

**ASHEBORO CITY SCHOOLS
BOARD OF EDUCATION
Asheboro, North Carolina**

*Financial Statements
For the Fiscal Year Ended
June 30, 2022*

ASHEBORO CITY BOARD OF EDUCATION
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ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Asheboro City Board of Education
Asheboro, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Asheboro City Board of Education, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Asheboro City Board of Education's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Asheboro City Board of Education, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General, State Public School and Federal Grants and Other Special Revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 11 and the Schedules of the Board's Proportionate Share of the Net Pension Liability, OPEB Liability and OPEB Asset and the Schedules of Board Contributions on pages 49 through 54, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2022, on our consideration of the Asheboro City Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Asheboro City Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Asheboro City Board of Education's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

November 22, 2022
West End, North Carolina
(910) 603-0508

ASHEBORO CITY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Asheboro City Board of Education's (the "Board") financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2022. This information should be read in conjunction with the audited financial statements included in this report.

Impact of Coronavirus on District

During the fiscal year, the state and nation continued to be affected by the coronavirus (COVID-19) pandemic. Educational services returned to the traditional classroom environment. The Board incurred additional expenses as a result of COVID-19 including: purchase of personal protective equipment, remote learning educational tools, learning loss remediation as a result of the online learning challenges and an increase in salaries due to Board's expansions of summer school programs and hiring, retention and COVID-19 bonuses. The Board received significant grants from the federal government to assist with these additional expenses incurred due to the world-wide pandemic.

Financial Highlights

- For the fiscal year ended June 30, 2022, the Board's total government-wide net position increased by \$23.8 million. Governmental activities net position increased by \$23.1 million, and business-type activities net position increased by \$732,000 or 31.9%.
- The Board's average daily membership (ADM) for the fiscal year ended June 30, 2022 was 4,427 students, an increase of 9 students from the 2021 ADM of 4,418.
- The Board's governmental funds reported a combined fund balance of \$9.2 million at June 30, 2022, an increase of \$2.4 million from the amount reported at June 30, 2021.

Overview of the Financial Statements

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

- *Independent Auditors' Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental section that presents the Schedules of the Board's Proportionate Share of Net Pension and OPEB Liabilities (Assets) and the Schedules of Board Contributions.*
- *Supplementary section that presents individual fund statements and budgetary schedules for governmental and enterprise funds.*

The *Basic Financial Statements* include two types of statements that present different views of the Board's finances. The first is the *Government-wide Statements*. The government-wide statements are presented on the full accrual basis of accounting and include the statement of net position and the statement of activities. The statement of net position includes all of the Board's assets, deferred outflows of resources, liabilities and deferred inflows of resources. Assets and liabilities are classified in the order of relative liquidity for assets and due date for liabilities. This statement provides a summary of the Board's investment in assets, deferred outflows of resources, deferred inflows of resources and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement. The statement of activities summarizes the Board's revenues and expenses for the current year. A net (expense) revenue format is used to indicate to what extent each function is self-sufficient.

The second set of statements included in the basic financial statements is the *Fund Financial Statements*, which are presented for the Board's governmental funds and proprietary funds. These statements

ASHEBORO CITY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The proprietary funds are presented on the full accrual basis of accounting.

The fund financial statements focus on the Board's most significant funds. Because a different basis of accounting is used in the government-wide statements, reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statements provide information about the Board as an economic unit while the fund financial statements provide information on each of the financial resources of each of the Board's major funds.

Government-wide Statements

The government-wide statements report information about the unit as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Board's assets and liabilities. All the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

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

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

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

Fund Financial Statements

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

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

Asheboro City Board of Education has two types of funds:

Governmental funds: Most of the Board's basic services are included in the governmental funds, which generally focus on two things – 1) how cash and other assets that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the coming year to finance the

**ASHEBORO CITY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental fund statements, in the form of a reconciliation, explains the relationship (or differences) between the government-wide and the fund financial statements. The Board has several governmental funds: the General Fund, the State Public School Fund, the Federal Grants Fund, the Other Special Revenue Fund, the Capital Outlay Fund and the Individual Schools Fund.

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

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

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

Financial Analysis of the Board as a Whole

Net position is an indicator of the fiscal health of the Board. Assets and deferred outflows exceeded Liabilities and deferred inflows by \$9.7 million as of June 30, 2022 as compared to liabilities and deferred inflows exceeding assets and deferred outflows by \$14.1 million as of June 30, 2021, an increase of \$23.8 million. The largest component of net position is net investment in capital assets of \$72.6 million. Following is a summary of the Statement of Net Position at June 30, 2022 and 2021:

**ASHEBORO CITY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Table 1
Condensed Statement of Net Position
As of June 30, 2022 and 2021**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/22	6/30/21	6/30/22	6/30/21	6/30/22	6/30/21
Current and other assets	\$ 10,899,360	\$ 8,610,405	\$ 3,102,249	\$ 2,345,899	\$ 14,001,609	\$ 10,956,304
Capital assets	<u>72,330,403</u>	<u>59,006,583</u>	<u>245,691</u>	<u>281,289</u>	<u>72,576,094</u>	<u>59,287,872</u>
Total assets	<u>83,229,763</u>	<u>67,616,988</u>	<u>3,347,940</u>	<u>2,627,188</u>	<u>86,577,703</u>	<u>70,244,176</u>
Deferred outflows of resources	<u>14,809,091</u>	<u>13,929,568</u>	<u>47,541</u>	<u>44,718</u>	<u>14,856,632</u>	<u>13,974,286</u>
Current liabilities	2,664,782	3,756,437	86,734	76,999	2,751,516	3,833,436
Long-term liabilities	<u>58,471,920</u>	<u>69,205,500</u>	<u>185,356</u>	<u>219,908</u>	<u>58,657,276</u>	<u>69,425,408</u>
Total liabilities	<u>61,136,702</u>	<u>72,961,937</u>	<u>272,090</u>	<u>296,907</u>	<u>61,408,792</u>	<u>73,258,844</u>
Deferred inflows of resources	<u>30,237,367</u>	<u>25,016,103</u>	<u>97,070</u>	<u>80,308</u>	<u>30,334,437</u>	<u>25,096,411</u>
Net investment in capital assets	72,330,403	59,006,583	245,691	281,289	72,576,094	59,287,872
Restricted net position	3,664,281	2,636,579	374	477	3,664,655	2,637,056
Unrestricted net position (deficit)	<u>(69,329,899)</u>	<u>(78,074,646)</u>	<u>2,780,256</u>	<u>2,012,925</u>	<u>(66,549,643)</u>	<u>(76,061,721)</u>
Total net position (deficit)	<u>\$ 6,664,785</u>	<u>\$ (16,431,484)</u>	<u>\$ 3,026,321</u>	<u>\$ 2,294,691</u>	<u>\$ 9,691,106</u>	<u>\$ (14,136,793)</u>

The net position of the Board's governmental activities increased \$23.1 million during the year, from \$(16.4) million at June 30, 2021 to \$6.7 million at June 30, 2022. Restricted net position increased by \$1.0 million, primarily due to increased fund balance in the Capital Outlay Fund. Unrestricted net position increased \$8.7 million compared to the prior year, due primarily to the decrease in pension and OPEB expenses and an increase in General fund balance due to increased revenues in the State and Federal funds as a result of the \$6.6 million of COVID-19 Education Stabilization funds received. Net investment in capital assets increased \$13.3 million due to an excess of capital additions over depreciation for the year as a result of renovations being done to the High School. Deferred outflows and inflows of resources relate entirely to the pension and OPEB plans which the Board participates in. The Board is required to record its proportionate share of these items along with its proportionate share of the plan liabilities. See Note 2 of the financial statements for more details regarding these plans.

