020	\$ 698,734,573
Reconciling Adjustments:	
Basis Differences:	
Receivables	69,379,465
Payables	(345,076,745)
Due to State Agencies	(183,066,474)
Unearned Revenues	(1,635,298)
Civil Penalty Collections Held for School Districts	(16,107,754)
Total Basis Difference	(476,506,806)
Other Adjustments:	
Inventories	818,079
Fund Balance (GAAP Basis) June 30, 2020	\$ 223,045,846

The accompanying notes to the required supplementary information are an integral part of this schedule.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS-NON-GAAP) - GENERAL FUND

A. Budgetary Process

The State's annual budget is prepared principally on the cash basis. The 1985 General Assembly enacted certain special provisions which state that the budget as certified in the appropriations act is the legal budget for all agencies. These special provisions also state that agencies may spend more than was certified in various line items provided the over-expenditure meets certain criteria and is authorized by the Director of the Budget. The process of approving these over-expenditures results in the authorized budget amounts.

B. Reconciliation of Budget/GAAP Reporting Differences

The Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis - Non-GAAP) - General Fund, presents comparisons of legally adopted budget with actual data on a budgetary basis. Accounting principles applied to develop data on a budgetary basis differ significantly from those principles used to present financial statements in conformity with generally accepted accounting principles (GAAP). The following describes the major differences between budgetary financial data and GAAP financial data.

Basis differences: Budgetary funds are accounted for on the cash basis of accounting, while under GAAP the governmental funds use the modified accrual basis of accounting. Accrued revenues and expenditures are recognized in the GAAP financial statements.

**North Carolina Department of Public Instruction
Required Supplementary Information
Ten-Year Claims Development Information
Public School Insurance Fund
For the Fiscal Years Ended June 30, 2011-2020**

Schedule C-2

The columns in the table present data for successive policy years. Amounts are expressed in thousands.

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1) Required Contribution and Investment Revenue:										
Earned	\$ 16,257	\$ 20,699	\$ 16,380	\$ 17,583	\$ 14,563	\$ 19,099	\$ 12,518	\$ 12,585	\$ 19,931	\$ 20,473
Ceded	3,576	3,717	4,502	4,313	3,545	3,665	3,386	3,298	3,952	6,396
Net Earned	12,681	16,982	11,878	13,270	11,018	15,434	9,132	9,287	15,979	14,077
2) Unallocated Expenses	666	701	714	695	635	600	659	583	564	619
3) Estimated Claims and Expenses, End of Policy Year:										
Incurred	20,340	19,304	4,366	6,492	10,524	943	16,149	1,271	62,387	10,345
Ceded	6,761								45,500	
Net Incurred	13,579	19,304	4,366	6,492	10,524	943	16,149	1,271	16,887	10,345
4) Paid (Cumulative) As of:										
End of Policy Year	5,505	6,992	1,975	1,845	1,448	872	4,188	1,015	10,969	2,932
One Year Later	13,090	9,389	3,465	4,053	5,389	1,078	10,169	1,735	12,379	
Two Years Later	13,090	9,389	3,465	4,053	5,389	1,078	12,381	2,043		
Three Years Later	13,090	9,389	3,465	4,053	5,389	1,078	12,381			
Four Years Later	13,090	9,389	3,465	4,053	5,389	1,078				
Five Years Later	13,090	9,389	3,465	4,053	5,389					
Six Years Later	13,090	9,389	3,465	4,053						
Seven Years Later	13,090	9,389	3,465							
Eight Years Later	13,090	9,389								
Nine Years Later	13,090									
5) Reestimated Ceded Claims and Expenses							2,834			
6) Reestimated Net Incurred Claims and Expenses:										
End of Policy Year	13,579	19,304	4,366	6,492	10,524	943	16,149	1,271	16,887	10,345
One Year Later	20,481	13,159	2,965	5,189	10,699	917	18,622	1,800	13,775	
Two Years Later	20,481	13,159	2,965	5,189	10,669	917	12,547	2,043		
Three Years Later	20,481	13,159	2,965	5,189	10,669	917	12,547			
Four Years Later	20,481	13,159	2,965	5,189	10,669	917				
Five Years Later	20,481	13,159	2,965	5,189	10,669					
Six Years Later	20,481	13,159	2,965	5,189						
Seven Years Later	20,481	13,159	2,965							
Eight Years Later	20,481	13,159								
Nine Years Later	20,481									
7) Increase (Decrease) in Estimated Net Incurred Claims and Expenses From End of Policy Year	6,902	(6,145)	(1,401)	(1,303)	145	(26)	(3,602)	772	(3,112)	

The accompanying notes to the required supplementary information are an integral part of this schedule. As explained in the notes, this schedule can be used to evaluate the accuracy of estimated claims.

TEN-YEAR CLAIMS DEVELOPMENT INFORMATION - PUBLIC SCHOOL INSURANCE FUND

The Public School Insurance Fund (the Fund) is a public entity risk pool within the State's proprietary fund. All valid claims are the responsibility of the Fund, and are supported by premiums collected from the insured educational units. The Fund does not receive any state appropriations.

The Ten-Year Claims Development Information schedule shows the correlation between original estimated claim amounts and reestimated claims amounts. This can be used to evaluate the accuracy of the Department's estimated claims and its ability to estimate the ultimate value of the claims.

The Ten-Year Claims Development Information schedule illustrates how earned revenues (net of reinsurance) and investment income of the Fund compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund for the last ten fiscal years ended June 30. The rows of the table are defined as follows:

- (1) Total of each fiscal year's earned contribution revenues, investment revenues, contribution revenues ceded to excess insurers or reinsurers, and amount of reported revenues net of excess insurance or reinsurance.
- (2) Each fiscal year's other operating costs of the Fund, including overhead and claims expense not allocable to individual claims.
- (3) The Fund's incurred claims (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (before the effect of loss assumed by excess insurers or reinsurers), the loss assumed by excess insurers or reinsurers, and total net amount of incurred claims and allocated claim adjustment expenses.
- (4) Cumulative amounts paid as of the end of successive years for each policy year.
- (5) The most current reestimated amount of losses assumed by reinsurers for each accident year. The amount can and will be changed as claims and expenses are reevaluated.
- (6) The reestimated net incurred claims and expenses based on the information available as of the end of the year. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.
- (7) Comparison of the latest reestimated net incurred claims amount to the amount originally established (line 3) and indication of whether this latest estimate of claims cost is greater or less than originally thought.

**North Carolina Department of Public Instruction
 Required Supplementary Information
 Schedule of the Proportionate Share of the Net Pension Liability
 Cost-Sharing, Multiple-Employer, Defined Benefit Pension Plan
 Proprietary Fund - Public School Insurance Fund
 Last Seven Fiscal Years ***

Schedule C-3

Teachers' and State Employees' Retirement System	2020	2019	2018	2017
Proportionate Share Percentage of Collective Net Pension Liability	0.00207%	0.00213%	0.00208%	0.00259%
Proportionate Share of TSERS Collective Net Pension Liability	\$ 214,628	\$ 212,272	\$ 165,258	\$ 238,099
Covered Payroll	\$ 373,914	\$ 370,311	\$ 356,070	\$ 425,333
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	57.40%	57.32%	46.41%	55.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.56%	87.61%	89.51%	87.32%
	2016	2015	2014	
Proportionate Share Percentage of Collective Net Pension Liability	0.00273%	0.00312%	0.00306%	
Proportionate Share of TSERS Collective Net Pension Liability	\$ 100,551	\$ 36,571	\$ 185,585	
Covered Payroll	\$ 441,610	\$ 488,978	\$ 477,685	
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	22.77%	7.48%	38.85%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.64%	98.24%	90.60%	

Note: Information is presented for all years that were measured in accordance with the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, as amended.

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

**North Carolina Department of Public Instruction
Required Supplementary Information
Schedule of Department Contributions
Cost-Sharing, Multiple-Employer, Defined Benefit Pension Plan
Proprietary Fund - Public School Insurance Fund
Last Seven Fiscal Years**

Schedule C-4

Teachers' and State Employees' Retirement System	2020	2019	2018	2017
Contractually Required Contribution	\$ 50,547	\$ 45,954	\$ 39,919	\$ 35,536
Contributions in Relation to the Contractually Determined Contribution	50,547	45,954	39,919	35,536
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 389,722	\$ 373,914	\$ 370,311	\$ 356,070
Contributions as a Percentage of Covered Payroll	12.97%	12.29%	10.78%	9.98%
	2016	2015	2014	
Contractually Required Contribution	\$ 38,918	\$ 40,407	\$ 42,492	
Contributions in Relation to the Contractually Determined Contribution	38,918	40,407	42,492	
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	
Covered Payroll	\$ 425,333	\$ 441,610	\$ 488,978	
Contributions as a Percentage of Covered Payroll	9.15%	9.15%	8.69%	

Note: Changes in benefit terms, methods and assumptions are presented in the Notes to Required Supplementary Information (RSI) schedule following the pension RSI tables.

**North Carolina Department of Public Instruction
Notes to Required Supplementary Information
Schedule of Department Contributions
Cost-Sharing, Multiple-Employer, Defined Benefit Pension Plan
Proprietary Fund - Public School Insurance Fund
For the Fiscal Year Ended June 30, 2020**

Changes of benefit terms:

	<u>Cost of Living Increase</u>									
Teachers' and State Employees' Retirement System	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
	N/A	1.00%	N/A	N/A	N/A	1.00%	N/A	N/A	N/A	2.20%

Changes of assumptions: In 2015, the North Carolina Retirement Systems' consulting actuaries performed the quinquennial investigation of each retirement systems' actual demographic and economic experience (known as the "Experience Review"). The Experience Review provides the basis for selecting the actuarial assumptions and methods used to determine plan liabilities and funding requirements. The most recent Experience Review examined each plan's experience during the period between January 1, 2010, and December 31, 2014. Based on the findings, the Board of Trustees of the Teachers' and State Employees' Retirement System (TSERS) adopted a number of new actuarial assumptions and methods. The most notable changes to the assumptions include updates to the mortality tables and the mortality improvement projection scales to reflect reduced rates of mortality and significant increases in mortality improvements. These assumptions were adjusted to reflect the mortality projection scale MP-2015, released by the Society of Actuaries in 2015. In addition, the assumed rates of retirement, salary increases, and rates of termination from active employment were reduced to more closely reflect actual experience. The discount rate for TSERS was lowered from 7.25% to 7.20% for the December 31, 2016 valuation. For the December 31, 2017 valuation, the discount rate was lowered to 7.00%.

The Board of Trustees also adopted a new asset valuation method for the TSERS. For determining plan funding requirements, this plan now uses a five-year smoothing method with a reset of the actuarial value of assets to market value as of December 31, 2014.

The Notes to Required Supplementary Information reflect information included in the State of North Carolina's 2019 *Comprehensive Annual Financial Report*.

N/A - Not applicable

**North Carolina Department of Public Instruction
Required Supplementary Information
Schedule of the Proportionate Share of the Net OPEB Liability or Asset
Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans
Proprietary Fund - Public School Insurance Fund
Last Four Fiscal Years ***

Schedule C-5

Retiree Health Benefit Fund	2020	2019	2018	2017
Proportionate Share Percentage of Collective Net OPEB Liability	0.00179%	0.00185%	0.00179%	0.00222%
Proportionate Share of Collective Net OPEB Liability	\$ 565,950	\$ 527,333	\$ 586,398	\$ 966,873
Covered Payroll	\$ 373,914	\$ 370,311	\$ 356,070	\$ 425,333
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	151.36%	142.40%	164.69%	227.32%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.40%	4.40%	3.52%	2.41%
<hr/>				
Disability Income Plan of North Carolina	2020	2019	2018	2017
Proportionate Share Percentage of Collective Net OPEB Asset	0.00175%	0.00181%	0.00177%	0.00222%
Proportionate Share of Collective Net OPEB Asset	\$ 757	\$ 549	\$ 1,084	\$ 1,380
Covered Payroll	\$ 373,914	\$ 370,311	\$ 356,070	\$ 425,333
Proportionate Share of the Net OPEB Asset as a Percentage of Covered Payroll	0.20%	0.15%	0.30%	0.32%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	113.00%	108.47%	116.23%	116.06%

Note: Information is presented for all years that were measured in accordance with the requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, as amended*.

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

**North Carolina Department of Public Instruction
Required Supplementary Information
Schedule of Department Contributions
Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans
Proprietary Fund - Public School Insurance Fund
Last Four Fiscal Years**

Schedule C-6

Retiree Health Benefit Fund	2020	2019	2018	2017
Contractually Required Contribution	\$ 25,218	\$ 23,444	\$ 22,404	\$ 20,688
Contributions in Relation to the Contractually Determined Contribution	25,218	23,444	22,404	20,688
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 389,722	\$ 373,914	\$ 370,311	\$ 356,070
Contributions as a Percentage of Covered Payroll	6.47%	6.27%	6.05%	5.81%
Disability Income Plan of North Carolina	2020	2019	2018	2017
Contractually Required Contribution	\$ 390	\$ 523	\$ 518	\$ 1,350
Contributions in Relation to the Contractually Determined Contribution	390	523	518	1,350
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 389,722	\$ 373,914	\$ 370,311	\$ 356,070
Contributions as a Percentage of Covered Payroll	0.10%	0.14%	0.14%	0.38%

Note: Changes in benefit terms, methods and assumptions are presented in the Notes to Required Supplementary Information (RSI) schedule following the OPEB RSI tables.

**North Carolina Department of Public Instruction
Notes to Required Supplementary Information
Schedule of Department Contributions
Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans
Proprietary Fund - Public School Insurance Fund
For the Fiscal Year Ended June 30, 2020**

Changes of benefit terms: Effective January 1, 2016, benefit terms related to copays, out-of-pocket maximums, and deductibles were changed for three of five options of the Retiree Health Benefit Fund (RHBF). Most of the changes were an increase in the amount from the previous year.

Effective January 1, 2017, benefit terms related to copays, coinsurance maximums, out-of-pocket maximums, and deductibles were changed for two of five options of the RHBF. Most of the changes were an increase in the amount from the previous year.

Effective January 1, 2019, benefit terms related to copays, out-of-pockets maximums, and deductibles were changes for one of four options of the RHBF. Out of pocket maximums increased while certain specialist copays decreased related to option benefits.

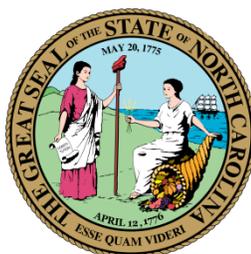
Additionally, the December 31, 2017 Disability Income Plan of North Carolina (DIPNC) actuarial valuation includes a liability for the State's potential reimbursement of health insurance premiums paid by employers during the second six months of the short-term disability benefit period.

Method and Assumptions Used in Calculations of Actuarially Determined Contributions: An actuarial valuation is performed for each plan each year. The actuarially determined contribution rates in the Schedule of Department Contributions are calculated by the actuary as a projection of the required employer contribution for the fiscal year beginning six months following the date of the valuation results for the RHBF. The actuarially determined contribution rates in the Schedule of Department Contributions are calculated by the actuary as a projection of the required employer contribution for the fiscal year beginning 18 months following the date of the valuation results for the DIPNC. See Note 12 for more information on the specific assumptions for each plan. The actuarially determined contributions for those items with covered payroll were determined using the actuarially determined contribution rate from the actuary and covered payroll as adjusted for timing differences and other factors such as differences in employee class. Other actuarially determined contributions are disclosed in the schedule as expressed by the actuary in reports to the plans.

Changes of Assumptions: In 2015, the North Carolina Retirement Systems' consulting actuaries performed the quinquennial investigation of each retirement system's actual demographic and economic experience (known as the "Experience Review"). The Experience Review provides the basis for selecting the actuarial assumptions and methods used to determine plan liabilities and funding requirements. The most recent experience review examined each plan's experience during the period between January 1, 2010, and December 31, 2014. Based on the findings, the Boards of Trustees of the Teachers' and State Employees' Retirement System and the State Health Plan adopted a number of new actuarial assumptions and methods for the RHBF and the DIPNC. The most notable changes to the assumptions include updates to the mortality tables and the mortality improvement projection scales to reflect reduced rates of mortality and significant increases in mortality improvements. These assumptions were adjusted to reflect the mortality projection scale MP-2015, released by the Society of Actuaries in 2015. In addition, the assumed rates of retirement and rates of termination from active employment were reduced to more closely reflect actual experience.

For the actuarial valuation measured as of June 30, 2019, the discount rate for the RHBF was updated to 3.5%. Disability rates were adjusted to the non-grandfathered assumptions used in the Teachers' and State Employees' Retirement System actuarial valuation to better align with the anticipated incidence of disability. Medical and prescription drug claims were changed based on most recent experience, and medical and prescription drug trend rates were changed to the current schedule. Enrollment assumptions were updated to model expected migrations among RHBF plan options over the next four years. For the DIPNC actuarial valuation as of December 31, 2018, for individuals who may become disabled in the future, the Social Security disability income benefit (which is an offset for the DIPNC benefit) was updated to be based on assumed Social Security calculation parameters in the year of disability.

The Notes to Required Supplementary Information reflect information included in the State of North Carolina's 2019 *Comprehensive Annual Financial Report*.



