

July 1, 2022

Via Electronic Mail

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Dear Mr. Long and Mr. Kay:

We represent the Union County Board of Education. Over the course of the last few weeks, several Commissioners have made public and false statements regarding the Board of Education and its current financial situation. We have included samples of these statements for your review. Originally, the Board of Education considered these statements to reflect how seriously Commissioners are misinformed.

To address the misinformation and lack of joint meeting, the Board of Education met on June 21 to provide Commissioners, as well as the public, factual information regarding its budget and fund balance. The meeting may be viewed [here](#). The budget information and presentation shared with the Board at this meeting may be found [here](#). This meeting's sole purpose was to genuinely provide accurate information after Chairman Rape made several public comments about the Board's budget, including:

- In a June 2, 2022, Facebook post, according to the County CFO "...they (UCBOE) still had \$37 + MILLION IN UNSPENT CAPITAL MONEY FROM PREVIOUSLY APPROVED BUDGETS DATING ALL THE WAY BACK TO 2016."
- In this same Facebook post, "AFTER WAITING APPROXIMATELY 3 WEEKS WE RECEIVED AN EMAIL STATING THAT \$23.9 MILLION WAS NOT ENCOMBERED (sic)."
- In your meeting on June 13, 2022, "*I was appalled to find out about the unallocated fund balance of \$29.2 million dollars with the schools,*" and "*\$29.2 million in fund balance and this came from unpaid teacher salaries and supplements that have been accumulated over the last few years.*"

At the June 21 meeting, a portion of the Board's FY 2021 audited financial statements was shared, particularly the fund balance statement. This portion of the fund balance indicates clearly the Board has approximately \$9,446,925 in unrestricted fund balance. This amount represents less than seven (7) days of operating expenses for UCPS and is maintained generally to ensure UCPS has enough cash on hand to pay bills and requisitions before county, state or federal appropriates are received. Having this amount of unrestricted fund balance is fiscally sound and good financial governance as it allows UCPS to pay its bills on time and to pay for any unexpected costs. As explained at the June 21 meeting, the other approximate \$20 Million in fund balance is restricted as to use and much of this amount has been allocated by the district or the schools. Further, as you know, and Chairman Rape knows from his time on the school board, the law prohibits UCPS from

using capital funds for non-capital expenses. Certainly, the opposite is true and general/current expense funds cannot be used for capital expenditures.

Since June 21, Commissioners have continued to publish false information regarding UCPS.

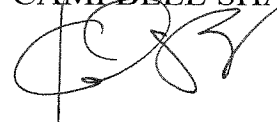
- In a Facebook live post, Commissioner Williams made inaccurate comments about the budget and stated that the Board and UCPS CFO violated North Carolina law; and
- In emails to members of the public, as recently as June 26, 2022, "UCPS has been hoarding Operational funds."

As this rhetoric continues, it is now apparent the Commissioners are not misinformed, rather they are choosing to make false and reckless statements. Why would Commissioners go to such an effort after the Board responded to questions on June 10 and disproved their previous statements at the June 21 meeting with a full explanation of its fund balance? Certainly, the Commissioners understand the difference between unrestricted and restricted funds as well as the difference between capital and general/current expense funds. The Commissioners also understand why having a fund balance is appropriate. (The County's fund balance at FY 2021 was over \$235 Million, approximately 45% of the total expected expenditures for FY2022.) Instead of discussing in good faith the funding our students receive, multiple Commissioners choose to manufacture issues with, what appears to be, a purpose and intent of furthering personal grievances for political gain.

We know you represent and counsel the Board of Commissioners as a whole. We are also aware you likely have little control over what Commissioners say. However, there is no doubt these Commissioners' statements are being made in their official capacity and that a majority of them have engaged in making these statements. With that in mind, we ask you to counsel the Commissioners to refrain from making further false and reckless statements about UCPS, its staff, and the Board of Education. Their continued false claims will harm UCPS and the children of Union County.

Please contact us if you would like to discuss further.

CAMPBELL SHATLEY, PLLC



K. Dean Shatley, II



Michele Morris
General Counsel
Union County Board of Education
(Not a member of the firm)

KDS:pjl
Enclosures