The net position of the Board's business-type activities increased \$732,000 from \$2.3 million at June 30, 2021 to \$3.0 million at June 30, 2022. This increase is the net income generated by our school food service fund and the child care operations during the 2022 fiscal year. The following table shows the revenues and expenses for the Board for the current and prior fiscal years:

**ASHEBORO CITY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Table 2
Condensed Statement of Activities
For the Fiscal Years Ended June 30, 2022 and 2021

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/22	6/30/21	6/30/22	6/30/21	6/30/22	6/30/21
Revenues:						
Program revenues:						
Charges for services	\$ 1,173,128	\$ 864,436	\$ 178,659	\$ 133,976	\$ 1,351,787	\$ 998,412
Operating grants and contributions	42,470,475	35,759,780	3,629,696	2,551,587	46,100,171	38,311,367
Capital grants and contributions	-	-	-	29,168	-	29,168
General revenues:						
County and City appropriations	26,418,644	16,276,376	-	-	26,418,644	16,276,376
State appropriations	2,172,728	2,069,890	-	-	2,172,728	2,069,890
Other revenues	420,408	530,349	487	6,520	420,895	536,869
Total revenues	<u>72,655,383</u>	<u>55,500,831</u>	<u>3,808,842</u>	<u>2,721,251</u>	<u>76,464,225</u>	<u>58,222,082</u>
Expenses:						
Governmental activities:						
Instructional services	39,783,022	38,061,741	-	-	39,783,022	38,061,741
System-wide support services	8,816,625	8,069,614	-	-	8,816,625	8,069,614
Ancillary services	182,621	256,263	-	-	182,621	256,263
Non-programmed charges	590,663	579,333	-	-	590,663	579,333
Unallocated depreciation	141,183	144,596	-	-	141,183	144,596
Business-type activities:						
School food service	-	-	2,976,105	2,155,567	2,976,105	2,155,567
Child care	-	-	146,107	168,834	146,107	168,834
Total expenses	<u>49,514,114</u>	<u>47,111,547</u>	<u>3,122,212</u>	<u>2,324,401</u>	<u>52,636,326</u>	<u>49,435,948</u>
Transfers in (out)	<u>(45,000)</u>	<u>(45,000)</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	23,096,269	8,344,284	731,630	441,850	23,827,899	8,786,134
Beginning net position (deficit)	<u>(16,431,484)</u>	<u>(24,495,425)</u>	<u>2,294,691</u>	<u>1,645,511</u>	<u>(14,136,793)</u>	<u>(22,849,914)</u>
Restatement	<u>-</u>	<u>(280,343)</u>	<u>-</u>	<u>207,330</u>	<u>-</u>	<u>(73,013)</u>
Beginning net position (deficit), restated	<u>(16,431,484)</u>	<u>(24,775,768)</u>	<u>2,294,691</u>	<u>1,852,841</u>	<u>(14,136,793)</u>	<u>(22,922,927)</u>
Ending net position (deficit)	<u>\$ 6,664,785</u>	<u>\$ (16,431,484)</u>	<u>\$ 3,026,321</u>	<u>\$ 2,294,691</u>	<u>\$ 9,691,106</u>	<u>\$ (14,136,793)</u>

ASHEBORO CITY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended June 30, 2022, total governmental activities generated revenues of \$72.7 million, expenses of \$49.5 million and transfers out of \$45,000 resulting in an increase in net position of \$23.1 million. Comparatively, revenues were \$55.5 million, expenses totaled \$47.1 million and transfers out were \$45,000 for the year ended June 30, 2021, resulting in an increase in net position of \$8.3 million. The increase in revenues is a result of increases in the Federal Grants fund related to COVID-19 Education Stabilization funds received as well as in Capital funds received from the County to fund construction. The increase in expenses is due to the increase in Federal expenses related to the COVID-19 funds offset by a decrease in pension and OPEB related expenses of \$5.5 million.

The Board's primary sources of revenues were funding from the State of North Carolina, Randolph County, and the United States Government, which respectively comprised 44.5%, 31.2% and 15.3% of our total revenues. As would be expected, the major component of our expenditures was instructional services which accounted for 80.3% of our total expenditures during the most recent fiscal year. Of the remaining 19.7% of our total expenditures, 17.8% was attributable to system-wide support services.

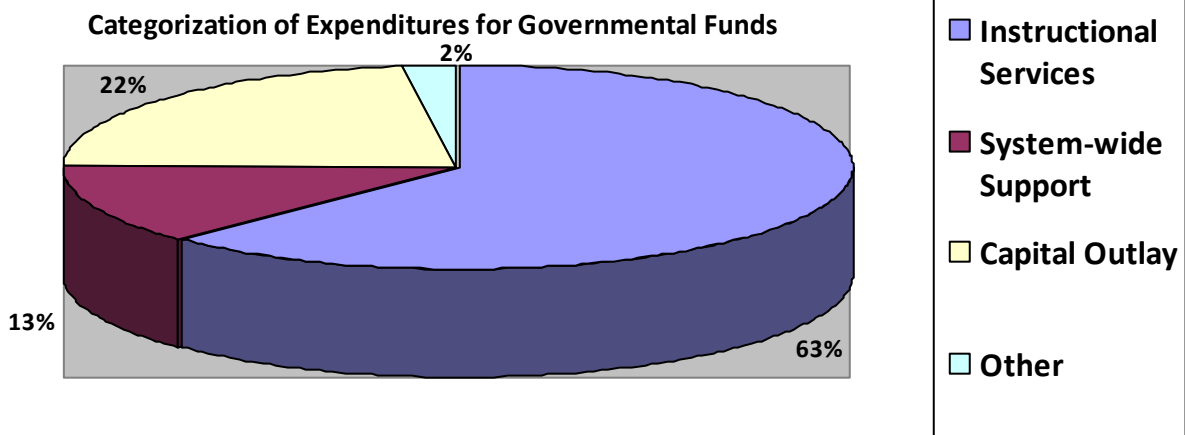
Our business-type activities generated revenues of \$3.8 million, while expenses in this category totaled \$3.1 million for the year ended June 30, 2022. For the year, net position increased by \$732,000 (including transfers in of \$45,000). Comparatively, revenues and expenses were \$2.7 million and \$2.3 million respectively with transfers in of \$45,000 for the year ended June 30, 2021, resulting in an increase in net position of \$442,000.

Financial Analysis of the Board's Funds

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

The Board's governmental funds reported a combined fund balance of \$9.2 million at June 30, 2022, an increase of \$2.4 million from the amount reported at June 30, 2021. The Board's General, Other Special Revenue, Capital Outlay and Individual School funds all reported revenues over expenditures for the year ended June 30, 2022 of \$1.1 million, \$536,000, \$709,000 and \$7,000, respectively. Overall, total governmental fund revenues increased by \$17.7 million or 31.9%, from the prior year, while total expenditures increased by \$17.2 million, or 32.0%, the change from the previous year is primarily due to increased Capital Outlay related to County funded capital renovations at the High School and an increase in Federal funds related to the COVID-19 pandemic. The Board also recognized an increase in the County current expense appropriations of \$334,000.

The following chart summarizes governmental fund expenditures:



Expenditures presented on modified accrual basis of accounting.

**ASHEBORO CITY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Proprietary Funds: The Board's business-type funds, the School Food Service Fund and the Child Care Fund, reported a combined increase in net position of \$732,000 for the fiscal year ended June 30, 2022, compared to an increase of \$442,000 for the same 2021 period. Net income in the School Food Service Fund (including transfers in) was \$719,000 for the fiscal year ended June 30, 2022, compared to a net income of \$477,000 for 2021, an improvement of \$242,000 resulting from an increase in revenues due to increased participation as students returned to a traditional in-person learning schedule all year while all students ate for free the entire year under the USDA Summer feeding program which provides a higher federal reimbursement rate to the Board. The Child Care Fund reported a net income of \$13,000 in 2022 compared to a net loss of \$35,000 in 2021, an improvement of \$48,000, due to the fund experiencing a return to normal operations.

General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget several times to account for changes in revenue expectations and program allocations. Since several revenue sources are either unknown or uncertain at the beginning of the fiscal year when the original budget is adopted, budget revisions are necessary throughout the year to recognize these adjustments.

Capital Assets

Total primary government capital assets were \$72.6 million at June 30, 2022 compared to \$59.3 million at June 30, 2021, an increase of \$13.3 million due to an excess of capital additions over depreciation expense for the year. More detailed information about the Board's capital assets is contained in the notes to the basic financial statements. The following is a summary of the Board's capital assets, net of depreciation, at June 30, 2022 and 2021.