SUPPLEMENTARY INFORMATION

**North Carolina Department of Public Instruction
 Supplementary Information
 Schedule of Revenues by Source
 Governmental Funds
 For the Fiscal Years Ended June 30, 2021 and 2020**

Schedule D-1

	<u>2021</u>	<u>2020</u>
REVENUES		
Federal Funds:		
Child Nutrition Cluster	\$ 536,957,305	\$ 442,621,247
Title I Grants to School Districts	464,051,320	443,259,719
Special Education: Preschool Grants & Grants to States	331,570,901	353,696,134
School Improvement Grants	6,981,312	8,686,827
Career and Technical Education - Basic Grants to States	44,525,455	42,517,343
English Language Acquisition State Grants	15,533,622	13,918,697
Supporting Effective Instruction Grants	52,126,912	44,973,989
Twenty-First Century Community Learning Centers	25,631,586	28,677,691
Student Support and Academic Enrichment Grants	32,738,754	27,680,449
Other Federal Funds	9,778,248	9,705,940
Federal COVID-19 Funds:		
CARES Act (Child Nutrition)		141,456,526
Elementary and Secondary School Emergency Relief Fund	384,901,213	3,830,667
Total Federal Funds	<u>1,904,796,628</u>	<u>1,561,025,229</u>
Revenues from Other State Agencies:		
Office of State Budget and Management:		
Lottery Funds	609,952,864	582,300,545
Coronavirus Relief Fund	270,292,635	38,470,673
Governor's Emergency Education Relief Fund	9,209,347	
Other	47,763,475	18,195
Department of Revenue	76,768,010	76,021,744
Department of Health and Human Services	30,072,657	30,587,442
Other	9,212,376	270,000
Total Revenues from Other State Agencies	<u>1,053,271,364</u>	<u>727,668,599</u>
Contributions, Gifts, and Grants	13,987,185	11,823,943
E Rate Telecommunication and Internet Access Program Funds	10,154,656	10,344,175
Sales and Services	831,226	488,348
Fees, Licenses, and Fines	224,179,727	191,539,952
Property and Equipment Rental	383,355	1,091,178
Investment Earnings	2,262,889	8,809,713
Student Tuition and Fees	762,817	460,863
Miscellaneous	1,791,815	2,221,618
Total Revenues (See Exhibit A-2)	<u>\$ 3,212,421,662</u>	<u>\$ 2,515,473,618</u>

**North Carolina Department of Public Instruction
Supplementary Information
Schedule of Expenditures by Purpose
Governmental Funds
For the Fiscal Years Ended June 30, 2021 and 2020**

**Schedule D-2
Page 1 of 2**

	<u>2021</u>	<u>2020</u>
EXPENDITURES		
Expenditures Paid by the Department to Schools or On Their Behalf:		
Grants, State, and Federal Aid to Schools (See Schedule D-3)	\$ 12,569,785,730	\$ 11,792,018,587
Supplemental Benefits for Schools:		
Workers' Compensation Payments for School Employees	46,988,997	56,369,030
Claims and Benefits, Primarily School Unemployment Payments	127,250	2,419,247
Excess Professional Liability Insurance for School Employees	2,272,635	2,336,531
Total Supplemental Benefits for Schools	<u>49,388,882</u>	<u>61,124,808</u>
School Buses, Textbooks, and Other Costs Paid for Schools:		
School Bus Replacement, Financing Payments	71,737,786	58,103,358
Textbooks	2,567,843	1,054,976
Payment of Tort Claim Settlements	6,763,474	9,880,137
Total School Buses, Textbooks, and Other Costs Paid for Schools	<u>81,069,103</u>	<u>69,038,471</u>
Residential School Operating Costs:		
North Carolina School for the Deaf	9,896,124	9,702,502
Eastern North Carolina School for the Deaf	8,657,139	8,675,250
Governor Morehead School	6,660,020	7,270,975
Total Residential School Operating Costs	<u>25,213,283</u>	<u>25,648,727</u>
North Carolina Center for Advancement of Teaching	4,084,917	4,597,162
Total Expenditures Paid by the Department to Schools or On Their Behalf	<u>12,729,541,915</u>	<u>11,952,427,755</u>
Expenditures Paid for Department Operations and Administration:		
Contracted Services:		
Academic Services	16,526,097	17,860,104
Other Information Tech Services	25,990,676	26,613,003
Other Contractual Services	32,832,621	29,981,788
Total Contracted Services	<u>75,349,394</u>	<u>74,454,895</u>
Salaries and Wages:		
Salaries Subject to State Personnel Act	45,204,532	57,587,031
Salaries Exempt Under State Personnel Act	3,613,225	3,633,878
Longevity Pay	991,945	917,161
Temporary Wages	88,421	94,962
Other Contractual Services	10,094,183	544,238
Total Salaries and Wages	<u>59,992,306</u>	<u>62,777,270</u>
Employee Benefits:		
Medical Insurance Contributions	3,793,448	3,603,389
Other Medical Insurance	355,065	350,607
Regular Retirement Contributions	10,803,261	9,119,424
Social Security Contributions	4,975,715	4,611,621
Total Employee Benefits	<u>19,927,489</u>	<u>17,685,041</u>

**North Carolina Department of Public Instruction
 Supplementary Information
 Schedule of Expenditures by Purpose
 Governmental Funds
 For the Fiscal Years Ended June 30, 2021 and 2020**

**Schedule D-2
 Page 2 of 2**

	<u>2021</u>	<u>2020</u>
Supplies and Materials:		
Educational Supplies	783,585	1,677,153
Other Supplies and Materials	661,430	861,506
Total Supplies and Materials	<u>1,445,015</u>	<u>2,538,659</u>
Purchases for Resale	31,528	267,697
Travel:		
Ground Transportation In-State	380,727	710,087
Ground Transportation Out-of-State	2,758	22,357
Lodging	41,019	469,788
Workshops	14,234	489,845
Other Travel	133,601	614,341
Total Travel	<u>572,339</u>	<u>2,306,418</u>
Communication	844,453	656,812
Data Processing Services:		
Managed Local Network Service Charge	21,051,704	21,046,280
Managed Server Services	285,046	9,105
Other Server Services	1,238,904	1,370,517
Total Data Processing Services	<u>22,575,654</u>	<u>22,425,902</u>
Other Services	1,689,682	1,248,706
Other Fixed Charges:		
Network Software Maintenance Agreement	144,872	189,356
Server Software Maintenance Agreement	651,560	594,861
Membership Dues and Subscriptions	2,221,168	1,443,343
Other Fixed Charges	120,233	52,463
Total Other Fixed Charges	<u>3,137,833</u>	<u>2,280,023</u>
Expenditures to Other State Agencies:		
Community College	15,264,049	15,411,095
Other Expenditures	5,236,559	5,685,440
Total Expenditures to Other State Agencies	<u>20,500,608</u>	<u>21,096,535</u>
Capital Outlay:		
Computer and Printer Equipment	721,404	101,655
Personal Computer and Server Software	116,592	131,746
Other Capital Outlays	1,894,754	1,777,870
Total Capital Outlay	<u>2,732,750</u>	<u>2,011,271</u>
Scholarships	127	
Other Expenditures:		
Workshop Expenses	170,925	141,322
Other Expenditures	5,235,573	2,129,092
Total Other Expenditures	<u>5,406,498</u>	<u>2,270,414</u>
Total Expenditures Paid for Department Operations and Administration	<u>214,205,676</u>	<u>212,019,643</u>
Total Expenditures (See Exhibit A-2)	<u>\$ 12,943,747,591</u>	<u>\$ 12,164,447,398</u>

**North Carolina Department of Public Instruction
 Supplementary Information
 Schedule of Grants, State, and Federal Aid Paid to Schools
 General Fund
 For the Fiscal Years Ended June 30, 2021 and 2020**

**Schedule D-3
 Page 1 of 2**

	<u>2021</u>	<u>2020</u>
School District Expenditures Funded by State Aid:		
Salaries:		
Administrative Personnel:		
Superintendents or Directors	\$ 60,304,007	\$ 55,905,318
Associate or Assistant Superintendents	16,224,492	16,899,032
Principals	193,169,669	191,448,290
Assistant Principals	143,571,125	140,087,995
Finance Officers	7,232,424	7,486,660
Total Administrative Personnel	<u>420,501,717</u>	<u>411,827,295</u>
Teachers	4,043,218,094	4,008,879,781
Instructional Support Personnel - Certified	569,620,563	548,303,140
Psychologists	37,558,908	36,763,836
Teacher Assistants	344,017,793	353,191,101
Tutors and Non-Certified Instructors	14,772,646	14,239,057
Interpreters, Therapists, and Specialists	67,018,710	67,615,054
School Resource Officers and Monitors	17,850,481	21,381,647
Technical and Administrative Support Personnel	224,535,381	206,038,722
Substitute Pay	32,551,548	44,277,069
Drivers	129,726,868	175,673,235
Custodians	179,836,413	182,935,058
Skilled Tradesmen and Managers	93,532,601	86,076,440
Supplementary Pay	102,467,707	86,830,203
Extra Duty Pay	34,006,582	27,864,542
Total Salaries	<u>6,311,216,012</u>	<u>6,271,896,180</u>
Employer-Provided Benefits:		
Employer's Social Security Cost - Regular	457,392,465	453,556,893
Retirement Benefits	1,327,268,436	1,194,451,228
Insurance Benefits	783,482,779	776,883,824
Longevity Pay	18,462,861	18,322,996
Annual Leave Pay	43,033,801	37,262,691
Short Term Disability Pay	5,705,291	5,432,048
Total Employer-Provided Benefits	<u>2,635,345,633</u>	<u>2,485,909,680</u>
Purchased Services:		
Professional and Technical Services	209,614,601	214,258,112
Property Services	12,445,834	14,214,583
Transportation Services	15,141,379	29,538,771
Communications	7,298,848	8,014,316
Tuition	3,426,109	3,199,261
Total Purchased Services	<u>247,926,771</u>	<u>269,225,043</u>
Supplies and Materials:		
School and Office Supplies	197,468,268	155,607,139
Operational Supplies	97,382,364	78,804,815
Food Supplies	4,487,838	2,563,945
Noncapitalized Equipment	115,076,343	67,735,160
Sales and Use Tax Expenses/Refunds	124,280	(183,452)
Total Supplies and Materials	<u>414,539,093</u>	<u>304,527,607</u>
Capital Outlay:		
Equipment and Computer Hardware	18,125,601	8,959,667
Vehicles	4,678,711	3,444,227
Total Capital Outlay	<u>22,804,312</u>	<u>12,403,894</u>
Other Expenditures:		
Dues and Fees	481,982	506,840
Insurance and Judgments	1,125,077	1,429,797
Expenditures to Other State Agencies	682,561	12,480,114
Total Other Expenditures	<u>2,289,620</u>	<u>14,416,751</u>
Total School District Expenditures Funded by State Aid (See Schedules D-4 and D-5)	<u>9,634,121,441</u>	<u>9,358,379,155</u>

**North Carolina Department of Public Instruction
 Supplementary Information
 Schedule of Grants, State, and Federal Aid Paid to Schools
 General Fund
 For the Fiscal Years Ended June 30, 2021 and 2020**

**Schedule D-3
 Page 2 of 2**

	<u>2021</u>	<u>2020</u>
Federal Grants and Aid to School Districts:		
Payments Under Federal Grant Programs (See Schedules D-4 and D-5)	1,230,418,881	872,826,388
Reimbursements for Meals Provided Under Federal Child Nutrition Program (See Schedules D-4 and D-5)	497,825,054	518,988,842
Reimbursements from Medicaid (See Schedules D-4 and D-5)	38,394,669	20,413,433
Total Federal Grants and Aid Paid to School Districts	<u>1,766,638,604</u>	<u>1,412,228,663</u>
Construction Projects Paid through Building Capital Fund (See Schedules D-4 and D-5)	<u>159,189,128</u>	<u>128,760,111</u>
Technology Support Paid through School Technology Fund (See Schedules D-4 and D-5)	<u>5,614,002</u>	<u>26,510,859</u>
Total Grants, State, and Federal Aid to School Districts (See Schedules D-4 and D-5)	<u>11,565,563,175</u>	<u>10,925,878,788</u>
Reimbursements	<u>(7,420,172)</u>	<u>(5,109,371)</u>
Grants and Aid to Charter Schools:		
Charter School Expenditures Funded by State Aid (See Schedules D-6 and D-7)	850,625,855	750,877,796
Payments Under Federal Grant Programs (See Schedules D-6 and D-7)	64,998,530	39,667,108
Reimbursements for Meals Provided Under Federal Child Nutrition Program (See Schedules D-6 and D-7)	9,697,646	11,327,148
Total Grants and Aid to Charter Schools (See Schedules D-6 and D-7)	<u>925,322,031</u>	<u>801,872,052</u>
Aid to Other Entities for Programming¹	<u>86,320,696</u>	<u>69,377,118</u>
Total Grants, State, and Federal Aid Expenditures (See Exhibit A-2)	<u>\$ 12,569,785,730</u>	<u>\$ 11,792,018,587</u>

¹ Other entities include not-for-profit organizations, other state agencies, and federal schools.

**North Carolina Department of Public Instruction
Supplementary Information
Schedule of Grants and Aid Paid to School Districts (Alphabetically)
General Fund
For the Fiscal Years Ended June 30, 2021 and 2020**

	State Funds		Federal Grant Funds		Federal Child Nutrition Funds	
	2021	2020	2021	2020	2021	2020
Alamance-Burlington County Schools	\$ 151,255,512	\$ 145,812,186	\$ 22,140,020	\$ 15,200,897	\$ 8,116,303	\$ 9,104,197
Alexander County Schools	34,454,732	33,763,831	3,627,567	2,651,584	2,090,618	1,878,812
Alleghany County Schools	12,354,148	11,568,536	1,256,921	1,078,659	478,774	646,739
Anson County Schools	25,942,338	25,114,366	3,849,162	2,631,773	975,328	1,704,839
Ashe County Schools	23,223,414	23,082,192	2,518,511	1,872,871	1,420,338	1,428,327
Asheboro City Schools	32,594,422	30,732,947	4,441,538	3,139,192	2,376,326	2,860,070
Asheville City Schools	28,863,640	28,372,367	3,473,267	2,446,336	1,088,726	1,097,364
Avery County Schools	16,539,762	16,336,136	2,490,254	1,620,470	958,076	1,000,334
Beaufort County Schools	45,602,533	42,706,938	7,736,223	5,551,415	3,260,577	3,949,064
Bertie County Schools	18,556,610	18,827,259	3,889,930	1,698,987	1,671,010	1,749,706
Bladen County Schools	31,701,209	31,370,184	7,713,623	4,665,225	3,913,844	3,226,284
Brunswick County Schools	84,931,287	81,912,436	10,171,635	7,183,326	4,612,320	5,324,308
Buncombe County Schools	158,443,480	151,948,639	20,666,965	15,440,953	9,383,832	9,765,223
Burke County Schools	84,915,138	83,258,970	10,740,327	7,304,634	4,205,418	5,833,285
Cabarrus County Schools	217,822,514	208,717,001	20,005,693	12,597,090	8,096,418	7,879,231
Caldwell County Schools	80,135,954	78,286,864	7,725,688	6,291,161	5,919,365	5,210,866
Camden County Schools	15,829,575	15,333,715	496,723	534,678	489,572	370,816
Carteret County Schools	53,464,792	52,211,058	6,689,224	4,508,357	3,258,065	3,901,653
Caswell County Schools	18,954,663	20,105,946	2,411,776	1,803,100	641,684	1,212,048
Catawba County Schools	102,980,337	99,120,633	9,297,075	7,955,462	6,027,485	5,933,181
Chapel-Hill/Carrboro City Schools	77,917,710	75,497,191	4,087,261	2,936,636	2,886,425	2,288,697
Charlotte-Mecklenburg County Schools	911,276,868	895,086,970	139,352,583	90,160,151	26,503,513	41,007,637
Chatham County Schools	60,523,674	58,321,087	5,818,484	4,159,344	2,885,619	2,946,789
Cherokee County Schools	24,864,979	24,663,964	3,706,202	2,672,225	1,596,816	2,528,186
Clay County Schools	11,761,049	11,322,382	1,369,951	830,089	502,537	521,682
Cleveland County Schools	99,504,741	99,969,862	14,448,700	10,415,023	3,861,676	6,087,774
Clinton City Schools	21,337,355	20,233,764	2,751,061	1,814,231	1,800,609	2,427,233
Columbus County Schools	41,400,006	41,586,115	5,316,129	3,975,435	3,389,487	3,666,866
Craven County Schools	86,691,401	84,681,775	14,362,795	9,066,025	6,313,953	7,511,027
Cumberland County Schools	332,956,266	318,124,619	43,034,474	33,762,076	14,791,624	23,293,897
Currituck County Schools	29,452,573	27,785,147	2,068,828	1,560,711	862,573	891,492
Dare County Schools	35,125,609	33,656,333	2,268,886	2,338,244	1,632,728	1,010,715
Davidson County Schools	122,132,503	119,527,354	12,490,595	8,544,526	7,325,143	5,593,311
Davie County Schools	39,872,222	38,932,840	3,890,026	2,756,300	3,166,943	2,554,220
Duplin County Schools	69,030,785	64,817,537	9,364,630	6,303,005	4,489,510	4,422,503
Durham Public Schools	227,864,545	219,646,973	40,055,646	27,748,996	11,949,319	11,691,820
Edenton-Chowan County Schools	16,020,059	15,603,900	2,091,248	1,384,066	834,996	907,821
Edgecombe County Schools	43,805,991	44,053,530	9,748,562	5,399,339	4,369,318	4,311,396
Elizabeth City/Pasquotank County Schools	39,794,533	38,850,185	5,342,652	4,358,317	3,963,777	2,401,969
Elkin City Schools	9,476,526	8,940,292	717,872	609,177	419,556	243,255
Franklin County Schools	56,341,644	55,518,214	6,965,863	5,032,250	3,916,931	2,975,771
Gaston County Schools	201,542,500	192,364,057	29,033,337	19,579,011	13,656,565	10,688,580
Gates County Schools	14,425,245	14,616,658	1,561,968	856,931	673,860	588,705
Graham County Schools	11,053,897	10,383,166	1,799,891	1,203,270	526,619	593,619
Granville County Schools	51,745,539	51,040,610	4,763,486	3,582,746	2,957,124	2,911,842
Greene County Schools	24,677,606	24,442,888	5,695,129	2,995,839	1,681,388	1,970,856
Guilford County Schools	466,622,909	457,478,725	76,415,770	52,709,371	31,461,007	31,404,476
Halifax County Schools	21,204,241	20,505,718	4,252,312	3,281,656	1,832,628	2,047,647
Hamett County Schools	139,116,832	134,798,826	14,888,177	11,167,207	6,358,756	6,341,068
Haywood County Schools	48,088,621	46,396,296	5,800,807	4,470,468	4,787,105	3,570,320
Henderson County Schools	88,199,579	84,277,885	10,223,542	8,001,325	5,266,721	4,487,915
Hertford County Schools	22,696,926	22,670,349	3,304,458	2,093,334	386,724	1,623,262
Hickory City Schools	27,501,048	26,189,420	2,796,962	2,815,781	1,554,582	1,637,313
Hoke County Schools	66,224,800	64,647,815	8,872,363	5,796,970	4,427,532	6,206,062
Hyde County Schools	7,801,333	7,867,537	2,121,519	1,564,450	289,970	417,643
Innovative School District	1,695,792	1,722,416	736,873	483,389		
Iredell-Statesville Schools	129,499,459	125,299,765	12,738,435	9,513,911	6,108,937	5,289,316
Jackson County Schools	26,042,071	25,536,803	3,424,778	2,486,279	1,504,677	1,655,339
Johnston County Schools	258,647,715	245,118,977	26,069,213	17,382,325	8,238,727	7,697,345
Jones County Schools	10,616,827	10,514,589	1,650,578	1,154,407	568,468	667,921
Kannapolis City Schools	35,361,581	34,491,347	6,892,594	3,219,162	1,829,468	2,857,919