**Table 3
Summary of Capital Assets
As of June 30, 2022 and 2021**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>6/30/22</u>	<u>6/30/21</u>	<u>6/30/22</u>	<u>6/30/21</u>	<u>6/30/22</u>	<u>6/30/21</u>
Land	\$ 3,038,935	\$ 3,038,935	\$ -	\$ -	\$ 3,038,935	\$ 3,038,935
Construction in progress	18,334,203	3,629,346	-	-	18,334,203	3,629,346
Buildings and improvements	50,594,759	51,896,328	-	-	50,594,759	51,896,328
Equipment and furniture	308,859	363,055	245,691	281,289	554,550	644,344
Vehicles	53,647	78,919	-	-	53,647	78,919
Total	<u>\$ 72,330,403</u>	<u>\$ 59,006,583</u>	<u>\$ 245,691</u>	<u>\$ 281,289</u>	<u>\$ 72,576,094</u>	<u>\$ 59,287,872</u>

Economic Factors

County and Supplemental Tax funding are a major source of income for the Board; therefore, the local area's economic outlook directly affects that of the Board's. Asheboro and Randolph County continue to feel the effects of the pandemic. Our unemployment rate was 4.0% at June 30, 2022 while the State and national rates were 3.4% and 3.6%, respectively.

Our local school district's supplemental tax provides approximately 26.4% of our funding for local budgets. These funds are critical for the effective operation of the school district. The Board has maintained a healthy fund balance over the years, but the long-term financial impact of the Coronavirus pandemic remains unknown, the district will continue to face some challenging funding decisions in the future.

**ASHEBORO CITY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Requests for Information

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

Sandra Annette Spivey, CPA
Finance Officer
Asheboro City Board of Education
1126 S. Park St.
Asheboro, NC 27203

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ASHEBORO CITY BOARD OF EDUCATION
STATEMENT OF NET POSITION
June 30, 2022

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 9,301,687	\$ 2,882,084	\$ 12,183,771
Due from other governments	1,551,369	129,888	1,681,257
Receivables	22,677	-	22,677
Internal balances	(1,854)	1,854	-
Net OPEB asset	25,481	82	25,563
Inventories	-	88,341	88,341
Capital assets:			
Land and construction in progress	21,373,138	-	21,373,138
Other capital assets, net of depreciation	50,957,265	245,691	51,202,956
Total capital assets	72,330,403	245,691	72,576,094
Total assets	83,229,763	3,347,940	86,577,703
Deferred Outflows of Resources	14,809,091	47,541	14,856,632
Liabilities			
Accounts payable and accrued expenses	1,587,193	53,263	1,640,456
Unearned revenue	60,636	26,205	86,841
Long-term liabilities:			
Due within one year	1,016,953	7,266	1,024,219
Due in more than one year	2,066,807	4,280	2,071,087
Net pension liability	8,277,084	26,572	8,303,656
Net OPEB liability	48,128,029	154,504	48,282,533
Total liabilities	61,136,702	272,090	61,408,792
Deferred Inflows of Resources	30,237,367	97,070	30,334,437
Net position			
Investment in capital assets	72,330,403	245,691	72,576,094
Restricted for:			
Stabilization by State statute	391,915	-	391,915
School capital outlay	2,451,690	-	2,451,690
Programs	429,750	-	429,750
Individual schools activities	274,628	-	274,628
DIPNC OPEB plan	116,298	374	116,672
Unrestricted (deficit)	(69,329,899)	2,780,256	(66,549,643)
Total net position	\$ 6,664,785	\$ 3,026,321	\$ 9,691,106

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

ASHEBORO CITY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2022

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Instructional services:							
Regular instructional	\$ 23,816,843	\$ -	\$ 22,985,813	\$ -	\$ (831,030)	\$ -	\$ (831,030)
Special populations	6,251,405	-	7,461,962	-	1,210,557	-	1,210,557
Alternative programs	3,359,194	-	2,816,804	-	(542,390)	-	(542,390)
School leadership	2,744,825	-	2,357,577	-	(387,248)	-	(387,248)
Co-curricular	765,982	587,629	-	-	(178,353)	-	(178,353)
School-based support	2,844,773	-	2,628,714	-	(216,059)	-	(216,059)
System-wide support services:							
Support and development	319,127	-	247,761	-	(71,366)	-	(71,366)
Special population support and development	178,160	-	17,073	-	(161,087)	-	(161,087)
Alternative programs and services support and development	99,067	-	101,004	-	1,937	-	1,937
Technology support	558,851	-	145,435	-	(413,416)	-	(413,416)
Operational support	5,479,926	-	2,060,908	-	(3,419,018)	-	(3,419,018)
Financial and human resource services	908,552	585,499	243,229	-	(79,824)	-	(79,824)
Accountability	39,095	-	9,363	-	(29,732)	-	(29,732)
System-wide pupil support	213,318	-	159,144	-	(54,174)	-	(54,174)
Policy, leadership and public relations	1,020,529	-	320,098	-	(700,431)	-	(700,431)
Ancillary services	182,621	-	179,642	-	(2,979)	-	(2,979)
Non-programmed charges	590,663	-	735,948	-	145,285	-	145,285
Unallocated depreciation expense**	141,183	-	-	-	(141,183)	-	(141,183)
Total governmental activities	49,514,114	1,173,128	42,470,475	-	(5,870,511)	-	(5,870,511)
Business-type activities:							
School food service	2,976,105	19,939	3,629,696	-	-	673,530	673,530
Child care	146,107	158,720	-	-	-	12,613	12,613
Total business-type activities	3,122,212	178,659	3,629,696	-	-	686,143	686,143
Total primary government	\$ 52,636,326	\$ 1,351,787	\$ 46,100,171	\$ -	(5,870,511)	686,143	(5,184,368)
General revenues:							
Unrestricted county and city appropriations - operating					9,879,309	-	9,879,309
Unrestricted county and city appropriations - capital					16,539,335	-	16,539,335
Unrestricted State appropriations - operating					2,062,754	-	2,062,754
Unrestricted State appropriations - capital					109,974	-	109,974
Investment earnings, unrestricted					3,296	487	3,783
Miscellaneous, unrestricted					417,112	-	417,112
Transfers					(45,000)	45,000	-
Total general revenues					28,966,780	45,487	29,012,267
Change in net position					23,096,269	731,630	23,827,899
Net position (deficit) - beginning					(16,431,484)	2,294,691	(14,136,793)
Net position - ending					\$ 6,664,785	\$ 3,026,321	\$ 9,691,106

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

FUND FINANCIAL STATEMENTS

ASHEBORO CITY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

Exhibit 3

	Major Funds					Non-major Fund	Total
	General	State Public School	Federal Grants	Other Special Revenue	Capital Outlay	Individual Schools	Governmental Funds
Assets							
Cash and cash equivalents	\$ 5,420,114	\$ -	\$ -	\$ 1,039,302	\$ 2,567,643	\$ 274,628	\$ 9,301,687
Due from other governments	111,332	566	33,422	331,426	1,074,623	-	1,551,369
Accounts receivable	10,223	-	-	12,454	-	-	22,677
Total assets	<u>\$ 5,541,669</u>	<u>\$ 566</u>	<u>\$ 33,422</u>	<u>\$ 1,383,182</u>	<u>\$ 3,642,266</u>	<u>\$ 274,628</u>	<u>\$ 10,875,733</u>
Liabilities and Fund balances							
Liabilities:							
Accounts payable and accrued liabilities	\$ 401,293	\$ -	\$ -	\$ 1,502	\$ 1,184,398	\$ -	\$ 1,587,193
Due to other funds	-	-	-	-	1,854	-	1,854
Unearned revenue	-	566	33,422	22,324	4,324	-	60,636
Total liabilities	<u>401,293</u>	<u>566</u>	<u>33,422</u>	<u>23,826</u>	<u>1,190,576</u>	<u>-</u>	<u>1,649,683</u>
Deferred inflows of resources	51,196	-	-	-	-	-	51,196
Fund balances:							
Restricted:							
Stabilization by State statute	70,359	-	-	321,556	-	-	391,915
School capital outlay	-	-	-	-	2,451,690	-	2,451,690
Programs	-	-	-	429,750	-	-	429,750
Individual schools	-	-	-	-	-	274,628	274,628
Assigned:							
Subsequent year's expenditures	750,000	-	-	-	-	-	750,000
Special revenues	-	-	-	608,050	-	-	608,050
Unassigned	4,268,821	-	-	-	-	-	4,268,821
Total fund balances	<u>5,089,180</u>	<u>-</u>	<u>-</u>	<u>1,359,356</u>	<u>2,451,690</u>	<u>274,628</u>	<u>9,174,854</u>
Total liabilities and fund balances	<u>\$ 5,541,669</u>	<u>\$ 566</u>	<u>\$ 33,422</u>	<u>\$ 1,383,182</u>	<u>\$ 3,642,266</u>	<u>\$ 274,628</u>	<u>\$ 10,875,733</u>