Federal Medicaid Reimbursements		State Building Capital Funds		State Technology Funds		2021 Total	2020 Total
2021	2020	2021	2020	2021	2020		
\$ 518,902	\$ 456,716	\$ 1,659,068	\$ 1,377,485	\$ 311	\$ 491,612	\$ 183,690,116	\$ 172,443,093
				40,503	114,010	40,213,420	38,408,237
50,800	47,960	55,264	122,401	4	15,814	14,195,911	13,480,109
		54,765	697,733	48,552	70,229	30,870,145	30,218,940
		229,747	229,594	7,999	69,757	27,400,009	26,682,741
		300,000	300,000	36,628	171,236	39,748,914	37,203,445
77,672	73,214	315,599	(78,098)	2,231	190,664	33,821,135	32,101,847
26,136	24,088	350,000		20,728	38,483	20,384,956	19,019,511
		477,000	484,000	257,491		57,333,824	52,691,417
		300,000		11,261	193,892	24,428,811	22,469,844
		157,768		45,734	37,352	43,532,178	39,804,242
			1,600,000	8,587	438,778	99,723,829	96,458,848
401,866	418,624	999,007	2,511,547	16,578	298,955	189,911,728	180,383,941
330,616	305,995		2,000,000	111,499	610,159	100,302,998	99,313,043
318,161	313,502	2,017,100	2,017,100	1,024	402,857	248,260,910	231,926,781
			15,000,000	253	132,140	93,781,260	104,921,031
				3,535	60,739	16,819,405	16,299,948
			600,000	128,240	64,045	63,540,321	61,285,113
		13,871,250	3,447,128	(165)	42,434	35,879,208	26,610,656
		634,900	1,192,800	(3,394)	251,772	118,936,403	114,453,848
202,535	190,338	841,272	696,000	1,188	144,427	85,936,391	81,753,289
1,468,791	1,516,090	9,500,000	9,500,000	37,155	4,326,325	1,088,138,910	1,041,597,173
		1,340,675	184,341	41	104,022	70,568,493	65,715,583
		671,000	384,122	2,484	61,179	30,841,481	30,309,676
		3,553,259	5,696,536	55	15,180	17,186,851	18,385,869
		575,000	1,085,000	87,220	606,474	118,477,337	118,164,133
		760,000			29,942	26,649,025	24,505,170
				1,100	159,308	50,106,722	49,387,724
		1,219,700	1,029,300	65,541	169,629	108,653,390	102,457,756
25,224,836	7,779,069	3,834,440	3,767,151	12,835	778,581	419,854,475	387,505,393
		513,000	147,041	11	48,056	32,896,985	30,432,447
		325,000	325,000	11	60,757	39,352,234	37,391,049
223,179	228,859	1,649,460	1,649,460	1,669	226,982	143,822,549	135,770,492
		1,014,313	(1,500)	(1,798)	123,207	47,941,706	44,365,067
		113,993		423	114,095	82,999,341	75,657,140
		3,930,350	1,574,000		252,240	283,799,860	260,914,029
		103,573	103,573	146	16,848	19,050,022	18,016,208
		323,799	644,491	36,308	302,313	58,283,978	54,711,069
		497,300	406,750	77,684	109,151	49,675,946	46,126,372
31,449	32,639		160,000	11	13,906	10,645,414	9,999,269
151,503	141,235	400,000	550,000	30,413	232,132	67,806,354	64,449,602
576,510	554,251	5,299,459		379,044	168	250,487,415	223,186,067
			302,521	18	19,821	16,661,091	16,384,636
		514,670	83,759	9,339	27,040	13,904,416	12,290,854
101,092	98,574	623,240	554,233	432	87,420	60,190,913	58,275,425
		249,168	226,367	17,385	57,696	32,320,676	29,693,646
1,280,274	1,206,211	4,750,000	5,020,500		1,925,003	580,529,960	549,744,286
		98,089	40,810	1,409	114,231	27,388,679	25,990,062
		980,944	4,245,648	253	275,021	161,344,962	156,827,770
		428,243	1,561,580	82,398	116,566	59,187,174	56,115,230
209,616	202,738	1,139,308	991,159	538,898	18,973	105,577,664	97,979,995
		11,089,457			308,466	37,477,565	26,695,411
		164,650	306,600	(197)	48,032	32,017,045	30,997,146
				660	105,910	79,525,355	76,756,757
					27,188	10,212,822	9,876,818
						2,432,665	2,205,805
		4,874,045		45	235,356	153,220,921	140,338,348
		228,301	233,066	(451)	78,831	31,199,376	29,990,318
		4,292,000	2,049,000	328,340	1,486,911	297,575,995	273,734,558
		168,667	168,667	4,266	21,782	13,008,806	12,527,366
58,143	59,180	282,900	282,900		65,619	44,424,686	40,976,127

**North Carolina Department of Public Instruction
Supplementary Information
Schedule of Grants and Aid Paid to School Districts (Alphabetically)
General Fund
For the Fiscal Years Ended June 30, 2021 and 2020**

	State Funds		Federal Grant Funds		Federal Child Nutrition Funds	
	2021	2020	2021	2020	2021	2020
Lee County Schools	65,092,234	63,548,586	7,745,765	5,455,369	4,262,905	3,244,401
Lenoir County Schools	60,574,430	58,237,604	10,530,786	7,438,891	3,284,606	4,977,461
Lexington City Schools	22,186,232	21,203,105	3,690,616	2,475,032	1,445,280	1,991,458
Lincoln County Schools	74,681,663	70,269,410	7,857,421	5,246,819	6,489,983	4,064,537
Macon County Schools	32,533,055	31,045,938	4,369,185	2,758,033	2,122,562	2,381,669
Madison County Schools	19,079,274	18,542,648	3,067,806	1,842,665	957,249	756,559
Martin County Schools	23,955,555	23,577,913	4,852,076	2,389,730	1,493,249	1,850,227
McDowell County Schools	43,643,583	42,413,672	4,625,531	4,117,137	3,075,065	2,604,386
Mitchell County Schools	16,357,481	15,796,334	1,552,313	1,263,687	693,829	750,105
Montgomery County Schools	27,886,005	27,637,467	3,908,558	3,130,196	2,095,771	2,066,254
Moore County Schools	84,018,161	80,544,855	7,042,594	5,872,343	2,947,164	2,101,314
Mooresville City Schools	37,760,466	36,082,255	2,674,376	2,160,384	1,683,669	1,482,328
Mount Airy City Schools	12,431,039	11,739,510	1,725,292	1,415,677	1,045,017	933,410
Nash-Rocky Mount Schools	103,341,563	100,322,177	14,920,065	11,148,094	3,189,564	6,444,311
New Hanover County Schools	168,754,660	164,184,154	16,454,809	14,829,048	7,512,210	8,550,737
Newton-Conover City Schools	20,216,978	19,757,233	2,386,644	1,681,426	1,277,285	1,209,918
Northampton County Schools	14,961,995	15,240,158	3,209,816	3,013,661	1,228,423	1,210,126
Onslow County Schools	173,339,363	169,480,202	24,822,521	14,024,223	7,452,812	7,353,099
Orange County Schools	49,579,332	48,526,852	4,196,036	2,682,854	3,594,002	1,710,496
Pamlico County Schools	11,857,706	11,807,286	2,146,008	1,157,969	787,592	584,516
Pender County Schools	65,818,951	60,674,121	4,895,946	4,851,056	4,179,183	4,568,924
Perquimans County Schools	14,070,216	13,357,637	1,532,767	1,167,816	630,514	710,621
Person County Schools	31,209,612	29,884,289	4,524,544	2,883,798	1,436,074	1,868,917
Pitt County Schools	161,538,534	156,833,526	26,230,867	16,962,588	6,697,259	9,562,259
Polk County Schools	17,384,072	16,871,132	2,270,778	1,040,488	1,213,995	932,346
Randolph County Schools	108,895,267	105,801,096	10,471,635	9,261,775	5,460,556	5,063,497
Richmond County Schools	51,467,255	50,430,585	2,192,270	5,941,651	3,834,952	5,023,393
Roanoke Rapids City Schools	20,431,828	19,500,413	34,078,529	1,661,243	842,696	996,592
Robeson County Schools	162,985,054	159,264,458	11,912,642	17,822,319	24,391,533	14,199,604
Rockingham County Schools	80,853,285	80,350,780	16,038,205	8,579,114	4,476,386	3,885,028
Rowan-Salisbury County Schools	129,139,617	123,946,361	9,398,808	13,347,240	10,241,389	9,277,516
Rutherford County Schools	56,740,623	56,269,849	7,754,900	6,312,157	3,388,741	4,438,531
Sampson County Schools	59,288,639	56,936,945	9,922,087	5,444,656	7,073,586	5,728,860
Scotland County Schools	43,597,535	42,682,651	9,053,899	5,666,414	3,837,423	3,810,824
Stanly County Schools	58,968,652	57,657,698	8,446,898	5,296,576	3,961,469	2,949,237
Stokes County Schools	42,317,588	41,161,470	5,750,392	3,437,301	2,598,070	2,252,440
Surry County Schools	54,030,800	52,236,042	7,305,992	5,674,436	4,619,580	4,248,396
Swain County Schools	16,116,929	15,573,076	1,749,683	1,611,791	2,066,305	1,536,479
Thomasville City Schools	15,986,286	16,098,898	2,559,156	2,638,134	7,819,730	3,783,617
Transylvania County Schools	23,407,334	22,683,380	2,914,804	2,248,307	1,658,548	1,171,734
Tyrrell County Schools	7,607,040	7,473,677	790,231	470,717	466,620	487,604
Union County Schools	256,680,936	247,801,029	18,522,255	15,445,186	7,632,983	6,679,874
Vance County Schools	43,069,216	45,125,906	7,272,117	4,843,191	1,824,823	3,656,159
Wake County Schools	1,039,107,566	1,005,259,983	71,167,441	68,490,526	21,304,720	25,074,289
Warren County Schools	16,886,145	16,888,082	3,039,844	1,591,083	2,223,896	1,373,634
Washington County Schools	12,174,781	12,534,016	1,732,187	1,812,798	875,259	853,238
Watauga County Schools	32,380,173	31,243,905	4,257,549	2,280,888	1,123,546	1,353,402
Wayne County Schools	130,041,270	130,273,503	21,837,668	15,951,765	5,129,213	7,486,866
Weldon City Schools	7,159,785	7,707,668	2,066,332	1,156,093	519,122	518,323
Whiteville City Schools	17,242,028	16,552,573	3,754,545	2,282,105	1,542,704	1,575,300
Wilkes County Schools	63,772,087	62,183,345	7,456,830	5,671,004	5,597,827	5,050,865
Wilson County Schools	75,047,953	71,695,815	15,220,659	9,236,940	2,977,079	4,377,152
Winston-Salem/Forsyth County Schools	352,798,155	345,595,494	51,386,612	36,113,092	14,738,642	18,547,480
Yadkin County Schools	37,583,956	37,131,130	4,856,377	3,401,615	3,630,282	3,002,366
Yancey County Schools	17,589,878	16,975,178	2,638,452	1,767,119	614,122	658,607
Total Grants and Aid to School Districts	\$ 9,634,121,441	\$ 9,358,379,155	\$ 1,230,418,881	\$ 872,826,388	\$ 497,825,054	\$ 518,988,842

Federal Medicaid Reimbursements		State Building Capital Funds		State Technology Funds		2021 Total	2020 Total
2021	2020	2021	2020	2021	2020		
		19,659	360,000		117,416	77,120,563	72,725,772
		665,040	681,000		105,756	75,054,862	71,440,712
		850,000		40	37,090	28,172,168	25,706,685
121,261	117,460	1,637,400	233,700	381	142,054	90,788,109	80,073,980
		381,584	330,777	(1,070)	67,604	39,405,316	36,584,021
40,489	30,966	350,000	441,000	12,013	18,300	23,506,831	21,632,138
		1,968,618	286,521	(30)	19,316	32,269,468	28,123,707
133,792	125,967	4,446,275	9,023,124	107	68,998	55,924,353	58,353,284
23,196	18,959	8,161	594,046	20,213	20,849	18,655,193	18,443,980
111,423	104,524	250,000	250,000	18	44,698	34,251,775	33,233,139
		638,809	902,300	9	150,206	94,646,737	89,571,018
					160,446	42,118,511	39,885,413
				(152)	23,878	15,201,196	14,112,475
		454,975		305	268,093	121,906,472	118,182,675
534,000	526,176	1,565,811	1,874,313	2,252	522,156	194,823,742	190,486,584
		118,090	222,600	4	35,800	23,999,001	22,906,977
		425,289			19,141	19,825,523	19,483,086
		1,871,000	2,039,140	2,694	841,066	207,488,390	193,737,730
105,149	105,107	561,082	551,000	60,852	175,079	58,096,453	53,751,388
		111,895	98,656	139	16,036	14,903,340	13,664,463
				66,083	35,702	74,960,163	70,129,803
			105,000	10,664	33,178	16,244,161	15,374,252
75,305	75,262	29,600	104,393	98,371	2,047	37,373,506	34,818,706
317,597	281,762	1,419,849	1,759,876	1,259	618,721	196,205,365	186,018,732
		283,540	46,880	15	24,720	21,152,400	18,915,566
		1,300,000	1,300,000	57,029	231,832	126,184,487	121,658,200
		242,257	389,665	972	297,498	57,948,412	62,251,958
210,706	169,166	400,000		1,083	32,163	55,754,136	22,190,411
		387,345	37,599	264,044	119,011	199,940,618	191,442,991
323,560	523,058	756,583	1,111,862	214,578	584,929	102,662,597	95,034,771
234,299		1,599,900	1,422,000		260,461	150,614,013	148,253,578
188,253	184,175	7,901,573	1,280,226	299,155	5,805	76,273,245	68,490,743
		1,649,500		313	93,906	77,934,125	68,204,367
208,728	239,218	385,000	385,000		65,362	57,082,585	52,849,469
91,970	91,219	712,000	622,000	1,925	169,619	72,182,914	66,786,349
120,594	113,075	450,000	450,000	7,780	41,552	51,244,424	47,455,838
157,662	148,582			98,646	113,576	66,212,680	62,421,032
		2,522,908	2,262,496	93	28,670	22,455,918	21,012,512
32,257	29,492			7,845	18,226	26,405,274	22,568,367
				943	84,599	27,981,629	26,188,020
		25,923	36,000	3,361	4,721	8,893,175	8,472,719
330,341	304,555	3,539,415	3,716,473	277,984	449,754	286,983,914	274,396,871
		384,776	384,776	(615)	128,610	52,550,317	54,138,642
1,534,448	1,463,031	18,632,860	12,061,403	832,987	1,452,362	1,152,580,022	1,113,801,594
		108,461		213	23,622	22,258,559	19,876,421
		87,407	179,875	(183)	15,412	14,869,451	15,395,339
81,483	71,484	283,029	300,000	309	56,042	38,126,089	35,305,721
387,042	321,633	1,233,200	1,613,770	(1,471)	402,641	158,626,922	156,050,178
				262	9,361	9,745,501	9,391,445
		4,327,500		11,882	44,901	26,878,659	20,454,879
232,035	236,979	575,000	625,000	136,655	168,268	77,770,434	73,935,461
196,642	200,253	691,275		177,269	427,810	94,310,877	85,937,970
1,284,616	1,282,047	4,865,796	4,062,223	438,722	769,325	425,512,543	406,369,661
		300,000	300,000	1,542	201,878	46,372,157	44,036,989
65,740			340,455	54,577	30,877	20,962,769	19,772,236
<u>\$ 38,394,669</u>	<u>\$ 20,413,433</u>	<u>\$ 159,189,128</u>	<u>\$ 128,760,111</u>	<u>\$ 5,614,002</u>	<u>\$ 26,510,859</u>	<u>\$ 11,565,563,175</u>	<u>\$ 10,925,878,788</u>

North Carolina Department of Public Instruction
Supplementary Information
Schedule of Grants and Aid Paid to School Districts (Amount - Sorted Largest to Smallest)
General Fund
For the Fiscal Years Ended June 30, 2021 and 2020

	State Funds		Federal Grant Funds		Federal Child Nutrition Funds	
	2021	2020	2021	2020	2021	2020
Wake County Schools	\$ 1,039,107,566	\$ 1,005,259,983	\$ 71,167,441	\$ 68,490,526	\$ 21,304,720	\$ 25,074,289
Charlotte-Mecklenburg County Schools	911,276,868	895,086,970	139,352,583	90,160,151	26,503,513	41,007,637
Guilford County Schools	466,622,909	457,478,725	76,415,770	52,709,371	31,461,007	31,404,476
Winston-Salem/Forsyth County Schools	352,798,155	345,595,494	51,386,612	36,113,092	14,738,642	18,547,480
Cumberland County Schools	332,956,266	318,124,619	43,034,474	33,762,076	14,791,624	23,293,897
Johnston County Schools	258,647,715	245,118,977	26,069,213	17,382,325	8,238,727	7,697,345
Union County Schools	256,680,936	247,801,029	18,522,255	15,445,186	7,632,983	6,679,874
Durham Public Schools	227,864,545	219,646,973	40,055,646	27,748,996	11,949,319	11,691,820
Cabarrus County Schools	217,822,514	208,717,001	20,005,693	12,597,090	8,096,418	7,879,231
Gaston County Schools	201,542,500	192,364,057	29,033,337	19,579,011	13,656,565	10,688,580
Onslow County Schools	173,339,363	169,480,202	24,822,521	14,024,223	7,452,812	7,353,099
New Hanover County Schools	168,754,660	164,184,154	16,454,809	14,829,048	7,512,210	8,550,737
Robeson County Schools	162,985,054	159,264,458	11,912,642	17,822,319	24,391,533	14,199,804
Pitt County Schools	161,538,534	156,833,526	26,230,867	16,962,588	6,697,259	9,562,259
Buncombe County Schools	158,443,480	151,948,639	20,666,965	15,440,953	9,383,832	9,765,223
Alamance-Burlington County Schools	151,255,512	145,812,186	22,140,020	15,200,897	8,116,303	9,104,197
Harnett County Schools	139,116,832	134,798,826	14,888,177	11,167,207	6,358,756	6,341,068
Wayne County Schools	130,041,270	130,273,503	21,837,668	15,951,765	5,129,213	7,486,866
Iredell-Statesville Schools	129,499,459	125,299,765	12,738,435	9,513,911	6,108,937	5,289,316
Rowan-Salisbury County Schools	129,139,617	123,946,361	9,398,808	13,347,240	10,241,389	9,277,516
Davidson County Schools	122,132,503	119,527,354	12,490,595	8,544,526	6,027,143	5,593,311
Randolph County Schools	108,895,267	105,801,096	10,471,635	9,261,775	5,460,556	5,063,497
Nash-Rocky Mount Schools	103,341,563	100,322,177	14,920,065	11,148,094	3,189,564	6,444,311
Catawba County Schools	102,980,337	99,120,633	9,297,075	7,955,462	6,027,485	5,933,181
Cleveland County Schools	99,504,741	99,969,862	14,448,700	10,415,023	3,861,676	6,087,774
Henderson County Schools	88,199,579	84,277,885	10,223,542	8,001,325	5,266,721	4,487,915
Craven County Schools	86,691,401	84,681,775	14,362,795	9,066,025	6,313,953	7,511,027
Brunswick County Schools	84,931,287	81,912,436	10,171,635	7,183,326	4,612,320	5,324,308
Burke County Schools	84,915,138	83,258,970	10,740,327	7,304,634	4,205,418	5,833,285
Moore County Schools	84,018,161	80,544,855	7,042,594	5,872,343	2,947,164	2,101,314
Rockingham County Schools	80,853,285	80,350,780	16,038,205	8,579,114	4,476,386	3,885,028
Caldwell County Schools	80,135,954	78,286,864	7,725,688	6,291,161	5,919,365	5,210,866
Chapel-Hill/Carrboro City Schools	77,917,710	75,497,191	4,087,261	2,936,636	2,886,425	2,288,697
Wilson County Schools	75,047,953	71,695,815	15,220,659	9,236,940	2,977,079	4,377,152
Lincoln County Schools	74,681,663	70,269,410	7,857,421	5,246,819	6,489,983	4,064,537
Duplin County Schools	69,030,785	64,817,537	9,364,630	6,303,005	4,489,510	4,422,503
Hoke County Schools	66,224,800	64,647,815	8,872,363	5,796,970	4,427,532	6,206,062
Pender County Schools	65,818,951	60,674,121	4,895,946	4,851,056	4,179,183	4,568,924
Lee County Schools	65,092,234	63,548,586	7,745,765	5,455,369	4,262,905	3,244,401
Wilkes County Schools	63,772,087	62,183,345	7,456,830	5,671,004	5,597,827	5,050,865
Lenoir County Schools	60,574,430	58,237,604	10,530,786	7,438,891	3,284,606	4,977,461
Chatham County Schools	60,523,674	58,321,087	5,818,484	4,159,344	2,885,619	2,946,789
Sampson County Schools	59,288,639	56,936,945	9,922,087	5,444,656	7,073,586	5,728,860
Stanly County Schools	58,968,652	57,657,698	8,446,898	5,296,576	3,961,469	2,949,237
Rutherford County Schools	56,740,623	56,269,849	7,754,900	6,312,157	3,388,741	4,438,531
Franklin County Schools	56,341,644	55,518,214	6,965,863	5,032,250	3,916,931	2,975,771
Surry County Schools	54,030,800	52,236,042	7,305,992	5,674,436	4,619,580	4,248,396
Carteret County Schools	53,464,792	52,211,058	6,689,224	4,508,357	3,258,065	3,901,653
Granville County Schools	51,745,539	51,040,610	4,763,486	3,582,746	2,957,124	2,911,842
Richmond County Schools	51,467,255	50,430,585	2,192,270	5,941,651	3,834,952	5,023,393
Orange County Schools	49,579,332	48,526,852	4,196,036	2,682,854	3,594,002	1,710,496
Haywood County Schools	48,088,621	46,396,296	5,800,807	4,470,468	4,787,105	3,570,320
Beaufort County Schools	45,602,533	42,706,938	7,736,223	5,551,415	3,260,577	3,949,064
Edgecombe County Schools	43,805,991	44,053,530	9,748,562	5,399,339	4,369,318	4,311,396
McDowell County Schools	43,643,583	42,413,672	4,625,531	4,117,137	3,075,065	2,604,386
Scotland County Schools	43,597,535	42,682,651	9,053,899	5,666,414	3,837,423	3,810,824
Vance County Schools	43,069,216	45,125,906	7,272,117	4,843,191	1,824,823	3,656,159
Stokes County Schools	42,317,588	41,161,470	5,750,392	3,437,301	2,598,070	2,252,440
Columbus County Schools	41,400,006	41,586,115	5,316,129	3,975,435	3,389,487	3,666,866
Davie County Schools	39,872,222	38,932,840	3,890,026	2,756,300	3,166,943	2,554,220
Elizabeth City/Pasquotank County Schools	39,794,533	38,850,185	5,342,652	4,358,317	3,963,777	2,401,969

Federal Medicaid Reimbursements		State Building Capital Funds		State Technology Funds		2021 Total	2020 Total
2021	2020	2021	2020	2021	2020		
\$ 1,534,448	\$ 1,463,031	\$ 18,632,860	\$ 12,061,403	\$ 832,987	\$ 1,452,362	\$ 1,152,580,022	\$ 1,113,801,594
1,468,791	1,516,090	9,500,000	9,500,000	37,155	4,326,325	1,088,138,910	1,041,597,173
1,280,274	1,206,211	4,750,000	5,020,500		1,925,003	580,529,960	549,744,286
1,284,616	1,282,047	4,865,796	4,062,223	438,722	769,325	425,512,543	406,369,661
25,224,836	7,779,069	3,834,440	3,767,151	12,835	778,581	419,854,475	387,505,393
		4,292,000	2,049,000	328,340	1,486,911	297,575,995	273,734,558
330,341	304,555	3,539,415	3,716,473	277,984	449,754	286,983,914	274,396,871
		3,930,350	1,574,000		252,240	283,799,860	260,914,029
318,161	313,502	2,017,100	2,017,100	1,024	402,857	248,260,910	231,926,781
576,510	554,251	5,299,459		379,044	168	250,487,415	223,186,067
		1,871,000	2,039,140	2,694	841,066	207,488,390	193,737,730
534,000	526,176	1,565,811	1,874,313	2,252	522,156	194,823,742	190,486,584
		387,345	37,599	264,044	119,011	199,940,618	191,442,991
317,597	281,762	1,419,849	1,759,876	1,259	618,721	196,205,365	186,018,732
401,866	418,624	999,007	2,511,547	16,578	298,955	189,911,728	180,383,941
518,902	456,716	1,659,068	1,377,485	311	491,612	183,690,116	172,443,093
		980,944	4,245,648	253	275,021	161,344,962	156,827,770
387,042	321,633	1,233,200	1,613,770	(1,471)	402,641	158,626,922	156,050,178
		4,874,045		45	235,356	153,220,921	140,338,348
234,299		1,599,900	1,422,000		260,461	150,614,013	148,253,578
223,179	228,859	1,649,460	1,649,460	1,669	226,982	143,822,549	135,770,492
		1,300,000	1,300,000	57,029	231,832	126,184,487	121,658,200
		454,975		305	268,093	121,906,472	118,182,675
		634,900	1,192,800	(3,394)	251,772	118,936,403	114,453,848
		575,000	1,085,000	87,220	606,474	118,477,337	118,164,133
209,616	202,738	1,139,308	991,159	538,898	18,973	105,577,664	97,979,995
		1,219,700	1,029,300	65,541	169,629	108,653,390	102,457,756
			1,600,000	8,587	438,778	99,723,829	96,458,848
330,616	305,995		2,000,000	111,499	610,159	100,302,998	99,313,043
		638,809	902,300	9	150,206	94,646,737	89,571,018
323,560	523,058	756,583	1,111,862	214,578	584,929	102,662,597	95,034,771
			15,000,000	253	132,140	93,781,260	104,921,031
202,535	190,338	841,272	696,000	1,188	144,427	85,936,391	81,753,289
196,642	200,253	691,275		177,269	427,810	94,310,877	85,937,970
121,261	117,460	1,637,400	233,700	381	142,054	90,788,109	80,073,980
		113,993		423	114,095	82,999,341	75,657,140
				660	105,910	79,525,355	76,756,757
				66,083	35,702	74,960,163	70,129,803
		19,659	360,000		117,416	77,120,563	72,725,772
232,035	236,979	575,000	625,000	136,655	168,268	77,770,434	73,935,461
		665,040	681,000		105,756	75,054,862	71,440,712
		1,340,675	184,341	41	104,022	70,568,493	65,715,583
		1,649,500		313	93,906	77,934,125	68,204,367
91,970	91,219	712,000	622,000	1,925	169,619	72,182,914	66,786,349
188,253	184,175	7,901,573	1,280,226	299,155	5,805	76,273,245	68,490,743
151,503	141,235	400,000	550,000	30,413	232,132	67,806,354	64,449,602
157,662	148,582			98,646	113,576	66,212,680	62,421,032
			600,000	128,240	64,045	63,540,321	61,285,113
101,092	98,574	623,240	554,233	432	87,420	60,190,913	58,275,425
210,706	169,166	242,257	389,665	972	297,498	57,948,412	62,251,958
105,149	105,107	561,082	551,000	60,852	175,079	58,096,453	53,751,388
		428,243	1,561,580	82,398	116,566	59,187,174	56,115,230
		477,000	484,000	257,491		57,333,824	52,691,417
		323,799	644,491	36,308	302,313	58,283,978	54,711,069
133,792	125,967	4,446,275	9,023,124	107	68,998	55,924,353	58,353,284
208,728	239,218	385,000	385,000		65,362	57,082,585	52,849,469
		384,776	384,776	(615)	128,610	52,550,317	54,138,642
120,594	113,075	450,000	450,000	7,780	41,552	51,244,424	47,455,838
				1,100	159,308	50,106,722	49,387,724
		1,014,313	(1,500)	(1,798)	123,207	47,941,706	44,365,067
		497,300	406,750	77,684	109,151	49,675,946	46,126,372

**North Carolina Department of Public Instruction
Supplementary Information
Schedule of Grants and Aid Paid to School Districts (Amount- Sorted Largest to Smallest)
General Fund
For the Fiscal Years Ended June 30, 2021 and 2020**

	State Funds		Federal Grant Funds		Federal Child Nutrition Funds	
	2021	2020	2021	2020	2021	2020
Mooresville City Schools	37,760,466	36,082,255	2,674,376	2,160,384	1,683,669	1,482,328
Yadkin County Schools	37,583,956	37,131,130	4,856,377	3,401,615	3,630,282	3,002,366
Kannapolis City Schools	35,361,581	34,491,347	6,892,594	3,219,162	1,829,468	2,857,919
Dare County Schools	35,125,609	33,656,333	2,268,886	2,338,244	1,632,728	1,010,715
Alexander County Schools	34,454,732	33,763,831	3,627,567	2,651,584	2,090,618	1,878,812
Asheboro City Schools	32,594,422	30,732,947	4,441,538	3,139,192	2,376,326	2,860,070
Macon County Schools	32,533,055	31,045,938	4,369,185	2,758,033	2,122,562	2,381,669
Watauga County Schools	32,380,173	31,243,905	4,257,549	2,280,888	1,123,546	1,353,402
Bladen County Schools	31,701,209	31,370,184	7,713,623	4,665,225	3,913,844	3,226,284
Person County Schools	31,209,612	29,884,289	4,524,544	2,883,798	1,436,074	1,868,917
Currituck County Schools	29,452,573	27,785,147	2,068,828	1,560,711	862,573	891,492
Asheville City Schools	28,863,640	28,372,367	3,473,267	2,446,336	1,088,726	1,097,364
Montgomery County Schools	27,886,005	27,637,467	3,908,558	3,130,196	2,095,771	2,066,254
Hickory City Schools	27,501,048	26,189,420	2,796,962	2,815,781	1,554,582	1,637,313
Jackson County Schools	26,042,071	25,536,803	3,424,778	2,486,279	1,504,677	1,655,339
Anson County Schools	25,942,338	25,114,366	3,849,162	2,631,773	975,328	1,704,839
Cherokee County Schools	24,864,979	24,663,964	3,706,202	2,672,225	1,596,816	2,528,186
Greene County Schools	24,677,606	24,442,888	5,695,129	2,995,839	1,681,388	1,970,856
Martin County Schools	23,955,555	23,577,913	4,852,076	2,389,730	1,493,249	1,850,227
Transylvania County Schools	23,407,334	22,683,380	2,914,804	2,248,307	1,658,548	1,171,734
Ashe County Schools	23,223,414	23,082,192	2,518,511	1,872,871	1,420,338	1,428,327
Hertford County Schools	22,696,926	22,670,349	3,304,458	2,093,334	386,724	1,623,262
Lexington City Schools	22,186,232	21,203,105	3,690,616	2,475,032	1,445,280	1,991,458
Clinton City Schools	21,337,355	20,233,764	2,751,061	1,814,231	1,800,609	2,427,233
Halifax County Schools	21,204,241	20,505,718	4,252,312	3,281,656	1,832,628	2,047,647
Roanoke Rapids City Schools	20,431,828	19,500,413	34,078,529	1,661,243	842,696	996,592
Newton-Conover City Schools	20,216,978	19,757,233	2,386,644	1,681,426	1,277,285	1,209,918
Madison County Schools	19,079,274	18,542,648	3,067,806	1,842,665	957,249	756,559
Caswell County Schools	18,954,663	20,105,946	2,411,776	1,803,100	641,684	1,212,048
Bertie County Schools	18,556,610	18,827,259	3,889,930	1,698,987	1,671,010	1,749,706
Yancey County Schools	17,589,878	16,975,178	2,638,452	1,767,119	614,122	658,607
Polk County Schools	17,384,072	16,871,132	2,270,778	1,040,488	1,213,995	932,346
Whiteville City Schools	17,242,028	16,552,573	3,754,545	2,282,105	1,542,704	1,575,300
Warren County Schools	16,886,145	16,888,082	3,039,844	1,591,083	2,223,896	1,373,634
Avery County Schools	16,539,762	16,336,136	2,490,254	1,620,470	958,076	1,000,334
Mitchell County Schools	16,357,481	15,796,334	1,552,313	1,263,687	693,829	750,105
Swain County Schools	16,116,929	15,573,076	1,749,683	1,611,791	2,066,305	1,536,479
Edenton-Chowan County Schools	16,020,059	15,603,900	2,091,248	1,384,066	834,996	907,821
Thomasville City Schools	15,986,286	16,098,898	2,559,156	2,638,134	7,819,730	3,783,617
Camden County Schools	15,829,575	15,333,715	496,723	534,678	489,572	370,816
Northampton County Schools	14,961,995	15,240,158	3,209,816	3,013,661	1,228,423	1,210,126
Gates County Schools	14,425,245	14,616,658	1,561,968	856,931	673,860	588,705
Perquimans County Schools	14,070,216	13,357,637	1,532,767	1,167,816	630,514	710,621
Mount Airy City Schools	12,431,039	11,739,510	1,725,292	1,415,677	1,045,017	933,410
Alleghany County Schools	12,354,148	11,568,536	1,256,921	1,078,659	478,774	646,739
Washington County Schools	12,174,781	12,534,016	1,732,187	1,812,798	875,259	853,238
Pamlico County Schools	11,857,706	11,807,286	2,146,008	1,157,969	787,592	584,516
Clay County Schools	11,761,049	11,322,382	1,369,951	830,089	502,537	521,682
Graham County Schools	11,053,897	10,383,166	1,799,891	1,203,270	526,619	593,619
Jones County Schools	10,616,827	10,514,589	1,650,578	1,154,407	568,468	667,921
Elkin City Schools	9,476,526	8,940,292	717,872	609,177	419,556	243,255
Hyde County Schools	7,801,333	7,867,537	2,121,519	1,564,450	289,970	417,643
Tyrrell County Schools	7,607,040	7,473,677	790,231	470,717	466,620	487,604
Weldon City Schools	7,159,785	7,707,668	2,066,332	1,156,093	519,122	518,323
Innovative School District	1,695,792	1,722,416	736,873	483,389		
Total Grants and Aid to School Districts	\$ 9,634,121,441	\$ 9,358,379,155	\$ 1,230,418,881	\$ 872,826,388	\$ 497,825,054	\$ 518,988,842