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

ASHEBORO CITY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

Exhibit 3 (continued)

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

Total fund balance (All Governmental Funds)	\$ 9,174,854
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	72,330,403
Net OPEB asset	25,481
Deferred outflows of resources related to pensions	8,049,879
Deferred outflows of resources related to OPEB	6,759,212
Other long-term assets (taxes receivable) are not available to pay for current period expenditures and therefore are deferred in the funds.	51,196
Some liabilities, including those for compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(3,083,760)
Net pension liability	(8,277,084)
Net OPEB liability	(48,128,029)
Deferred inflows of resources related to pensions	(11,766,677)
Deferred inflows of resources related to OPEB	<u>(18,470,690)</u>
Net position of governmental activities	<u>\$ 6,664,785</u>

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

ASHEBORO CITY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2022

Exhibit 4

	Major Funds					Non-major Fund	Total Governmental Funds
	General	State Public School	Federal Grants	Other Special Revenue	Capital Outlay	Individual Schools	
Revenues:							
State of North Carolina	\$ -	\$ 32,393,495	\$ -	\$ 158,500	\$ 109,974	\$ -	\$ 32,661,969
Randolph County							
Local current expense	6,347,728	-	-	-	-	-	6,347,728
Other	-	-	-	-	16,539,335	-	16,539,335
U.S. Government	-	889,796	9,522,222	819,864	-	-	11,231,882
Other	3,841,557	-	-	2,154,787	17,233	587,629	6,601,206
Total revenues	10,189,285	33,283,291	9,522,222	3,133,151	16,666,542	587,629	73,382,120
Expenditures:							
Current:							
Instructional services:							
Regular instructional	2,427,060	19,186,946	3,265,748	814,580	-	-	25,694,334
Special populations	413,439	4,818,546	1,859,182	321,162	-	-	7,412,329
Alternative programs	515,231	670,782	2,088,444	614,703	-	-	3,889,160
School leadership	369,268	2,713,707	248,004	-	-	-	3,330,979
Co-curricular	202,217	-	-	-	-	580,628	782,845
School-based support	334,973	2,292,669	499,090	205,673	-	-	3,332,405
System-wide support services:							
Support and development	86,943	274,105	25,298	-	-	-	386,346
Special population support and development	120,933	2,691	14,382	76,082	-	-	214,088
Alternative programs and services support and development	20,137	94,545	6,459	-	-	-	121,141
Technology support	235,894	301,175	100,472	7,024	-	-	644,565
Operational support	2,581,518	1,642,413	373,495	558,177	-	-	5,155,603
Financial and human resource services	476,970	530,361	71,157	-	-	-	1,078,488
Accountability	5,451	67,555	6,459	-	-	-	79,465
System-wide pupil support	29,555	199,138	7,535	-	-	-	236,228
Policy, leadership and public relations	658,796	440,428	44,137	-	-	-	1,143,361
Ancillary services	2,979	3,230	176,412	-	-	-	182,621
Non-programmed charges	590,663	-	735,948	-	-	-	1,326,611
Capital outlay	-	-	-	-	15,957,829	-	15,957,829
Total expenditures	9,072,027	33,238,291	9,522,222	2,597,401	15,957,829	580,628	70,968,398
Revenues over (under) expenditures	1,117,258	45,000	-	535,750	708,713	7,001	2,413,722
Other financing sources (uses):							
Transfers from (to) other funds	-	(45,000)	-	-	-	-	(45,000)
Net change in fund balance	1,117,258	-	-	535,750	708,713	7,001	2,368,722
Fund balances:							
Beginning of year	3,971,922	-	-	823,606	1,742,977	267,627	6,806,132
End of year	\$ 5,089,180	\$ -	\$ -	\$ 1,359,356	\$ 2,451,690	\$ 274,628	\$ 9,174,854

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2022**

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

Net changes in fund balances - total governmental funds	\$ 2,368,722
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	13,323,820
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	4,479,790
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	1,744,875
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Supplemental taxes	9,211
OPEB nonemployer contributions	291,113
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Net OPEB (expense) benefit	2,740,169
Pension (expense) benefit	(1,557,834)
Compensated absences	<u>(303,597)</u>
Total changes in net position of governmental activities	<u>\$ 23,096,269</u>

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

ASHEBORO CITY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2022

Exhibit 6

	General Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Randolph County	6,344,403	6,344,403	6,347,728	3,325
U.S. Government	-	-	-	-
Other	3,700,000	3,700,000	3,841,557	141,557
Total revenues	10,044,403	10,044,403	10,189,285	144,882
Expenditures:				
Current:				
Instructional services				
Regular instructional	2,140,000	2,550,251	2,427,060	123,191
Special populations	770,000	530,000	413,439	116,561
Alternative programs	335,000	520,000	515,231	4,769
School leadership	543,000	489,300	369,268	120,032
Co-curricular	225,000	225,000	202,217	22,783
School-based support	700,000	700,000	334,973	365,027
Instructional services	4,713,000	5,014,551	4,262,188	752,363
System-wide support services				
Support and development	120,000	-	86,943	(86,943)
Special population support and development	140,000	-	120,933	(120,933)
Alternative programs and services	12,000	24,760	20,137	4,623
Technology support	200,000	247,240	235,894	11,346
Operational support	2,552,115	2,592,115	2,581,518	10,597
Financial and human resource services	850,000	850,000	476,970	373,030
Accountability	195,000	195,000	5,451	189,549
System-wide pupil support services	150,000	150,000	29,555	120,445
Policy, leadership and public relations	980,000	910,000	658,796	251,204
System-wide support services	5,199,115	5,224,564	4,216,197	1,008,367
Ancillary services				
Community	-	-	-	-
Nutrition	-	3,000	2,979	21
Ancillary services	-	3,000	2,979	21
Nonprogrammed charges	650,000	650,000	590,663	59,337
Total expenditures	10,562,115	10,892,115	9,072,027	1,820,088
Revenues over (under) expenditures	(517,712)	(847,712)	1,117,258	1,964,970
Other financing uses:				
Transfers to other funds	(10,000)	(10,000)	-	10,000
Fund balance appropriated	527,712	857,712	-	(857,712)
Net change in fund balance	\$ -	\$ -	1,117,258	\$ 1,117,258
Fund balances:				
Beginning of year			3,971,922	
End of year			\$ 5,089,180	

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

ASHEBORO CITY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2022

Exhibit 6 (continued)

	State Public School Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
State of North Carolina	\$ 32,787,211	\$ 34,732,897	\$ 32,393,495	\$ (2,339,402)
Randolph County	-	-	-	-
U.S. Government	751,623	889,796	889,796	-
Other	-	-	-	-
Total revenues	<u>33,538,834</u>	<u>35,622,693</u>	<u>33,283,291</u>	<u>(2,339,402)</u>
Expenditures:				
Current:				
Instructional services				
Regular instructional	18,919,240	20,004,503	19,186,946	817,557
Special populations	4,757,460	4,998,634	4,818,546	180,088
Alternative programs	959,580	834,782	670,782	164,000
School leadership	2,751,680	3,109,529	2,713,707	395,822
Co-curricular	-	-	-	-
School-based support	<u>2,213,813</u>	<u>2,594,794</u>	<u>2,292,669</u>	<u>302,125</u>
Instructional services	<u>29,601,773</u>	<u>31,542,242</u>	<u>29,682,650</u>	<u>1,859,592</u>
System-wide support services				
Support and development	222,070	345,061	274,105	70,956
Special population support and development	5,550	8,241	2,691	5,550
Alternative programs and services	99,863	95,775	94,545	1,230
Technology support	341,918	364,516	301,175	63,341
Operational support	2,341,545	1,962,575	1,642,413	320,162
Financial and human resource services	197,991	532,004	530,361	1,643
Accountability	-	68,166	67,555	611
System-wide pupil support services	109,592	205,043	199,138	5,905
Policy, leadership and public relations	<u>260,730</u>	<u>450,840</u>	<u>440,428</u>	<u>10,412</u>
System-wide support services	<u>3,579,259</u>	<u>4,032,221</u>	<u>3,552,411</u>	<u>479,810</u>
Ancillary services				
Community	-	-	-	-
Nutrition	<u>312,802</u>	<u>3,230</u>	<u>3,230</u>	<u>-</u>
Ancillary services	<u>312,802</u>	<u>3,230</u>	<u>3,230</u>	<u>-</u>
Nonprogrammed charges	-	-	-	-
Total expenditures	<u>33,493,834</u>	<u>35,577,693</u>	<u>33,238,291</u>	<u>2,339,402</u>
Revenues over (under) expenditures	45,000	45,000	45,000	-
Other financing uses:				
Transfers to other funds	(45,000)	(45,000)	(45,000)	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances:				
Beginning of year			-	
End of year			<u>\$ -</u>	