Schedule D-5
Page 2 of 2

Federal Medicaid Reimbursements		State Building Capital Funds		State Technology Funds		2021 Total	2020 Total
2021	2020	2021	2020	2021	2020		
					160,446	42,118,511	39,885,413
		300,000	300,000	1,542	201,878	46,372,157	44,036,989
58,143	59,180	282,900	282,900		65,619	44,424,686	40,976,127
		325,000	325,000	11	60,757	39,352,234	37,391,049
				40,503	114,010	40,213,420	38,408,237
		300,000	300,000	36,628	171,236	39,748,914	37,203,445
		381,584	330,777	(1,070)	67,604	39,405,316	36,584,021
81,483	71,484	283,029	300,000	309	56,042	38,126,089	35,305,721
		157,768	505,197	45,734	37,352	43,532,178	39,804,242
75,305	75,262	29,600	104,393	98,371	2,047	37,373,506	34,818,706
		513,000	147,041	11	48,056	32,896,985	30,432,447
77,672	73,214	315,599	(78,098)	2,231	190,664	33,821,135	32,101,847
111,423	104,524	250,000	250,000	18	44,698	34,251,775	33,233,139
		164,650	306,600	(197)	48,032	32,017,045	30,997,146
		228,301	233,066	(451)	78,831	31,199,376	29,990,318
		54,765	697,733	48,552	70,229	30,870,145	30,218,940
		671,000	384,122	2,484	61,179	30,841,481	30,309,676
		249,168	226,367	17,385	57,696	32,320,676	29,693,646
		1,968,618	286,521	(30)	19,316	32,269,468	28,123,707
				943	84,599	27,981,629	26,188,020
		229,747	229,594	7,999	69,757	27,400,009	26,682,741
		11,089,457			308,466	37,477,565	26,695,411
		850,000		40	37,090	28,172,168	25,706,685
		760,000			29,942	26,649,025	24,505,170
		98,089	40,810	1,409	114,231	27,388,679	25,990,062
		400,000		1,083	32,163	55,754,136	22,190,411
		118,090	222,600	4	35,800	23,999,001	22,906,977
40,489	30,966	350,000	441,000	12,013	18,300	23,506,831	21,632,138
		13,871,250	3,447,128	(165)	42,434	35,879,208	26,610,656
		300,000		11,261	193,892	24,428,811	22,469,844
65,740			340,455	54,577	30,877	20,962,769	19,772,236
		283,540	46,880	15	24,720	21,152,400	18,915,566
		4,327,500		11,882	44,901	26,878,659	20,454,879
		108,461		213	23,622	22,258,559	19,876,421
26,136	24,088	350,000		20,728	38,483	20,384,956	19,019,511
23,196	18,959	8,161	594,046	20,213	20,849	18,655,193	18,443,980
		2,522,908	2,262,496	93	28,670	22,455,918	21,012,512
		103,573	103,573	146	16,848	19,050,022	18,016,208
32,257	29,492			7,845	18,226	26,405,274	22,568,367
				3,535	60,739	16,819,405	16,299,948
		425,289			19,141	19,825,523	19,483,086
			302,521	18	19,821	16,661,091	16,384,636
			105,000	10,664	33,178	16,244,161	15,374,252
				(152)	23,878	15,201,196	14,112,475
50,800	47,960	55,264	122,401	4	15,814	14,195,911	13,480,109
		87,407	179,875	(183)	15,412	14,869,451	15,395,339
		111,895	98,656	139	16,036	14,903,340	13,664,463
		3,553,259	5,696,536	55	15,180	17,186,851	18,385,869
		514,670	83,759	9,339	27,040	13,904,416	12,290,854
		168,667	168,667	4,266	21,782	13,008,806	12,527,366
31,449	32,639		160,000	11	13,906	10,645,414	9,999,269
					27,188	10,212,822	9,876,818
		25,923	36,000	3,361	4,721	8,893,175	8,472,719
				262	9,361	9,745,501	9,391,445
						2,432,665	2,205,805
<u>\$ 38,394,669</u>	<u>\$ 20,413,433</u>	<u>\$ 159,189,128</u>	<u>\$ 128,760,111</u>	<u>\$ 5,614,002</u>	<u>\$ 26,510,859</u>	<u>\$ 11,565,563,175</u>	<u>\$ 10,925,878,788</u>

**North Carolina Department of Public Instruction
Supplementary Information
Schedule of Grants and Aid Paid to Charter Schools (Alphabetically by County)
General Fund
For the Fiscal Years Ended June 30, 2021 and 2020**

**Schedule D-6
Page 1 of 5**

County of Location	Charter School Name	State Funds		Federal Grant Funds		Federal Child Nutrition Funds		2021 Total	2020 Total
		2021	2020	2021	2020	2021	2020		
Alamance	Alamance Community School	\$ 2,177,874	\$ 0	\$ 257,860	\$ 0	\$ 0	\$ 0	\$ 2,435,734	\$ 0
Alamance	Clover Garden School	4,231,206	3,985,728	154,372	202,239			4,385,578	4,187,967
Alamance	River Mill Academy	5,381,051	4,951,689	207,302	191,923			5,588,353	5,143,612
Alamance	The Hawbridge School	2,023,230	1,907,753	67,035	59,984			2,090,265	1,967,737
Avery	Grandfather Academy		303,785		218,932				522,717
Avery	Marjorie Williams Academy	996,346	955,531	597,212	297,955	85,798		1,679,356	1,253,486
Beaufort	Washington Montessori Charter	2,847,113	2,649,293	62,373	57,709			2,909,486	2,707,002
Bertie	Three Rivers Academy	950,381	668,492	290,358	187,774			1,240,739	856,266
Bladen	Emereau: Bladen	4,875,463	3,991,687	359,570	220,174			5,235,033	4,211,861
Bladen	Paul R Brown Leadership Academy	1,114,931	1,087,703	642,710	141,505			1,757,641	1,229,208
Brunswick	Charter Day School	6,752,745	6,013,218	651,159	339,425			7,403,904	6,352,643
Brunswick	South Brunswick Charter School	3,078,240	2,426,466	184,918	119,480			3,263,158	2,545,946
Buncombe	Asheville Peak Academy			156,453				156,453	
Buncombe	Evergreen Community Charter	2,958,287	2,799,849	233,156	119,825			3,191,443	2,919,674
Buncombe	Francine Delany New School for Children	1,309,435	1,157,874	88,849	86,033			1,398,284	1,243,907
Buncombe	Invest Collegiate (Buncombe)	8,414,567	7,338,278	618,318	563,631			9,032,885	7,901,909
Buncombe	The Artspace Charter School	2,788,601	2,579,348	335,011	114,701			3,123,612	2,694,049
Buncombe	The Franklin School Of Innovation	4,322,972	3,673,819	236,833	195,401			4,559,805	3,869,220
Burke	The New Dimensions School	2,722,472	2,269,695	147,888	158,387			2,870,360	2,428,082
Cabarrus	ACE Academy	2,582,577	2,445,397	316,731	166,530	40,307	60,399	2,939,615	2,672,326
Cabarrus	Cabarrus Charter Academy	5,625,888	5,461,753	350,325	372,867	171,710	95,763	6,147,923	5,930,383
Cabarrus	Carolina International School	5,581,698	5,335,230	275,282	260,085			5,856,980	5,595,315
Cabarrus	Concord Lake STEAM Academy	2,956,665	3,019,255	153,830	202,512			3,110,495	3,221,767
Cabarrus	Kannapolis Charter Academy					127,142	66,037	127,142	66,037
Carteret	Tiller School	1,584,042	1,312,653	123,745	63,340			1,707,787	1,375,993
Chatham	Chatham Charter School	3,760,981	3,471,225	128,045	95,196			3,889,026	3,566,421
Chatham	The Woods Charter School	3,376,839	3,305,498	102,766	76,143	374	3,026	3,479,979	3,384,667
Chatham	Willow Oak Montessori	1,863,131	1,416,470	43,003	40,217			1,906,134	1,456,687
Cherokee	Learning Center (The)	1,552,671	1,437,361	183,765	89,485		56,981	1,736,436	1,583,827
Cleveland	Pinnacle Classical Academy	7,795,409	6,354,568	244,789	164,838			8,040,198	6,519,406
Columbus	Columbus Charter School	6,759,084	5,673,430	744,201	259,637	432,003	397,532	7,935,288	6,330,599
Columbus	Davis Academy Chadbourn			40,194				40,194	
Columbus	Flemington Academy	855,215	787,408	344,867	148,112			1,200,082	935,520
Cumberland	Alpha Academy	5,968,091	5,611,428	1,051,009	401,059			7,019,100	6,012,487
Cumberland	The Capitol Encore Academy	3,657,110	3,529,539	364,734	272,733	130,468	109,726	4,152,312	3,911,998
Currituck	Waters Edge Village School	333,321	294,824	5,423	6,227			338,744	301,051
Davidson	Davidson Charter Academy:CFA	3,375,164	2,663,310	225,670	128,410			3,600,834	2,791,720
Durham	Carter Community School	1,536,515	1,447,001	343,383	154,875	183,314	112,575	2,063,212	1,714,451
Durham	Central Park School For Children	4,619,082	4,336,590	250,961	203,322	71,532	54,395	4,941,575	4,594,307
Durham	Discovery Charter School	1,204,999	704,630	53,656	32,098			1,258,655	736,728
Durham	Excelsior Classical Academy	5,486,103	4,419,169	135,306	106,831			5,621,409	4,526,000
Durham	Global Scholars Academy Charter	1,615,561	1,506,230	367,157	138,087	16,767	175,889	1,999,485	1,820,206
Durham	Healthy Start Academy Charter	3,437,271	3,078,475	556,658	346,428	433,624		4,427,553	3,424,903
Durham	Kestrel Heights School	3,411,216	3,359,590	147,097	144,354			3,558,313	3,503,944
Durham	KIPP Durham College Preparatory	2,975,830	2,485,073	438,859	247,366		194,161	3,414,689	2,926,600
Durham	Maureen Joy Charter School	4,520,112	4,294,889	700,912	382,740		225,039	5,221,024	4,902,668

**North Carolina Department of Public Instruction
Supplementary Information
Schedule of Grants and Aid Paid to Charter Schools (Alphabetically by County)
General Fund
For the Fiscal Years Ended June 30, 2021 and 2020**

**Schedule D-6
Page 2 of 5**

County of Location	Charter School Name	State Funds		Federal Grant Funds		Federal Child Nutrition Funds		2021 Total	2020 Total
		2021	2020	2021	2020	2021	2020		
Durham	NC Cyber Academy	15,767,896	14,420,160	810,181	1,795			16,578,077	14,421,955
Durham	NC Virtual Academy	19,927,562	16,522,523	1,504,948	1,655,294			21,432,510	18,177,817
Durham	Reaching All Minds Academy	2,608,041	2,268,476	144,443	101,122	203	1,130	2,752,687	2,370,728
Durham	Research Triangle Charter Academy	4,843,923	4,619,450	441,737	309,191	28,557	456,407	5,314,217	5,385,048
Durham	Research Triangle High School	3,705,395	3,438,217	145,494	131,713			3,850,889	3,569,930
Durham	The Institute For The Development of Young Leaders	2,686,491	2,272,416	216,244	168,110			2,902,735	2,440,526
Durham	Voyager Academy Charter	9,018,796	8,617,991	388,162	263,042			9,406,958	8,881,033
Edgecombe	North East Carolina Preparatory	7,244,995	6,880,373	705,537	459,410		231,081	7,950,532	7,570,864
Forsyth	Appalachian State U Academy Middle Fork	1,891,498	1,741,085	511,207	297,688			2,402,705	2,038,773
Forsyth	Arts-Based Elementary	3,417,138	3,284,334	144,800	115,892			3,561,938	3,400,226
Forsyth	B.L.U.E. - G.R.E.E.N Academy		303,126						303,126
Forsyth	Carter G Woodson School Challenge	2,911,794	2,427,651	634,028	335,391	392,801	308,699	3,938,623	3,071,741
Forsyth	Forsyth Academies	5,095,378	4,647,614	463,975	444,030	65,207		5,624,560	5,091,644
Forsyth	Quality Education Academy	4,552,154	3,564,864	826,625	588,534	147,064	310,926	5,525,843	4,464,324
Forsyth	The North Carolina Leadership	6,333,402	5,580,739	229,172	142,650			6,562,574	5,723,389
Franklin	Crosscreek Charter	2,771,323	2,285,737	188,665	110,903			2,959,988	2,396,640
Franklin	Youngsville Academy	2,967,708	2,493,138	53,376	50,425			3,021,084	2,543,563
Gaston	Mountain Island Charter School	9,760,570	9,063,986	365,557	296,195	197,968	39,219	10,324,095	9,399,400
Gaston	Piedmont Community School	11,233,373	8,286,804	593,976	375,755			11,827,349	8,662,559
Gaston	Ridgeview Charter School	1,229,614	934,412	302,994	137,564			1,532,608	1,071,976
Gaston	TEAMCFA - Community Public Charter	2,248,818	1,526,305	195,720	183,472			2,444,538	1,709,777
Granville	Falls Lake Academy	7,615,663	7,303,729	341,145	237,865			7,956,808	7,541,594
Granville	Oxford Preparatory High School	4,917,432	3,258,752	162,367	84,949			5,079,799	3,343,701
Guilford	Cornerstone Academy	8,230,532	7,518,780	228,421	201,882			8,458,953	7,720,662
Guilford	Gate City Charter Academy	4,605,184	4,258,560	507,471	355,360	80,080	222,552	5,192,735	4,836,472
Guilford	Greensboro Academy	4,752,288	4,581,222	182,176	181,051			4,934,464	4,762,273
Guilford	Guilford Charter School	2,615,050	1,968,005	476,357	255,659		131,474	3,091,407	2,355,138
Guilford	Guilford Preparatory Academy					62,129		62,129	
Guilford	Next Generation Academy	1,656,214	1,460,766	466,403	148,227	19,568	350	2,142,185	1,609,343
Guilford	Phoenix Academy	6,958,937	6,257,307	477,685	206,480			7,436,622	6,463,787
Guilford	Piedmont Classical High School	2,872,367	2,842,947	225,539	213,724			3,097,906	3,056,671
Guilford	Revolution Academy	2,267,846		54,803				2,322,649	
Guilford	Summerfield Charter Academy	4,948,696	4,763,541	220,587	159,028	15,494	15,819	5,184,777	4,938,388
Guilford	The College Preparatory & Leadership Academy	5,225,352	4,526,168	774,751	505,575		13,660	6,000,103	5,045,403
Guilford	The Experiential School of Greensboro	2,264,536	1,974,432	51,970	58,620			2,316,506	2,033,052
Guilford	Triad Math And Science	8,196,106	7,829,997	1,221,161	602,677	245,879	310,180	9,663,146	8,742,854
Halifax	Hobgood Charter School	2,380,907	1,707,011	213,227	43,698			2,594,134	1,750,709
Halifax	KIPP Halifax College Preparatory	5,600,560	4,239,653	517,343	265,302	21,059	370,707	6,138,962	4,875,662
Harnett	Achievement Charter Academy	1,067,408		178,126				1,245,534	
Harnett	Anderson Creek Academy	2,077,116	1,680,151	31,705	32,173			2,108,821	1,712,324
Haywood	Shining Rock Classical Academy	2,587,791	1,978,187	149,333	141,970			2,737,124	2,120,157
Henderson	Fernleaf Community Charter School	2,511,617	2,018,472	125,370	89,858			2,636,987	2,108,330
Henderson	The Mountain Community School	1,406,035	1,311,976	51,516	37,730			1,457,551	1,349,706
Iredell	American Renaissance Middle School	3,979,553	3,581,259	466,296	158,512			4,445,849	3,739,771
Iredell	Iredell Charter Academy	4,308,317	4,167,407	175,906	248,282	203,985	68,738	4,688,208	4,484,427
Iredell	Langtree Charter Academy	9,793,524	9,647,061	396,141	408,737	227,225	35,215	10,416,890	10,091,013

**North Carolina Department of Public Instruction
Supplementary Information
Schedule of Grants and Aid Paid to Charter Schools (Alphabetically by County)
General Fund
For the Fiscal Years Ended June 30, 2021 and 2020**

**Schedule D-6
Page 3 of 5**

County of Location	Charter School Name	State Funds		Federal Grant Funds		Federal Child Nutrition Funds		2021 Total	2020 Total
		2021	2020	2021	2020	2021	2020		
Iredell	Pine Lake Preparatory	11,595,184	11,326,706	351,798	284,053			11,946,982	11,610,759
Iredell	Success Institute Charter School	725,205	698,673	153,710	95,109	10,952	70,563	889,867	864,345
Jackson	Catamount School	406,207	366,341	20,712	13,366			426,919	379,707
Jackson	Summit Charter School	1,677,302	1,576,011	48,823	43,516			1,726,125	1,619,527
Johnston	Johnston Charter Academy	4,885,204	4,478,253	247,617	166,168	37,147	24,021	5,169,968	4,668,442
Johnston	Neuse Charter School	6,141,150	5,917,559	358,499	266,452			6,499,649	6,184,011
Lee	Ascend Leadership Academy	2,527,136	1,911,436	115,526	37,686			2,642,662	1,949,122
Lee	Mina Charter School of Lee Co	1,551,425		385,817	125,961	14,921		1,952,163	125,961
Lenoir	Children's Village Academy	1,295,243	1,242,378	1,305,626	937,162	230,727	183,331	2,831,596	2,362,871
Lincoln	Lincoln Charter School	13,613,641	12,777,471	628,787	370,178			14,242,428	13,147,649
Lincoln	West Lake Preparatory Academy	1,111,248	688,457	29,926	17,394			1,141,174	705,851
Martin	Bear Grass Charter School	3,316,095	3,111,642	274,083	108,971			3,590,178	3,220,613
Martin	North East Regional School	1,755,689	1,718,062	44,834	21,906			1,800,523	1,739,968
Mecklenburg	Aristotle Preparatory Academy	1,146,261	859,275	182,526	122,017	103,287	67,597	1,432,074	1,048,889
Mecklenburg	Bonnie Clone Classical Academy	3,649,140	1,402,398	295,790	193,202			3,944,930	1,595,600
Mecklenburg	Bradford Preparatory School	9,906,524	8,494,510	561,275	315,698			10,467,799	8,810,208
Mecklenburg	Charlotte Lab School	5,127,228	3,851,114	160,717	143,351			5,287,945	3,994,465
Mecklenburg	Charlotte Secondary	1,898,087	1,863,820	144,233	115,793			2,042,320	1,979,613
Mecklenburg	Commonwealth High School	1,703,068	1,628,745	153,585	23,477			1,856,653	1,652,222
Mecklenburg	Community School Of Davidson	9,153,487	8,494,192	486,229	249,606			9,639,716	8,743,798
Mecklenburg	Corvian Community School	7,563,931	6,603,499	198,877	210,910			7,762,808	6,814,409
Mecklenburg	East Voyager Academy	904,748	813,956	56,120	124,866			960,868	938,822
Mecklenburg	Eastside STREAM Academy	866,886	676,070	190,149	81,229	62,143	35,049	1,119,178	792,348
Mecklenburg	Invest Collegiate	2,361,643	2,103,621	517,791	239,655			2,879,434	2,343,276
Mecklenburg	KIPP Charlotte Charter School	5,644,704	5,045,711	739,039	476,191	56,028	349,501	6,439,771	5,871,403
Mecklenburg	Lake Norman Charter School	13,405,356	12,093,478	346,941	281,557			13,752,297	12,375,035
Mecklenburg	Lakeside Charter Academy	1,366,162	834,192	173,797	25,137			1,539,959	859,329
Mecklenburg	Mallard Creek Stem Academy	5,923,078	5,292,916	270,121	268,068	82,030	81,209	6,275,229	5,642,193
Mecklenburg	Matthew's Charter Academy	4,976,543	4,479,755	480,965	234,114	62,791	73,358	5,520,299	4,787,227
Mecklenburg	Metrolina Regional Scholars' Academy	2,347,753	2,116,610	67,470	56,590			2,415,223	2,173,200
Mecklenburg	Movement Charter School	3,578,520	2,856,680	438,253	180,046	124,455	207,018	4,141,228	3,243,744
Mecklenburg	Movement School Eastland	1,074,840		411,193	18,182	19,566		1,505,599	18,182
Mecklenburg	Niner University Elementary	445,118		22,795				467,913	
Mecklenburg	Pioneer Springs Community School	2,929,007	2,347,818	141,586	77,125			3,070,593	2,424,943
Mecklenburg	Queen City STEM School	4,736,246	3,966,760	590,136	108,109			5,326,382	4,074,869
Mecklenburg	Queens Grant Community School	7,997,122	7,220,482	470,224	340,839	72,597	80,454	8,539,943	7,641,775
Mecklenburg	Socrates Academy	4,744,435	4,422,485	146,290	119,939			4,890,725	4,542,424
Mecklenburg	Southwest Charlotte STEM Academy	3,954,373	2,378,844	268,301	92,677			4,222,674	2,471,521
Mecklenburg	Steele Creek Preparatory Academy	2,524,940	2,023,485	77,054	95,990		38,676	2,601,994	2,158,151
Mecklenburg	Stewart Creek High School	1,697,328	1,630,758	140,989	43,967			1,838,317	1,674,725
Mecklenburg	Sugar Creek Charter School	10,853,757	9,944,809	1,253,764	842,767	532,358	824,888	12,639,879	11,612,464
Mecklenburg	Tetra Institute			73,142				73,142	
Mecklenburg	United Community School	1,717,051	1,555,374	101,796	95,135			1,818,847	1,650,509
Mecklenburg	Unity Classical Charter School	1,553,644	1,192,750	102,606	34,032			1,656,250	1,226,782
Mecklenburg	UpROAR Leadership Academy	849,082	755,089	255,437	116,602	33,894	25,164	1,138,413	896,855
Mecklenburg	Veritas Community School	872,508	773,360	99,214	67,100			971,722	840,460

**North Carolina Department of Public Instruction
Supplementary Information
Schedule of Grants and Aid Paid to Charter Schools (Alphabetically by County)
General Fund
For the Fiscal Years Ended June 30, 2021 and 2020**

**Schedule D-6
Page 4 of 5**

County of Location	Charter School Name	State Funds		Federal Grant Funds		Federal Child Nutrition Funds		2021 Total	2020 Total
		2021	2020	2021	2020	2021	2020		
Mecklenburg	Jackson Day School	3,950,399	2,892,876	203,319	64,005			4,153,718	2,956,881
Montgomery	Tillery Charter Academy	672,380	397,005	102,679	77,380			775,059	474,385
Moore	Moore Montessori Community Charter	940,285	764,729	37,310	16,927			977,595	781,656
Moore	Sandhills Theatre Arts Renaissance School (STARS)	4,716,968	3,544,335	323,515	248,324			5,040,483	3,792,659
Moore	The Academy Of Moore County	2,984,812	2,703,304	104,523	71,952			3,089,335	2,775,256
Nash	Rocky Mount Preparatory	7,268,994	7,073,325	968,737	611,762	200,868	356,243	8,438,599	8,041,330
New Hanover	American Leadership Academy	4,390,969	3,413,211	140,698	64,608			4,531,667	3,477,819
New Hanover	Cape Fear Center For Inquiry	2,773,498	2,561,225	151,041	120,488			2,924,539	2,681,713
New Hanover	D.C Virgo Preparatory Academy	1,475,184	1,279,361	242,916	172,617			1,718,100	1,451,978
New Hanover	Douglass Academy	861,290	759,336	188,474	108,427		63,329	1,049,764	931,092
New Hanover	Girls Leadership Academy Of Wilmington	2,419,987	1,829,206	407,592	165,458	63,188	152,732	2,890,767	2,147,396
New Hanover	Island Montessori Charter	1,508,169	1,460,556	51,620	37,334			1,559,789	1,497,890
New Hanover	Wilmington Preparatory	784,192	789,039	138,025	111,634			922,217	900,673
New Hanover	Wilmington School of the Arts	811,092		265,942	89,832			1,077,034	89,832
Northampton	KIPP Gaston College Preparatory	12,288,724	11,790,513	859,051	595,118	1,052,164	923,994	14,199,939	13,309,625
Onslow	Zeca School Of Arts And Technology	1,136,159	1,046,981	380,154	224,610	170,089	286,628	1,686,402	1,558,219
Orange	Eno River Academy	5,372,473	4,671,902	139,464	150,024			5,511,937	4,821,926
Orange	The Expedition School	2,525,684	2,296,671	75,856	56,276			2,601,540	2,352,947
Pamlico	Arapahoe Charter School	5,091,152	4,647,133	384,271	323,141	257,198	314,390	5,732,621	5,284,664
Pasquotank	NE Academy Of Aerospace	5,404,160	3,982,330	376,968	127,588			5,781,128	4,109,918
Person	Bethel Hill Charter School	2,750,050	2,590,118	173,807	133,262	203,016	93,180	3,126,873	2,816,560
Person	Roxboro Community School	4,767,986	4,545,787	116,543	117,629			4,884,529	4,663,416
Pitt	ECU Community School	826,978	693,472	254,853	161,953			1,081,831	855,425
Pitt	Ignite Innovation Academy-Pitt		1,135,982		355,458				1,491,440
Pitt	Winterville Charter Academy	4,623,994	4,387,051	324,105	284,710	41,253	113,722	4,989,352	4,785,483
Randolph	Uwharrie Charter Academy	11,696,818	10,919,720	614,686	473,255	557	925	12,312,061	11,393,900
Robeson	CIS Academy	921,083	943,515	129,052	95,117			1,050,135	1,038,632
Robeson	Southeastern Academy	1,652,127	1,578,191	30,669	33,982			1,682,796	1,612,173
Rockingham	Bethany Community Middle School	3,830,476	3,310,089	143,828	111,681			3,974,304	3,421,770
Rockingham	Moss Street Partnership School	2,684,485	2,436,543	484,673	295,648			3,169,158	2,732,191
Rowan	Essie Mae Kiser Foxx Charter School	740,908	676,767	87,004	73,598			827,912	750,365
Rutherford	Lake Lure Classical Academy	3,681,992	3,611,432	333,373	182,189			4,015,365	3,793,621
Rutherford	Thomas Jefferson Classical	9,269,959	8,995,060	438,273	240,385			9,708,232	9,235,445
Stanly	Gray Stone Day School	5,173,599	5,004,372	120,586	115,248			5,294,185	5,119,620
Surry	Millennium Charter	5,872,593	5,664,407	227,995	148,466			6,100,588	5,812,873
Swain	Mountain Discovery School	1,523,948	1,396,846	94,724	79,112			1,618,672	1,475,958
Transylvania	Brevard Academy	2,989,215	2,771,210	169,122	138,087			3,158,337	2,909,297
Union	Apprentice Academy High School of North Carolina	1,647,874	1,396,126	295,755	53,831			1,943,629	1,449,957
Union	Monroe Charter Academy	664,148	456,417	190,205	40,001			854,353	496,418
Union	Union Academy	12,114,734	11,637,699	431,536	248,859	1,537	4,493	12,547,807	11,891,051
Union	Union Day School	3,374,975	2,662,257	105,593	95,423			3,480,568	2,757,680
Union	Union Preparatory Academy at Indian Trail	6,452,289	5,863,708	107,024	242,364	203,818	72,626	6,763,131	6,178,698
Vance	Henderson Collegiate	9,939,621	9,668,152	2,140,428	11,432	276,237	705,206	12,356,286	10,384,790
Vance	Vance Charter School	7,037,156	6,878,678	297,594	221,104			7,334,750	7,099,782
Wake	Cardinal Charter	5,917,619	5,781,072	186,588	200,373	150,225	35,989	6,254,432	6,017,434
Wake	Cardinal Charter Academy	3,960,548		135,233				4,095,781	

**North Carolina Department of Public Instruction
Supplementary Information
Schedule of Grants and Aid Paid to Charter Schools (Alphabetically by County)
General Fund
For the Fiscal Years Ended June 30, 2021 and 2020**

**Schedule D-6
Page 5 of 5**

County of Location	Charter School Name	State Funds		Federal Grant Funds		Federal Child Nutrition Funds		2021 Total	2020 Total
		2021	2020	2021	2020	2021	2020		
Wake	Carolina Charter Academy:CFA	3,042,012	2,504,335	123,211	80,260			3,165,223	2,584,595
Wake	Casa Esperanza	3,558,281	3,392,790	145,051	104,593			3,703,332	3,497,383
Wake	Central Wake Charter High School	1,808,615	1,637,673	286,560	154,044			2,095,175	1,791,717
Wake	East Wake Academy	7,611,091	7,202,793	457,031	382,771			8,068,122	7,585,564
Wake	Endeavor Charter School	3,501,448	3,088,883	105,084	72,569			3,606,532	3,161,452
Wake	Envision Science Academy	4,725,336	4,473,790	193,195	145,122			4,918,531	4,618,912
Wake	Franklin Academy	9,991,362	9,593,622	395,858	233,849			10,387,220	9,827,471
Wake	Longleaf School Of The Arts	2,519,715	2,287,211	118,089	87,921			2,637,804	2,375,132
Wake	Magellan Charter School	2,637,865	2,544,593	111,169	73,415			2,749,034	2,618,008
Wake	Peak Charter Academy	4,841,645	4,542,472	186,786	170,967	15,398	13,930	5,043,829	4,727,369
Wake	Pine Springs Preparatory Academy: CFA	5,086,053	4,577,626	166,962	96,094			5,253,015	4,673,720
Wake	PreEminent Charter School	4,902,922	4,502,726	600,394	382,207	46,361	210,782	5,549,677	5,095,715
Wake	Quest Academy	944,406	902,768	31,686	21,008			976,092	923,776
Wake	Raleigh Charter High School	3,401,418	3,315,375	98,037	89,639			3,499,455	3,405,014
Wake	Raleigh Oak Charter School	2,005,614	1,628,219	71,597	36,981			2,077,211	1,665,200
Wake	Rise Southeast Raleigh Charter	2,787,211	2,518,935	550,422	177,764		203,686	3,337,633	2,900,385
Wake	Rolesville Charter Academy	4,710,369	3,973,228	214,330	146,740	22,855	38,011	4,947,554	4,157,979
Wake	Southern Wake Academy	6,073,206	5,306,844	266,846	141,332			6,340,052	5,448,176
Wake	Sterling Montessori Academy	3,898,468	3,732,408	133,392	92,851			4,031,860	3,825,259
Wake	The Exploris School	2,969,722	2,865,891	177,647	135,695			3,147,369	3,001,586
Wake	Torchlight Academy	4,083,803	3,549,702	750,100	575,799	876,566	527,029	5,710,469	4,652,530
Wake	Triangle Math & Science	5,842,339	5,429,364	200,565	137,302			6,042,904	5,566,666
Wake	Wake Forest Charter Academy	4,878,528	4,673,563	209,193	185,494	37,246	37,538	5,124,967	4,896,595
Warren	Haliwa Saponi Tribal School	1,443,801	1,324,605	133,810	91,920		56,139	1,577,611	1,472,664
Washington	Pocosin Innovative Charter	1,806,473	1,407,758	82,581	60,046			1,889,054	1,467,804
Watauga	Two Rivers Community School	1,227,921	1,044,937	142,728	84,463			1,370,649	1,129,400
Wayne	Dillard Academy	2,218,668	2,099,405	286,601	217,111	39,258	145,784	2,544,527	2,462,300
Wayne	Wayne Preparatory	6,803,821	5,831,757	340,235	275,747			7,144,056	6,107,504
Wilkes	Bridges Charter School	1,413,263	1,344,235	136,425	198,423	31,055	57,626	1,580,743	1,600,284
Wilson	Sallie B Howard School	7,743,683	6,989,365	1,610,715	793,620	1,150,445	784,657	10,504,843	8,567,642
Wilson	Wilson Preparatory Academy	6,147,362	5,581,681	366,278	164,691	15,158		6,528,798	5,746,372
Total Grants and Aid to Charter Schools		<u>\$ 850,625,855</u>	<u>\$ 750,877,796</u>	<u>\$ 64,998,530</u>	<u>\$ 39,667,108</u>	<u>\$ 9,697,646</u>	<u>\$ 11,327,148</u>	<u>\$ 925,322,031</u>	<u>\$ 801,872,052</u>

**North Carolina Department of Public Instruction
Supplementary Information
Schedule of Grants and Aid Paid to Charter Schools (Amount - Sorted Largest to Smallest)
General Fund
For the Fiscal Years Ended June 30, 2021 and 2020**