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

ASHEBORO CITY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2022

Exhibit 6 (continued)

	Federal Grants Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Randolph County	-	-	-	-
U.S. Government	14,740,848	19,262,920	9,522,222	(9,740,698)
Other	-	-	-	-
Total revenues	<u>14,740,848</u>	<u>19,262,920</u>	<u>9,522,222</u>	<u>(9,740,698)</u>
Expenditures:				
Current:				
Instructional services				
Regular instructional	8,774,069	9,950,891	3,265,748	6,685,143
Special populations	1,409,041	2,297,661	1,859,182	438,479
Alternative programs	2,891,900	3,446,555	2,088,444	1,358,111
School leadership	-	389,058	248,004	141,054
Co-curricular	-	-	-	-
School-based support	<u>789,506</u>	<u>983,201</u>	<u>499,090</u>	<u>484,111</u>
Instructional services	<u>13,864,516</u>	<u>17,067,366</u>	<u>7,960,468</u>	<u>9,106,898</u>
System-wide support services				
Support and development	-	120,285	25,298	94,987
Special population support and development	38,000	23,475	14,382	9,093
Alternative programs and services	-	6,459	6,459	-
Technology support	133,505	150,013	100,472	49,541
Operational support	404,825	666,748	373,495	293,253
Financial and human resource services	-	71,157	71,157	-
Accountability	-	6,459	6,459	-
System-wide pupil support services	-	7,535	7,535	-
Policy, leadership and public relations	-	45,213	44,137	1,076
System-wide support services	<u>576,330</u>	<u>1,097,344</u>	<u>649,394</u>	<u>447,950</u>
Ancillary services				
Community	-	-	-	-
Nutrition	-	188,101	176,412	11,689
Ancillary services	-	188,101	176,412	11,689
Nonprogrammed charges	<u>300,002</u>	<u>910,109</u>	<u>735,948</u>	<u>174,161</u>
Total expenditures	<u>14,740,848</u>	<u>19,262,920</u>	<u>9,522,222</u>	<u>9,740,698</u>
Revenues over (under) expenditures	-	-	-	-
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances:				
Beginning of year			-	
End of year			<u>\$ -</u>	

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

ASHEBORO CITY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2022

Exhibit 6 (continued)

	Other Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
State of North Carolina	\$ 158,500	\$ 158,500	\$ 158,500	\$ -
Randolph County	-	-	-	-
U.S. Government	30,000	814,580	819,864	5,284
Other	1,009,280	1,657,633	2,154,787	497,154
Total revenues	1,197,780	2,630,713	3,133,151	502,438
Expenditures:				
Current:				
Instructional services				
Regular instructional	55,000	819,713	814,580	5,133
Special populations	72,000	321,162	321,162	-
Alternative programs	607,780	614,703	614,703	-
School leadership	-	-	-	-
Co-curricular	-	-	-	-
School-based support	160,000	233,852	205,673	28,179
Instructional services	894,780	1,989,430	1,956,118	33,312
System-wide support services				
Support and development	-	-	-	-
Special population support and development	48,000	76,082	76,082	-
Alternative programs and services	-	-	-	-
Technology support	-	7,024	7,024	-
Operational support	255,000	558,177	558,177	-
Financial and human resource services	-	-	-	-
Accountability	-	-	-	-
System-wide pupil support services	-	-	-	-
Policy, leadership and public relations	-	-	-	-
System-wide support services	303,000	641,283	641,283	-
Ancillary services				
Community	-	-	-	-
Nutrition	-	-	-	-
Ancillary services	-	-	-	-
Nonprogrammed charges	-	-	-	-
Total expenditures	1,197,780	2,630,713	2,597,401	33,312
Revenues over (under) expenditures	-	-	535,750	535,750
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	\$ -	\$ -	535,750	\$ 535,750
Fund balances:				
Beginning of year			823,606	
End of year			\$ 1,359,356	

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

ASHEBORO CITY BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPES
June 30, 2022

Exhibit 7

	Enterprise		
	Major Funds		
	School Food Service	Child Care	Totals
Assets			
Current assets:			
Cash and cash equivalents	\$ 2,727,873	\$ 154,211	\$ 2,882,084
Due from other governments	129,888	-	129,888
Due from other funds	1,854	-	1,854
Inventories	88,341	-	88,341
Total current assets	2,947,956	154,211	3,102,167
Noncurrent assets:			
Net OPEB asset	82	-	82
Capital assets:			
Furniture, equipment and vehicles, net	245,691	-	245,691
Total noncurrent assets	245,773	-	245,773
Total assets	3,193,729	154,211	3,347,940
Deferred Outflows of Resources	47,541	-	47,541
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	53,222	41	53,263
Compensated absences	1,045	6,221	7,266
Unearned revenue	26,205	-	26,205
Total current liabilities	80,472	6,262	86,734
Noncurrent liabilities:			
Net pension liability	26,572	-	26,572
Net OPEB liability	154,504	-	154,504
Compensated absences	292	3,988	4,280
Total noncurrent liabilities	181,368	3,988	185,356
Total liabilities	261,840	10,250	272,090
Deferred Inflows of Resources	97,070	-	97,070
Net position			
Net investment in capital assets	245,691	-	245,691
Restricted for DIPNC OPEB plan	374	-	374
Unrestricted	2,636,295	143,961	2,780,256
Total net position	\$ 2,882,360	\$ 143,961	\$ 3,026,321

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

ASHEBORO CITY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2022

Exhibit 8

	Enterprise		
	Major Fund		
	School Food Service	Child Care	Totals
Operating revenues:			
Food sales	\$ 19,939	\$ -	\$ 19,939
Child care fees	-	158,720	158,720
Total operating revenues	19,939	158,720	178,659
Operating expenses:			
Food cost:			
Purchase of food	1,248,446	11,702	1,260,148
Donated commodities	250,618	-	250,618
Salaries and benefits	939,454	112,062	1,051,516
Indirect costs	78,855	-	78,855
Materials and supplies	26,005	4,666	30,671
Depreciation	35,598	-	35,598
Non-capitalized equipment	4,540	-	4,540
Contracted services	381,289	17,677	398,966
Other	11,300	-	11,300
Total operating expenses	2,976,105	146,107	3,122,212
Operating income (loss)	(2,956,166)	12,613	(2,943,553)
Nonoperating revenues:			
Federal reimbursements	3,379,078	-	3,379,078
Federal commodities	250,618	-	250,618
Interest earned	487	-	487
Total nonoperating revenues	3,630,183	-	3,630,183
Income before transfers	674,017	12,613	686,630
Transfers from other funds	45,000	-	45,000
Change in net position	719,017	12,613	731,630
Net position, beginning of year	2,163,343	131,348	2,294,691
Net position, end of year	\$ 2,882,360	\$ 143,961	\$ 3,026,321

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

ASHEBORO CITY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2022

Exhibit 9

	Enterprise	
	Major Fund	Non-major Fund
	School Food	Child
	Service	Care
		Totals
Cash flows from operating activities:		
Cash received from customers	\$ 21,647	\$ 164,372
Cash paid for goods and services	(1,742,373)	(34,045)
Cash paid to employees for services	(920,057)	(107,935)
Net cash provided (used) by operating activities	(2,640,783)	22,392
Cash flows from noncapital financing activities:		
Federal and State reimbursements	3,344,716	-
Cash flows from investing activities:		
Interest earned on investments	487	-
Net increase in cash and cash equivalents	704,420	22,392
Cash and cash equivalents, beginning of year	2,023,453	131,819
Cash and cash equivalents, end of year	\$ 2,727,873	\$ 154,211
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (2,956,166)	\$ 12,613
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	35,598	-
Donated commodities	250,618	-
Salaries paid by special revenue fund	45,000	-
Changes in assets and liabilities:		
Decrease in accounts receivable	-	5,652
Decrease in OPEB asset	181	-
Increase in inventories	(1,009)	-
Increase in accounts payable and accrued liabilities	9,071	-