**Schedule D-7
Page 1 of 5**

County of Location	Charter School Name	State Funds		Federal Grant Funds		Federal Child Nutrition Funds		2021 Total	2020 Total
		2021	2020	2021	2020	2021	2020		
Durham	NC Virtual Academy	\$ 19,927,562	\$ 16,522,523	\$ 1,504,948	\$ 1,655,294	\$ 0	\$ 0	\$ 21,432,510	\$ 18,177,817
Durham	NC Cyber Academy	15,767,896	14,420,160	810,181	1,795			16,578,077	14,421,955
Lincoln	Lincoln Charter School	13,613,641	12,777,471	628,787	370,178			14,242,428	13,147,649
Mecklenburg	Lake Norman Charter School	13,405,356	12,093,478	346,941	281,557			13,752,297	12,375,035
Northampton	KIPP Gaston College Preparatory	12,288,724	11,790,513	859,051	595,118	1,052,164	923,994	14,199,939	13,309,625
Union	Union Academy	12,114,734	11,637,699	431,536	248,859	1,537	4,493	12,547,807	11,891,051
Randolph	Uwharrie Charter Academy	11,696,818	10,919,720	614,686	473,255	557	925	12,312,061	11,393,900
Iredell	Pine Lake Preparatory	11,595,184	11,326,706	351,798	284,053			11,946,982	11,610,759
Gaston	Piedmont Community School	11,233,373	8,286,804	593,976	375,755			11,827,349	8,662,559
Mecklenburg	Sugar Creek Charter School	10,853,757	9,944,809	1,253,764	842,767	532,358	824,888	12,639,879	11,612,464
Wake	Franklin Academy	9,991,362	9,593,622	395,858	233,849			10,387,220	9,827,471
Vance	Henderson Collegiate	9,939,621	9,668,152	2,140,428	11,432	276,237	705,206	12,356,286	10,384,790
Mecklenburg	Bradford Preparatory School	9,906,524	8,494,510	561,275	315,698			10,467,799	8,810,208
Iredell	Langtree Charter Academy	9,793,524	9,647,061	396,141	408,737	227,225	35,215	10,416,890	10,091,013
Gaston	Mountain Island Charter School	9,760,570	9,063,986	365,557	296,195	197,968	39,219	10,324,095	9,399,400
Rutherford	Thomas Jefferson Classical	9,269,959	8,995,060	438,273	240,385			9,708,232	9,235,445
Mecklenburg	Community School Of Davidson	9,153,487	8,494,192	486,229	249,606			9,639,716	8,743,798
Durham	Voyager Academy Charter	9,018,796	8,617,991	388,162	263,042			9,406,958	8,881,033
Buncombe	Invest Collegiate (Buncombe)	8,414,567	7,338,278	618,318	563,631			9,032,885	7,901,909
Guilford	Cornerstone Academy	8,230,532	7,518,780	228,421	201,882			8,458,953	7,720,662
Guilford	Triad Math And Science	8,196,106	7,829,997	1,221,161	602,677	245,879	310,180	9,663,146	8,742,854
Mecklenburg	Queens Grant Community School	7,997,122	7,220,482	470,224	340,839	72,597	80,454	8,539,943	7,641,775
Cleveland	Pinnacle Classical Academy	7,795,409	6,354,568	244,789	164,838			8,040,198	6,519,406
Wilson	Sallie B Howard School	7,743,683	6,989,365	1,610,715	793,620	1,150,445	784,657	10,504,843	8,567,642
Granville	Falls Lake Academy	7,615,663	7,303,729	341,145	237,865			7,956,808	7,541,594
Wake	East Wake Academy	7,611,091	7,202,793	457,031	382,771			8,068,122	7,585,564
Mecklenburg	Corvian Community School	7,563,931	6,603,499	198,877	210,910			7,762,808	6,814,409
Nash	Rocky Mount Preparatory	7,268,994	7,073,325	968,737	611,762	200,868	356,243	8,438,599	8,041,330
Edgecombe	North East Carolina Preparatory	7,244,995	6,880,373	705,537	459,410		231,081	7,950,532	7,570,864
Vance	Vance Charter School	7,037,156	6,878,678	297,594	221,104			7,334,750	7,099,782
Guilford	Phoenix Academy	6,958,937	6,257,307	477,685	206,480			7,436,622	6,463,787
Wayne	Wayne Preparatory	6,803,821	5,831,757	340,235	275,747			7,144,056	6,107,504
Columbus	Columbus Charter School	6,759,084	5,673,430	744,201	259,637	432,003	397,532	7,935,288	6,330,599
Brunswick	Charter Day School	6,752,745	6,013,218	651,159	339,425			7,403,904	6,352,643
Union	Union Preparatory Academy at Indian Trail	6,452,289	5,863,708	107,024	242,364	203,818	72,626	6,763,131	6,178,698
Forsyth	The North Carolina Leadership	6,333,402	5,580,739	229,172	142,650			6,562,574	5,723,389
Wilson	Wilson Preparatory Academy	6,147,362	5,581,681	366,278	164,691	15,158		6,528,798	5,746,372
Johnston	Neuse Charter School	6,141,150	5,917,559	358,499	266,452			6,499,649	6,184,011
Wake	Southern Wake Academy	6,073,206	5,306,844	266,846	141,332			6,340,052	5,448,176
Cumberland	Alpha Academy	5,968,091	5,611,428	1,051,009	401,059			7,019,100	6,012,487
Mecklenburg	Mallard Creek Stem Academy	5,923,078	5,292,916	270,121	268,068	82,030	81,209	6,275,229	5,642,193
Wake	Cardinal Charter	5,917,619	5,781,072	186,588	200,373	150,225	35,989	6,254,432	6,017,434
Surry	Millennium Charter	5,872,593	5,664,407	227,995	148,466			6,100,588	5,812,873
Wake	Triangle Math & Science	5,842,339	5,429,364	200,565	137,302			6,042,904	5,566,666

**North Carolina Department of Public Instruction
 Supplementary Information
 Schedule of Grants and Aid Paid to Charter Schools (Amount- Sorted Largest to Smallest)
 General Fund
 For the Fiscal Years Ended June 30, 2021 and 2020**

**Schedule D-7
 Page 2 of 5**

County of Location	Charter School Name	State Funds		Federal Grant Funds		Federal Child Nutrition Funds		2021 Total	2020 Total
		2021	2020	2021	2020	2021	2020		
Cabarrus	Cabarrus Charter Academy	5,625,888	5,461,753	350,325	372,867	171,710	95,763	6,147,923	5,930,383
Halifax	KIPP Halifax College Preparatory	5,600,560	4,239,653	517,343	265,302	21,059	370,707	6,138,962	4,875,662
Cabarrus	Carolina International School	5,581,698	5,335,230	275,282	260,085			5,856,980	5,595,315
Durham	Excelsior Classical Academy	5,486,103	4,419,169	135,306	106,831			5,621,409	4,526,000
Pasquotank	NE Academy Of Aerospace	5,404,160	3,982,330	376,968	127,588			5,781,128	4,109,918
Alamance	River Mill Academy	5,381,051	4,951,689	207,302	191,923			5,588,353	5,143,612
Orange	Eno River Academy	5,372,473	4,671,902	139,464	150,024			5,511,937	4,821,926
Guilford	The College Preparatory & Leadership Academy	5,225,352	4,526,168	774,751	505,575		13,660	6,000,103	5,045,403
Stanly	Gray Stone Day School	5,173,599	5,004,372	120,586	115,248			5,294,185	5,119,620
Mecklenburg	Charlotte Lab School	5,127,228	3,851,114	160,717	143,351			5,287,945	3,994,465
Forsyth	Forsyth Academies	5,095,378	4,647,614	463,975	444,030	65,207		5,624,560	5,091,644
Pamlico	Arapahoe Charter School	5,091,152	4,647,133	384,271	323,141	257,198	314,390	5,732,621	5,284,664
Wake	Pine Springs Preparatory Academy: CFA	5,086,053	4,577,626	166,962	96,094			5,253,015	4,673,720
Mecklenburg	Matthew's Charter Academy	4,976,543	4,479,755	480,965	234,114	62,791	73,358	5,520,299	4,787,227
Guilford	Summerfield Charter Academy	4,948,696	4,763,541	220,587	159,028	15,494	15,819	5,184,777	4,938,388
Granville	Oxford Preparatory High School	4,917,432	3,258,752	162,367	84,949			5,079,799	3,343,701
Wake	PreEminent Charter School	4,902,922	4,502,726	600,394	382,207	46,361	210,782	5,549,677	5,095,715
Johnston	Johnston Charter Academy	4,885,204	4,478,253	247,617	166,168	37,147	24,021	5,169,968	4,668,442
Wake	Wake Forest Charter Academy	4,878,528	4,673,563	209,193	185,494	37,246	37,538	5,124,967	4,896,595
Bladen	Emereau: Bladen	4,875,463	3,991,687	359,570	220,174			5,235,033	4,211,861
Durham	Research Triangle Charter Academy	4,843,923	4,619,450	441,737	309,191	28,557	456,407	5,314,217	5,385,048
Wake	Peak Charter Academy	4,841,645	4,542,472	186,786	170,967	15,398	13,930	5,043,829	4,727,369
Person	Roxboro Community School	4,767,986	4,545,787	116,543	117,629			4,884,529	4,663,416
Guilford	Greensboro Academy	4,752,288	4,581,222	182,176	181,051			4,934,464	4,762,273
Mecklenburg	Socrates Academy	4,744,435	4,422,485	146,290	119,939			4,890,725	4,542,424
Mecklenburg	Queen City STEM School	4,736,246	3,966,760	590,136	108,109			5,326,382	4,074,869
Wake	Envision Science Academy	4,725,336	4,473,790	193,195	145,122			4,918,531	4,618,912
Moore	Sandhills Theatre Arts Renaissance School (STARS)	4,716,968	3,544,335	323,515	248,324			5,040,483	3,792,659
Wake	Rolesville Charter Academy	4,710,369	3,973,228	214,330	146,740	22,855	38,011	4,947,554	4,157,979
Pitt	Winterville Charter Academy	4,623,994	4,387,051	324,105	284,710	41,253	113,722	4,989,352	4,785,483
Durham	Central Park School For Children	4,619,082	4,336,590	250,961	203,322	71,532	54,395	4,941,575	4,594,307
Guilford	Gate City Charter Academy	4,605,184	4,258,560	507,471	355,360	80,080	222,552	5,192,735	4,836,472
Forsyth	Quality Education Academy	4,552,154	3,564,864	826,625	588,534	147,064	310,926	5,525,843	4,464,324
Durham	Maureen Joy Charter School	4,520,112	4,294,889	700,912	382,740		225,039	5,221,024	4,902,668
New Hanover	American Leadership Academy	4,390,969	3,413,211	140,698	64,608			4,531,667	3,477,819
Buncombe	The Franklin School Of Innovation	4,322,972	3,673,819	236,833	195,401			4,559,805	3,869,220
Iredell	Iredell Charter Academy	4,308,317	4,167,407	175,906	248,282	203,985	68,738	4,688,208	4,484,427
Alamance	Clover Garden School	4,231,206	3,985,728	154,372	202,239			4,385,578	4,187,967
Wake	Torchlight Academy	4,083,803	3,549,702	750,100	575,799	876,566	527,029	5,710,469	4,652,530
Iredell	American Renaissance Middle School	3,979,553	3,581,259	466,296	158,512			4,445,849	3,739,771
Wake	Cardinal Charter Academy	3,960,548		135,233				4,095,781	
Mecklenburg	KIPP Charlotte Charter School	5,644,704	5,045,711	739,039	476,191	56,028	349,501	6,439,771	5,871,403
Mecklenburg	Southwest Charlotte STEM Academy	3,954,373	2,378,844	268,301	92,677			4,222,674	2,471,521
Mecklenburg	Jackson Day School	3,950,399	2,892,876	203,319	64,005			4,153,718	2,956,881

**North Carolina Department of Public Instruction
Supplementary Information
Schedule of Grants and Aid Paid to Charter Schools (Amount- Sorted Largest to Smallest)
General Fund
For the Fiscal Years Ended June 30, 2021 and 2020**

**Schedule D-7
Page 3 of 5**

County of Location	Charter School Name	State Funds		Federal Grant Funds		Federal Child Nutrition Funds		2021 Total	2020 Total
		2021	2020	2021	2020	2021	2020		
Wake	Sterling Montessori Academy	3,898,468	3,732,408	133,392	92,851			4,031,860	3,825,259
Rockingham	Bethany Community Middle School	3,830,476	3,310,089	143,828	111,681			3,974,304	3,421,770
Chatham	Chatham Charter School	3,760,981	3,471,225	128,045	95,196			3,889,026	3,566,421
Durham	Research Triangle High School	3,705,395	3,438,217	145,494	131,713			3,850,889	3,569,930
Rutherford	Lake Lure Classical Academy	3,681,992	3,611,432	333,373	182,189			4,015,365	3,793,621
Cumberland	The Capitol Encore Academy	3,657,110	3,529,539	364,734	272,733	130,468	109,726	4,152,312	3,911,998
Mecklenburg	Bonnie Clone Classical Academy	3,649,140	1,402,398	295,790	193,202			3,944,930	1,595,600
Mecklenburg	Movement Charter School	3,578,520	2,856,680	438,253	180,046	124,455	207,018	4,141,228	3,243,744
Wake	Casa Esperanza	3,558,281	3,392,790	145,051	104,593			3,703,332	3,497,383
Wake	Endeavor Charter School	3,501,448	3,088,883	105,084	72,569			3,606,532	3,161,452
Durham	Healthy Start Academy Charter	3,437,271	3,078,475	556,658	346,428	433,624		4,427,553	3,424,903
Forsyth	Arts-Based Elementary	3,417,138	3,284,334	144,800	115,892			3,561,938	3,400,226
Durham	Kestrel Heights School	3,411,216	3,359,590	147,097	144,354			3,558,313	3,503,944
Wake	Raleigh Charter High School	3,401,418	3,315,375	98,037	89,639			3,499,455	3,405,014
Chatham	The Woods Charter School	3,376,839	3,305,498	102,766	76,143	374	3,026	3,479,979	3,384,667
Davidson	Davidson Charter Academy:CFA	3,375,164	2,663,310	225,670	128,410			3,600,834	2,791,720
Union	Union Day School	3,374,975	2,662,257	105,593	95,423			3,480,568	2,757,680
Martin	Bear Grass Charter School	3,316,095	3,111,642	274,083	108,971			3,590,178	3,220,613
Brunswick	South Brunswick Charter School	3,078,240	2,426,466	184,918	119,480			3,263,158	2,545,946
Wake	Carolina Charter Academy:CFA	3,042,012	2,504,335	123,211	80,260			3,165,223	2,584,595
Transylvania	Brevard Academy	2,989,215	2,771,210	169,122	138,087			3,158,337	2,909,297
Moore	The Academy Of Moore County	2,984,812	2,703,304	104,523	71,952			3,089,335	2,775,256
Durham	KIPP Durham College Preparatory	2,975,830	2,485,073	438,859	247,366		194,161	3,414,689	2,926,600
Wake	The Exploris School	2,969,722	2,865,891	177,647	135,695			3,147,369	3,001,586
Franklin	Youngsville Academy	2,967,708	2,493,138	53,376	50,425			3,021,084	2,543,563
Buncombe	Evergreen Community Charter	2,958,287	2,799,849	233,156	119,825			3,191,443	2,919,674
Cabarrus	Concord Lake STEAM Academy	2,956,665	3,019,255	153,830	202,512			3,110,495	3,221,767
Mecklenburg	Pioneer Springs Community School	2,929,007	2,347,818	141,586	77,125			3,070,593	2,424,943
Forsyth	Carter G Woodson School Challenge	2,911,794	2,427,651	634,028	335,391	392,801	308,699	3,938,623	3,071,741
Guilford	Piedmont Classical High School	2,872,367	2,842,947	225,539	213,724			3,097,906	3,056,671
Beaufort	Washington Montessori Charter	2,847,113	2,649,293	62,373	57,709			2,909,486	2,707,002
Buncombe	The Artspace Charter School	2,788,601	2,579,348	335,011	114,701			3,123,612	2,694,049
Wake	Rise Southeast Raleigh Charter	2,787,211	2,518,935	550,422	177,764		203,686	3,337,633	2,900,385
New Hanover	Cape Fear Center For Inquiry	2,773,498	2,561,225	151,041	120,488			2,924,539	2,681,713
Franklin	Crosscreek Charter	2,771,323	2,285,737	188,665	110,903			2,959,988	2,396,640
Person	Bethel Hill Charter School	2,750,050	2,590,118	173,807	133,262	203,016	93,180	3,126,873	2,816,560
Burke	The New Dimensions School	2,722,472	2,269,695	147,888	158,387			2,870,360	2,428,082
Durham	The Institute For The Development of Young Leaders	2,686,491	2,272,416	216,244	168,110			2,902,735	2,440,526
Rockingham	Moss Street Partnership School	2,684,485	2,436,543	484,673	295,648			3,169,158	2,732,191
Wake	Magellan Charter School	2,637,865	2,544,593	111,169	73,415			2,749,034	2,618,008
Guilford	Guilford Charter School	2,615,050	1,968,005	476,357	255,659		131,474	3,091,407	2,355,138
Durham	Reaching All Minds Academy	2,608,041	2,268,476	144,443	101,122	203	1,130	2,752,687	2,370,728
Haywood	Shining Rock Classical Academy	2,587,791	1,978,187	149,333	141,970			2,737,124	2,120,157
Cabarrus	ACE Academy	2,582,577	2,445,397	316,731	166,530	40,307	60,399	2,939,615	2,672,326

North Carolina Department of Public Instruction
Supplementary Information
Schedule of Grants and Aid Paid to Charter Schools (Amount- Sorted Largest to Smallest)
General Fund
For the Fiscal Years Ended June 30, 2021 and 2020