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

ASHEBORO CITY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2022

Exhibit 9 (continued)

	Enterprise		
	Major Fund	Non-major Fund	
	School Food	Child	
	Service	Care	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities (continued):			
Increase in unearned revenue	1,708	-	1,708
Decrease in pension liability	(46,643)	-	(46,643)
Increase in OPEB liability	7,811	-	7,811
Increase in deferred outflow	(2,823)	-	(2,823)
Increase in deferred inflow	16,762	-	16,762
Increase (decrease) in compensated absences payable	(891)	4,127	3,236
Total adjustments	315,383	9,779	325,162
Net cash provided (used) by operating activities	<u>\$ (2,640,783)</u>	<u>\$ 22,392</u>	<u>\$ (2,618,391)</u>

NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:

The School Food Service Fund received donated commodities with a value of \$250,618 during the fiscal year. The receipt of these commodities is reflected as a nonoperating revenue on Exhibit 8. The consumption of these commodities is recorded as an operating expense.

The State Public School Fund paid salaries and benefits of \$45,000 to personnel of the School Food Service Fund during the fiscal year. The payment is reflected as a transfer in and an operating expense on Exhibit 8.

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

ASHEBORO CITY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Asheboro City Board of Education conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Asheboro City Board of Education (Board) is a Local Education Agency empowered by State law [Chapter 115C of the North Carolina General Statutes] with the responsibility to oversee and control all activities related to public school education in Asheboro, North Carolina. The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity. The Board has no component units.

B. Basis of Presentation

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

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

Fund Financial Statements: The fund financial statements provide information about the Board's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The Board reports the following major governmental funds:

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

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

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

ASHEBORO CITY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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

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

The Board reports the following nonmajor governmental funds:

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

The Board reports the following major enterprise funds:

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

Child Care Fund. The Child Care Fund is used to account for the before and after school child care program within the school system.

C. Measurement Focus and Basis of Accounting

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

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

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

ASHEBORO CITY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the fund level for all annually budgeted funds. The budget is presented in the accompanying financial statements and schedules at the purpose level for informational purposes only. The Board has authorized the Superintendent to move moneys from one purpose to another within a fund. Amendments are required for any revisions that alter total expenditures of any fund. All amendments must be approved by the Board of Education. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

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

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

2. Cash and Cash Equivalents

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

3. Inventories

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

ASHEBORO CITY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

4. Capital Assets

Donated assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 1, 1990 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

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

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

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

	<u>Years</u>
Buildings and improvements	20 - 50
Equipment and furniture	3 - 12
Vehicles	6
Technology equipment	5

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

5. Deferred outflows and inflows of resources

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

6. Long-term Obligations

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

ASHEBORO CITY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

7. Compensated Absences

The Board follows the State's policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board's liability for accumulated earned vacation and the salary-related payments as of June 30, 2022 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years' records of the current portion of compensated absences.

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

8. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Restricted for Stabilization by State statute - portion of fund balance that is restricted by State Statute [G.S. 115C-425(a)].

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

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

Restricted for Programs – revenue sources restricted in purpose in accordance with specified grants or donors, and not intended for general K-12 expenditures.

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

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

ASHEBORO CITY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

Special revenues – portion of fund balance that represents the residual amount of revenues from tuition and fees, reimbursements, indirect costs and other financial resources in excess of related expenditures that the Board of Education has assigned to be expended within assigned purpose codes.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The Board of Education has a management policy for revenue spending that provides guidance for programs with multiple revenue sources. The Finance Officer will pay expenditures from restricted revenue sources first and then from general unrestricted revenues. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Board of Education.

9. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. The net adjustment of \$(2,510,069) consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets at historical cost on government-wide statement in governmental activities column)	\$ 109,686,998
Less Accumulated Depreciation	<u>(37,356,595)</u>
Net capital assets	72,330,403
Net OPEB Asset	25,481
Pension related deferred outflows of resources	8,049,879
OPEB related deferred outflows of resources	6,759,212
Taxes receivable not available to pay for current period expenditures and therefore are deferred in the funds	51,196
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Compensated absences	(3,083,760)
Net pension liability	(8,277,084)
Net OPEB liability	(48,128,029)
Deferred inflows of resources related to pensions	(11,766,677)
Deferred inflows of resources related to OPEB	<u>(18,470,690)</u>
Total adjustment	<u>\$ (2,510,069)</u>

ASHEBORO CITY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$20,727,547 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 15,279,352
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(1,955,532)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	4,479,790
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	1,744,875
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Supplemental taxes	9,211
OPEB nonemployer contributions	291,113
Expenses reported in the Statement of Activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements	
Pension (expense) benefit	(1,557,834)
Net OPEB (expense) benefit	2,740,169
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(303,597)
Total adjustment	<u>\$ 20,727,547</u>

10. Defined Benefit Pension Plan and OPEB Plans

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

ASHEBORO CITY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 - DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All of the Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Board's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Board, these deposits are considered to be held by the agent in the entity's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Board has no policy regarding custodial credit risk for deposits.

At June 30, 2022, the Board had deposits with banks and savings and loans with a carrying amount of \$12,183,741 and with the State Treasurer of \$-0-. Cash on hand was \$30 at June 30, 2022. The bank balances with the financial institutions and the State Treasurer were \$12,319,280 and \$1,012,524, respectively. Of these balances, \$794,221 was covered by federal depository insurance and \$12,537,583 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30 2022, the Board had \$-0- invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2022. The Board had \$-0- invested in the NCCMT as of June 30, 2022. The Board has no policy for managing interest rate risk or credit risk. All investments are measured using the market approach. The STIF is classified in Level 2 of the fair value hierarchy and valued using prices that are either directly or indirectly observable for an asset or liability.

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3. Accounts Receivable

Receivables at the government-wide level at June 30, 2022 are as follows:

	Due from other funds (Internal Balances)	Due from other governments	Other	Total
Governmental activities:				
General Fund	\$ -	\$ 111,332	\$ 10,223	\$ 121,555
Other governmental activities	<u>(1,854)</u>	<u>1,440,037</u>	<u>12,454</u>	<u>1,450,637</u>
Total governmental activities	<u>\$ (1,854)</u>	<u>\$ 1,551,369</u>	<u>\$ 22,677</u>	<u>\$ 1,572,192</u>
Business-type activities:				
School Food Service Fund	<u>\$ 1,854</u>	<u>\$ 129,888</u>	<u>\$ -</u>	<u>\$ 131,742</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 111,332	Operating funds from County
State Public School Fund	566	Sales tax
Federal Grants Fund	33,422	Sales tax
Other Special Revenue Fund	331,426	Medicaid & Sales tax receivable
Capital Outlay Fund	<u>1,074,623</u>	Due from County and sales tax
Total	<u>\$ 1,551,369</u>	
Business-type activities:		
School Food Service Fund	<u>\$ 129,888</u>	Federal reimbursement funds

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4. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,038,935	\$ -	\$ -	\$ 3,038,935
Construction in progress	3,629,346	15,084,481	379,624	18,334,203
Total capital assets not being depreciated	6,668,281	15,084,481	379,624	21,373,138
Capital assets being depreciated:				
Buildings	81,153,693	523,226	-	81,676,919
Land improvements	1,522,503	-	-	1,522,503
Furniture and equipment	4,348,232	51,269	-	4,399,501
Vehicles	714,937	-	-	714,937
Total capital assets being depreciated	87,739,365	574,495	-	88,313,860
Less accumulated depreciation for:				
Buildings	29,562,923	1,789,077	-	31,352,000
Land improvements	1,216,945	35,718	-	1,252,663
Furniture and equipment	3,985,177	105,465	-	4,090,642
Vehicles	636,018	25,272	-	661,290
Total accumulated depreciation	35,401,063	1,955,532	-	37,356,595
Total capital assets being depreciated, net	52,338,302			50,957,265
Governmental activity capital assets, net	<u>\$ 59,006,583</u>			<u>\$ 72,330,403</u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment	\$ 1,398,257	\$ -	\$ -	\$ 1,398,257
Vehicles	26,707	-	-	26,707
Total capital assets being depreciated	1,424,964	-	-	1,424,964
Less accumulated depreciation for:				
Equipment	1,116,968	35,598	-	1,152,566
Vehicles	26,707	-	-	26,707
Total accumulated depreciation	1,143,675	35,598	-	1,179,273
School Food Service capital assets, net	<u>\$ 281,289</u>			<u>\$ 245,691</u>

Depreciation was charged to governmental functions as follows:

Instructional services	\$ 1,824,795
System-wide support services	25,272
Unallocated depreciation	<u>105,465</u>
Total	<u>\$ 1,955,532</u>

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5. Significant Commitments

At June 30, 2022, the Board had several construction project contracts in progress. At year-end, the Board's commitments with contractors for the remaining portion of the contracts to complete these projects totaled \$8.5 million.

B. Liabilities

1. Pension Plan and Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

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

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

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

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2022, was

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14.78% from July 1, 2021 to December 31, 2021 and 17.98% from January 1, 2022 to June 30, 2022 of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$4,494,171 for the year ended June 30, 2022.

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

At June 30, 2022, the Board reported a liability of \$8,303,656 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2021 and at June 30, 2020, the Board's proportion was .17733% and .18937%, respectively.

For the year ended June 30, 2022, the Board recognized pension expense of \$1,562,836. At June 30, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 466,759	\$ 188,585
Changes of assumptions	3,114,791	-
Net difference between projected and actual earnings on pension plan investments	-	10,288,334
Changes in proportion and differences between Board contributions and proportionate share of contributions	-	1,327,532
Board contributions subsequent to the measurement date	4,494,171	-
Total	<u>\$ 8,075,721</u>	<u>\$ 11,804,451</u>

\$4,494,171 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended June 30:

2023	\$ (1,559,563)
2024	(1,683,838)
2025	(1,824,107)
2026	(3,155,393)
2027	-
Thereafter	-
Total	<u>\$ (8,222,901)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 21, 2021.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

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

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

Discount rate. The discount rates used to measure the total pension liability reported at June 30, 2022 and 2021 was 6.50% and 7.00%, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Board's proportionate share of the net pension liability (asset)	\$ 27,853,592	\$ 8,303,656	\$ (7,947,241)

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

b. Other Postemployment Benefits

1. Healthcare Benefits

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

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

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

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

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

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

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

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

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determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the Board contributed 6.68% of covered payroll from July 1, 2021 to December 31, 2021 and 5.90% from January 1, 2022 to June 30, 2022, which amounted to \$1,725,784. During the current fiscal year, the plan also recognized a one-time transfer of excess funding from the Public Employees Health Benefits Fund totaling \$187.0 million, which was isolated from the OPEB expense and allocated to participating employers as a separate contribution. The Board's proportionate share of this contribution totaled \$292,048.

At June 30, 2022, Board reported a liability of \$48,282,533 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. The total OPEB liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2021 and at June 30, 2020, the Board's proportion was .15618% and .16525%, respectively.

\$1,725,784 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2023	\$ (6,731,307)
2024	(3,898,476)
2025	(1,334,434)
2026	(1,551,996)
2027	(49,755)
Thereafter	-
Total	<u>\$ (13,565,968)</u>

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

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

Healthcare cost trend rates:

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

Discount rate. The discount rates used to measure the total OPEB liability for the RHBF at June 30, 2022 and 2021 were 2.16% and 2.21%, respectively. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result,

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a municipal bond rate of 2.16% was used as the discount rate used to measure the total OPEB liability. The 2.16% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2021.

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.16 percent) or 1-percentage point higher (3.16 percent) than the current discount rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Net OPEB liability	\$ 57,431,371	\$ 48,282,533	\$ 40,873,003

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

	Healthcare Trend Rates		
	1% Decrease (Medical- 4.00-5.00%, Pharmacy- 4.00-8.50%, Medicare Advantage - 4.00%, Administrative - 2.00%)	(Medical - 5.00-6.00%, Pharmacy - 5.00-9.50%, Medicare Advantage - 5.00%, Administrative - 3.00%)	1% Increase (Medical- 6.00-7.00%, Pharmacy- 6.00-10.50%, Medicare Advantage - 6.00%, Administrative - 4.00%)
Net OPEB liability	\$ 39,100,706	\$ 48,282,533	\$ 60,463,068

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

2. Disability Benefits

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

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

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

Benefits Provided. Long-term disability benefits are payable as an OPEB from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is

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

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2022, employers made a statutory contribution of 0.09% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$24,693 for the year ended June 30, 2022.

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

At June 30, 2022, Board reported an OPEB asset of \$25,563 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020. The total OPEB asset was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2021 and at June 30, 2020, the Board's proportion was .15650% and .16713%, respectively.

\$24,693 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2023	\$	17,684
2024		12,360
2025		15,749
2026		7,665
2027		3,161
Thereafter		<u>9,797</u>
Total	\$	<u>66,416</u>

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

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

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

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
Net OPEB asset	\$ 16,140	\$ 25,563	\$ 34,280

Common actuarial assumptions for both OPEB plans. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2020 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2021. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

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

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

DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2021. The long-term expected rate of return was determined based on the combination of expected future real rates of return and expected inflation. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2021 is 1.3%.

ASHEBORO CITY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

Following is information related to OPEB expense, proportionate share, assets, liabilities, deferred outflows of resources and deferred inflows of resources reported by the Board as of and for the year ended June 30, 2022:

	RHBF	DIPNC	Total
OPEB Expense (Benefit)	\$ (2,806,129)	\$ 57,168	\$ (2,748,961)
OPEB Liability (Asset)	48,282,533	(25,563)	48,256,970
Proportionate share of the net OPEB liability (asset)	0.15618%	0.15650%	
Deferred Outflows of Resources			
Differences between expected and actual experience	285,053	65,178	350,231
Changes of assumptions	3,949,096	4,488	3,953,584
Net difference between projected and actual earnings on plan investments	-	2,495	2,495
Changes in proportion and differences between Board contributions and proportionate share of contributions	717,002	7,122	724,124
Board contributions subsequent to the measurement date	1,725,784	24,693	1,750,477
Total Deferred Outflows of Resources	6,676,935	103,976	6,780,911
Deferred Inflows of Resources			
Differences between Expected and actual experience	898,763	-	898,763
Changes of assumptions	11,733,705	9,280	11,742,985
Net difference between projected and actual earnings on plan investments	24,698	-	24,698
Changes in proportion and differences between Board contributions and proportionate share of contributions	5,859,953	3,587	5,863,540
Total Deferred Inflows of Resources	18,517,119	12,867	18,529,986

2. Accounts Payable

Accounts payable as of June 30, 2022 are as follows:

	Vendors
Governmental activities:	
General Fund	\$ 401,293
Other governmental activities	<u>1,185,900</u>
Total governmental activities	<u>\$ 1,587,193</u>
Business-type activities:	
School Food Service Fund	\$ 53,222
Child Care Fund	<u>41</u>
Total business-type activities	<u>\$ 53,263</u>

ASHEBORO CITY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

3. Unearned Revenues

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

Governmental activities:

Sales tax (State, Federal & Capital Funds)	\$ 60,636
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Business-type activities:

Prepayments of meals (School Food Service Fund)	\$ 26,205
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4. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 816,990	\$ 1,087,348
Changes of assumptions	7,068,375	11,742,985
Net difference between projected and actual earnings on pension and OPEB plan investments	2,495	10,313,032
Changes in proportion and differences between Board contributions and proportionate share of contributions	724,124	7,191,072
Board contributions subsequent to the measurement date	6,244,648	-
Total	<u>\$ 14,856,632</u>	<u>\$ 30,334,437</u>

5. Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in the North Carolina School Boards Trust (the Trust), a member funded risk management program administered by the North Carolina School Boards Association. Through the Trust, the Board maintains general liability and errors and omissions coverage of \$1 million per claim. The Trust has an annual aggregate limit for both general liability and errors and omissions of \$2,550,000 each. The Trust is reinsured through commercial companies for losses in excess of \$150,000 per claim for errors and omissions and general liability coverage. Statutory workers' compensation coverage is purchased through a private insurer for employees to the extent they are paid from federal and local funds. Workers' compensation coverage is provided by the State of North Carolina through a self-insured fund, to the extent employees are paid from State funds. The Board also participates in the State Public Education Property Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing fund administered by the North Carolina Department of Insurance. The Fund insures the tangible property assets of the Board. Coverage is provided on an "all risk" perils contract. Buildings and contents are insured on a replacement cost basis. The Fund purchases excess reinsurance to protect the assets of the Fund in the event of a catastrophic event. The Fund maintains a self-insured retention of \$10 million. Excess reinsurance is purchased through commercial insurers. A limit of \$5 million per occurrence is provided on flood, earthquake, business interruption and extra expense. \$10 million per occurrence is provided on increased cost of construction.