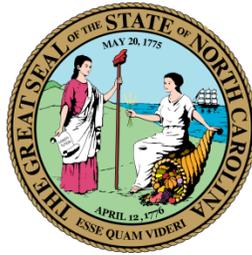
Schedule D-7
Page 4 of 5

County of Location	Charter School Name	State Funds		Federal Grant Funds		Federal Child Nutrition Funds		2021 Total	2020 Total
		2021	2020	2021	2020	2021	2020		
Lee	Ascend Leadership Academy	2,527,136	1,911,436	115,526	37,686			2,642,662	1,949,122
Orange	The Expedition School	2,525,684	2,296,671	75,856	56,276			2,601,540	2,352,947
Mecklenburg	Steele Creek Preparatory Academy	2,524,940	2,023,485	77,054	95,990		38,676	2,601,994	2,158,151
Wake	Longleaf School Of The Arts	2,519,715	2,287,211	118,089	87,921			2,637,804	2,375,132
Henderson	Fernleaf Community Charter School	2,511,617	2,018,472	125,370	89,858			2,636,987	2,108,330
New Hanover	Girls Leadership Academy Of Wilmington	2,419,987	1,829,206	407,592	165,458	63,188	152,732	2,890,767	2,147,396
Halifax	Hobgood Charter School	2,380,907	1,707,011	213,227	43,698			2,594,134	1,750,709
Mecklenburg	Invest Collegiate	2,361,643	2,103,621	517,791	239,655			2,879,434	2,343,276
Mecklenburg	Metrolina Regional Scholars' Academy	2,347,753	2,116,610	67,470	56,590			2,415,223	2,173,200
Guilford	Revolution Academy	2,267,846		54,803				2,322,649	
Guilford	The Experiential School of Greensboro	2,264,536	1,974,432	51,970	58,620			2,316,506	2,033,052
Gaston	TEAMCFA - Community Public Charter	2,248,818	1,526,305	195,720	183,472			2,444,538	1,709,777
Wayne	Dillard Academy	2,218,668	2,099,405	286,601	217,111	39,258	145,784	2,544,527	2,462,300
Alamance	Alamance Community School	2,177,874		257,860				2,435,734	
Harnett	Anderson Creek Academy	2,077,116	1,680,151	31,705	32,173			2,108,821	1,712,324
Alamance	The Hawbridge School	2,023,230	1,907,753	67,035	59,984			2,090,265	1,967,737
Wake	Raleigh Oak Charter School	2,005,614	1,628,219	71,597	36,981			2,077,211	1,665,200
Mecklenburg	Charlotte Secondary	1,898,087	1,863,820	144,233	115,793			2,042,320	1,979,613
Forsyth	Appalachian State U Academy Middle Fork	1,891,498	1,741,085	511,207	297,688			2,402,705	2,038,773
Chatham	Willow Oak Montessori	1,863,131	1,416,470	43,003	40,217			1,906,134	1,456,687
Wake	Central Wake Charter High School	1,808,615	1,637,673	286,560	154,044			2,095,175	1,791,717
Washington	Pocosin Innovative Charter	1,806,473	1,407,758	82,581	60,046			1,889,054	1,467,804
Martin	North East Regional School	1,755,689	1,718,062	44,834	21,906			1,800,523	1,739,968
Mecklenburg	United Community School	1,717,051	1,555,374	101,796	95,135			1,818,847	1,650,509
Mecklenburg	Commonwealth High School	1,703,068	1,628,745	153,585	23,477			1,856,653	1,652,222
Mecklenburg	Stewart Creek High School	1,697,328	1,630,758	140,989	43,967			1,838,317	1,674,725
Jackson	Summit Charter School	1,677,302	1,576,011	48,823	43,516			1,726,125	1,619,527
Guilford	Next Generation Academy	1,656,214	1,460,766	466,403	148,227	19,568	350	2,142,185	1,609,343
Robeson	Southeastern Academy	1,652,127	1,578,191	30,669	33,982			1,682,796	1,612,173
Union	Apprentice Academy High School of North Carolina	1,647,874	1,396,126	295,755	53,831			1,943,629	1,449,957
Durham	Global Scholars Academy Charter	1,615,561	1,506,230	367,157	138,087	16,767	175,889	1,999,485	1,820,206
Carteret	Tiiler School	1,584,042	1,312,653	123,745	63,340			1,707,787	1,375,993
Mecklenburg	Unity Classical Charter School	1,553,644	1,192,750	102,606	34,032			1,656,250	1,226,782
Cherokee	Learning Center (The)	1,552,671	1,437,361	183,765	89,485		56,981	1,736,436	1,583,827
Lee	Mina Charter School of Lee Co	1,551,425		385,817	125,961	14,921		1,952,163	125,961
Durham	Carter Community School	1,536,515	1,447,001	343,383	154,875	183,314	112,575	2,063,212	1,714,451
Swain	Mountain Discovery School	1,523,948	1,396,846	94,724	79,112			1,618,672	1,475,958
New Hanover	Island Montessori Charter	1,508,169	1,460,556	51,620	37,334			1,559,789	1,497,890
New Hanover	D.C Virgo Preparatory Academy	1,475,184	1,279,361	242,916	172,617			1,718,100	1,451,978
Warren	Haliwa Saponi Tribal School	1,443,801	1,324,605	133,810	91,920		56,139	1,577,611	1,472,664
Wilkes	Bridges Charter School	1,413,263	1,344,235	136,425	198,423	31,055	57,626	1,580,743	1,600,284
Henderson	The Mountain Community School	1,406,035	1,311,976	51,516	37,730			1,457,551	1,349,706

**North Carolina Department of Public Instruction
Supplementary Information
Schedule of Grants and Aid Paid to Charter Schools (Amount- Sorted Largest to Smallest)
General Fund
For the Fiscal Years Ended June 30, 2021 and 2020**

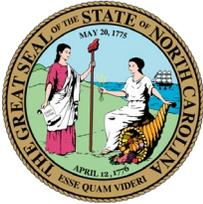
**Schedule D-7
Page 5 of 5**

County of Location	Charter School Name	State Funds		Federal Grant Funds		Federal Child Nutrition Funds		2021 Total	2020 Total
		2021	2020	2021	2020	2021	2020		
Mecklenburg	Lakeside Charter Academy	1,366,162	834,192	173,797	25,137			1,539,959	859,329
Buncombe	Francine Delany New School for Children	1,309,435	1,157,874	88,849	86,033			1,398,284	1,243,907
Lenoir	Children's Village Academy	1,295,243	1,242,378	1,305,626	937,162	230,727	183,331	2,831,596	2,362,871
Gaston	Ridgeview Charter School	1,229,614	934,412	302,994	137,564			1,532,608	1,071,976
Watauga	Two Rivers Community School	1,227,921	1,044,937	142,728	84,463			1,370,649	1,129,400
Durham	Discovery Charter School	1,204,999	704,630	53,656	32,098			1,258,655	736,728
Mecklenburg	Aristotle Preparatory Academy	1,146,261	859,275	182,526	122,017	103,287	67,597	1,432,074	1,048,889
Onslow	Zeca School Of Arts And Technology	1,136,159	1,046,981	380,154	224,610	170,089	286,628	1,686,402	1,558,219
Bladen	Paul R Brown Leadership Academy	1,114,931	1,087,703	642,710	141,505			1,757,641	1,229,208
Lincoln	West Lake Preparatory Academy	1,111,248	688,457	29,926	17,394			1,141,174	705,851
Mecklenburg	Movement School Eastland	1,074,840		411,193	18,182	19,566		1,505,599	18,182
Harnett	Achievement Charter Academy	1,067,408		178,126				1,245,534	
Avery	Marjorie Williams Academy	996,346	955,531	597,212	297,955	85,798		1,679,356	1,253,486
Bertie	Three Rivers Academy	950,381	668,492	290,358	187,774			1,240,739	856,266
Wake	Quest Academy	944,406	902,768	31,686	21,008			976,092	923,776
Moore	Moore Montessori Community Charter	940,285	764,729	37,310	16,927			977,595	781,656
Robeson	CIS Academy	921,083	943,515	129,052	95,117			1,050,135	1,038,632
Mecklenburg	East Voyager Academy	904,748	813,956	56,120	124,866			960,868	938,822
Mecklenburg	Veritas Community School	872,508	773,360	99,214	67,100			971,722	840,460
Mecklenburg	Eastside STREAM Academy	866,886	676,070	190,149	81,229	62,143	35,049	1,119,178	792,348
New Hanover	Douglass Academy	861,290	759,336	188,474	108,427		63,329	1,049,764	931,092
Columbus	Flemington Academy	855,215	787,408	344,867	148,112			1,200,082	935,520
Mecklenburg	UpROAR Leadership Academy	849,082	755,089	255,437	116,602	33,894	25,164	1,138,413	896,855
Pitt	ECU Community School	826,978	693,472	254,853	161,953			1,081,831	855,425
New Hanover	Wilmington School of the Arts	811,092		265,942	89,832			1,077,034	89,832
New Hanover	Wilmington Preparatory	784,192	789,039	138,025	111,634			922,217	900,673
Rowan	Essie Mae Kiser Foxx Charter School	740,908	676,767	87,004	73,598			827,912	750,365
Iredell	Success Institute Charter School	725,205	698,673	153,710	95,109	10,952	70,563	889,867	864,345
Montgomery	Tillery Charter Academy	672,380	397,005	102,679	77,380			775,059	474,385
Union	Monroe Charter Academy	664,148	456,417	190,205	40,001			854,353	496,418
Mecklenburg	Niner University Elementary	445,118		22,795				467,913	
Jackson	Catamount School	406,207	366,341	20,712	13,366			426,919	379,707
Currituck	Waters Edge Village School	333,321	294,824	5,423	6,227			338,744	301,051
Avery	Grandfather Academy		303,785		218,932				522,717
Buncombe	Asheville Peak Academy			156,453				156,453	
Cabarrus	Kannapolis Charter Academy					127,142	66,037	127,142	66,037
Columbus	Davis Academy Chadbourn			40,194				40,194	
Forsyth	B.L.U.E. - G.R.E.E.N Academy		303,126						303,126
Guilford	Guilford Preparatory Academy					62,129		62,129	
Mecklenburg	Tetra Institute			73,142				73,142	
Pitt	Ignite Innovation Academy-Pitt		1,135,982		355,458				1,491,440
		<u>\$ 850,625,855</u>	<u>\$ 750,877,796</u>	<u>\$ 64,998,530</u>	<u>\$ 39,667,108</u>	<u>\$ 9,697,646</u>	<u>\$ 11,327,148</u>	<u>\$ 925,322,031</u>	<u>\$ 801,872,052</u>



INDEPENDENT AUDITOR'S REPORT

STATE OF NORTH CAROLINA
Office of the State Auditor



Beth A. Wood, CPA
State Auditor

2 S. Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699
Telephone: (919) 807-7500
Fax: (919) 807-7647
www.auditor.nc.gov

**INDEPENDENT AUDITOR'S 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**

The State Board of Education
and Management of the North Carolina Department of Public Instruction

We have audited, in accordance with the 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, the financial statements of the governmental funds as of and for the years ended June 30, 2021 and 2020, and the proprietary fund as of and for the year ended June 30, 2020 of the North Carolina Department of Public Instruction (Department), and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated July 29, 2022.

As discussed in Note 1, the financial statements of the North Carolina Department of Public Instruction are intended to present the financial position, changes in financial position and, where applicable, cash flows that are only attributable to the transactions of the North Carolina Department of Public Instruction. They do not purport to, and do not, present fairly the financial position of the State of North Carolina as of June 30, 2021 or 2020, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department'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 Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department'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 Department's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Finding, Recommendation, and Response section, we identified certain a deficiency in internal control that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free from 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 financial statements. 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*.

Department's Response to Finding

The Department's response to the finding identified in our audit is described in the accompanying Finding, Recommendation, and Response section. The Department's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

Purpose of this Report

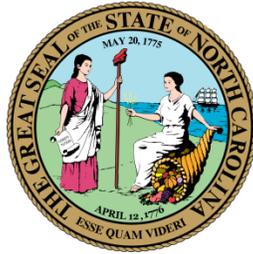
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control or on compliance. This report is an integral part of an audit performed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



Beth A. Wood, CPA
State Auditor

Raleigh, North Carolina

July 29, 2022



FINDING, RECOMMENDATION, AND RESPONSE

Matters Related to Financial Reporting

The following audit finding was identified during the current audit and describes conditions that represent a deficiency in internal control.

INADEQUATE INTERNAL CONTROLS RESULTED IN MISSTATEMENTS AND INCREASED RISK OF UNDETECTED ERRORS

Department management did not have adequate internal controls, including review procedures, to ensure accurate financial reporting. Auditors found that the Department's review over the financial statements failed to identify several significant misstatements.

Specifically:

- General Fund federal revenues and intergovernmental receivables were understated by \$35.5 million because grant revenues that were earned as of June 30, 2020 were not recorded.
- Public School Insurance Fund revenues and expenses were overstated by \$26.3 million because reinsurance recoveries¹ were not offset with claims expense.
- Public School Insurance Fund assets (prepaid reinsurance) were understated and operating expenses were overstated by \$10.9 million because the reinsurance policy for the subsequent fiscal year was incorrectly expensed.
- Public School Insurance Fund investments and investment earnings were understated by \$4.0 million because the investment balance was not adjusted for fair value changes at year-end.
- Capital Projects Fund financial statements were out of balance by \$2.0 million for the fiscal year ended June 30, 2020.

If these errors had not been identified and corrected, financial statement users would have been misinformed about the Department's financial condition or operating results. In addition, Department management could have made financial decisions based on unreliable or incomplete information.

According to the Department, the financial reporting errors occurred and went undetected and corrected because Department management:

- Did not design and implement monitoring plans and activities to ensure a thorough review of the financial statements for accuracy and completeness prior to submission for audit.
- Did not ensure adequate and sufficient expertise and staffing were in place for accurate compilation of the annual financial statements.

This finding was previously reported in the Department's 2019 financial statement audit report.

¹ Refer to Government Accounting Standards Board (GASB) Statement No. 10 paragraph 37 and additional details in the Department's risk management disclosure, Note 13.

North Carolina General Statutes² require that Department management establish and maintain a proper system of internal controls in accordance with the standards established by the North Carolina Office of the State Controller. Included in those standards is the Committee of Sponsoring Organizations (COSO) *Internal Control - Integrated Framework*,³ which establishes objectives for the preparation of financial reporting for use by the entity, stakeholders, and other external parties.

Recommendation: Department management should provide resources to ensure:

- Priority is given to the design and implementation of monitoring plans and activities, including a thorough review of the financial statements to ensure accurate and complete financial reporting; and
- Financial reporting staff are adequately trained and possess expertise for compiling accurate financial statements.

Department's Response: See pages 100-101 for the North Carolina Department of Public Instruction's response to this finding.

² Chapter 143D, Article 2.

³ Committee of Sponsoring Organizations, *Internal Control – Integrated Framework*, May 2013.



NORTH CAROLINA DEPARTMENT OF PUBLIC INSTRUCTION

Catherine Truitt, *Superintendent of Public Instruction*

www.dpi.nc.gov

July 26, 2022

The Honorable Beth A. Wood, State Auditor
Office of State Auditor
2 South Salisbury Street
20601 Mail Service Center
Raleigh, North Carolina 27699-0601

The North Carolina Department of Public Instruction (DPI) is pleased to submit our response to your findings in connection with the financial statement audit for the years ended June 30, 2021, and 2020. We agree with the finding and recommendation contained in the report and appreciate the assistance provided by the Office of State Auditor (OSA).

In our responses below, you will find actions we have taken or are currently taking to resolve the issues noted for the fiscal years ended June 30, 2021, and 2020.

Finding: Inadequate Internal Controls Resulted in Misstatement and Increased Risk of Undetected Errors

Department management did not have adequate internal controls, including review procedures, to ensure accurate financial reporting. Auditors found that the Department's review over the financial statements failed to identify several significant misstatements.

OSA Recommendation: Department management should provide resources to ensure:

- *Priority is given to the design and implementation of monitoring plans and activities, including a thorough review of the financial statements to ensure accurate and complete financial reporting; and*
- *Financial reporting staff are adequately trained and possess expertise for compiling accurate financial statements.*

DPI acknowledges that this is a repeat finding from the 2019 financial statement audit which was issued June 15, 2020. Three of the five significant items that were noted in the report related to the Public School Insurance Fund, which as noted in the prior year, DPI did not have the expertise within the department, and has since been transferred to the NC Department of Insurance.

The current staff have made considerable improvements in the last two years. DPI continues to recruit for high level managers and accountants to fill the current vacancies, and has been successful in several cases, albeit a challenging employment market. In addition, DPI is making organizational changes to the Agency Financial Services to recruit a qualified accounting manager to continue the progress in the Accounting Controls and Reporting.

OFFICE OF THE NORTH CAROLINA STATE SUPERINTENDENT

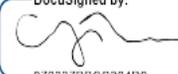
Catherine Truitt, *Superintendent of Public Instruction* | catherine.truitt@dpi.nc.gov
6301 Mail Service Center, Raleigh, North Carolina 27699-6301 | (984) 236-2200 | Fax (984) 236-2349

AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER

Auditor Wood
DPI FY 20 & 21 Financial Statements
page 2
July 26, 2022

We feel confident that with the continued focus on accounting controls, the deficiencies will not only be addressed, but all of the DPI financial operations will be strengthened. Please feel free to contact Jeani Rousseau or me if you have any questions about our response. We appreciate the effort and professionalism of your staff in conducting audits of the Department of Public Instruction.

Sincerely,

DocuSigned by:

972337BBCC384D9
Catherine Truitt

c: Eric Davis, State Board of Education Chairman
Alan Duncan, SBE Audit Committee Chair
Alexis Schauss, Chief Financial Officer
Jeani Rousseau, Director of Internal Audit

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This audit required 5,698 hours at an approximate cost of \$598,513, including costs associated with the report on the Department's statewide financial statement audit procedures.