ASHEBORO CITY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

The Trust also provides auto coverage through the Automobile and Inland Marine Fund. Through the Trust, the Board maintains combined single limit bodily injury and physical damage coverage of \$1,000,000, uninsured/underinsured motorist coverage of \$1,000,000, auto medical payments coverage of \$2,000, and comprehensive and collision coverage of actual current value.

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

In accordance with G.S. 115C-442, the Board's employees who have custody of the Board's monies at any given time are performance bonded through a commercial surety bond. The finance officer is bonded for \$250,000. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

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

6. Long-Term Obligations

Long-Term Obligation Activity

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2022:

	July 1, 2021	Increases	Decreases	June 30, 2022	Current Portion
Governmental activities:					
Net pension liability	\$ 22,806,463	\$ -	\$ 14,529,379	\$ 8,277,084	\$ -
Net OPEB liability	45,694,978	2,433,051	-	48,128,029	-
Compensated absences	2,780,163	1,820,932	1,517,335	3,083,760	1,016,953
Total	<u>\$ 71,281,604</u>	<u>\$ 4,253,983</u>	<u>\$ 16,046,714</u>	<u>\$ 59,488,873</u>	<u>\$ 1,016,953</u>
Business-type activities:					
Net pension liability	\$ 73,215	\$ -	\$ 46,643	\$ 26,572	\$ -
Net OPEB liability	146,693	7,811	-	154,504	-
Compensated absences	8,310	23,940	20,704	11,546	7,266
Total	<u>\$ 228,218</u>	<u>\$ 31,751</u>	<u>\$ 67,347</u>	<u>\$ 192,622</u>	<u>\$ 7,266</u>

Compensated absences, net pension and net OPEB liabilities related to governmental activities are typically liquidated by the General and other governmental funds.

ASHEBORO CITY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

C. Interfund Balances and Activity

1. Transfers to/from other Funds

Transfers to/from other funds at June 30, 2022 consist of the following:

From the State Public School Fund to the School Food Service Fund for personnel costs	\$ <u>45,000</u>
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D. Fund Balance

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

Total fund balance - General Fund	\$ 5,089,180
Less:	
Stabilization by State statute	(70,359)
Appropriated Fund Balance in the 2022-2023 budget	<u>(750,000)</u>
Remaining fund balance	<u>\$ 4,268,821</u>

NOTE 3 – OTHER SPECIAL REVENUE FUND – OTHER REVENUES

Other revenues for the fiscal year ended June 30, 2022 in the Other Special Revenue Fund consists of the following:

Medicaid reimbursement program	\$ 707,037
Contributions and donations	5,133
Indirect costs allocated	814,803
Rental of school property	475
Tuition and fees	585,024
Private grants and programs	<u>42,315</u>
Total other revenues	<u>\$ 2,154,787</u>

NOTE 4 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

Schedule of Board Contributions
Retiree Health Benefit Fund

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

Schedule of Board Contributions
Disability Income Plan of North Carolina

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

	2022	2021	2020	2019
Board's proportion of the net pension liability (asset)	0.17733%	0.18937%	0.18977%	0.19100%
Board's proportionate share of the net pension liability (asset)	\$ 8,303,656	\$ 22,879,678	\$ 19,673,374	\$ 18,967,345
Board's covered payroll	\$ 26,719,044	\$ 26,893,371	\$ 26,959,571	\$ 25,836,697
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	31.08%	85.08%	72.97%	73.41%
Plan fiduciary net position as a percentage of the total pension liability	94.86%	85.98%	87.56%	87.61%

	2018	2017	2016	2015	2014
Board's proportion of the net pension liability (asset)	0.19600%	0.19400%	0.20600%	0.20800%	0.20400%
Board's proportionate share of the net pension liability (asset)	\$ 15,557,058	\$ 17,855,420	\$ 7,588,928	\$ 2,440,043	\$ 12,366,666
Board's covered payroll	\$ 25,319,199	\$ 24,177,624	\$ 25,340,684	\$ 25,170,272	\$ 24,396,059
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	60.21%	73.85%	29.95%	9.69%	49.06%
Plan fiduciary net position as a percentage of the total pension liability	89.51%	87.32%	94.64%	98.24%	90.60%

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

Note: This is a ten year schedule. However, GASB 68 was not adopted until the fiscal year ended June 30, 2015. Therefore, there are only nine years of data presented.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 4,494,171	\$ 3,949,073	\$ 3,488,070	\$ 3,313,332	\$ 2,785,196
Contributions in relation to the contractually required contribution	<u>4,494,171</u>	<u>3,949,073</u>	<u>3,488,070</u>	<u>3,313,332</u>	<u>2,785,196</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 27,436,940	\$ 26,719,044	\$ 26,893,371	\$ 26,959,571	\$ 25,836,697
Contributions as a percentage of covered payroll	16.38%	14.78%	12.97%	12.29%	10.78%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 2,526,360	\$ 2,212,253	\$ 2,318,673	\$ 2,186,176	\$ 2,032,192
Contributions in relation to the contractually required contribution	<u>2,526,360</u>	<u>2,212,253</u>	<u>2,318,673</u>	<u>2,186,176</u>	<u>2,032,192</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 25,319,199	\$ 24,177,624	\$ 25,340,684	\$ 25,170,272	\$ 24,396,059
Contributions as a percentage of covered payroll	9.98%	9.15%	9.15%	8.69%	8.33%

**ASHEBORO CITY BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
RETIREE HEALTH BENEFIT FUND
LAST SIX FISCAL YEARS***

	2022	2021	2020	2019	2018
Board's proportion of the net OPEB liability	0.15618%	0.16525%	0.16567%	0.16900%	0.18100%
Board's proportionate share of the net OPEB liability	\$ 48,282,533	\$ 45,841,671	\$ 52,418,497	\$ 48,037,418	\$ 59,406,863
Board's covered payroll	\$ 26,719,044	\$ 26,893,371	\$ 26,959,571	\$ 25,836,697	\$ 25,319,199
Board's proportionate share of the net OPEB liability as a percentage of its covered payroll	180.70%	170.46%	194.43%	185.93%	234.63%
Plan fiduciary net position as a percentage of the total OPEB liability	7.72%	6.92%	4.40%	4.40%	3.52%
	2017				
Board's proportion of the net OPEB liability	0.17100%				
Board's proportionate share of the net OPEB liability	\$ 74,274,206				
Board's covered payroll	\$ 24,177,624				
Board's proportionate share of the net OPEB liability as a percentage of its covered payroll	307.20%				
Plan fiduciary net position as a percentage of the total OPEB liability	2.41%				

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

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

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

	2022	2021	2020	2019	2018
Contractually required contribution	\$ 1,725,784	\$ 1,784,832	\$ 1,740,001	\$ 1,690,365	\$ 1,563,120
Contributions in relation to the contractually required contribution	<u>1,725,784</u>	<u>1,784,832</u>	<u>1,740,001</u>	<u>1,690,365</u>	<u>1,563,120</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 27,436,940	\$ 26,719,044	\$ 26,893,371	\$ 26,959,571	\$ 25,836,697
Contributions as a percentage of covered payroll	6.29%	6.68%	6.47%	6.27%	6.05%

	2017	2016	2015	2014	2013
Contractually required contribution	\$ 1,471,045	\$ 1,353,947	\$ 1,391,204	\$ 1,359,195	\$ 1,292,991
Contributions in relation to the contractually required contribution	<u>1,471,045</u>	<u>1,353,947</u>	<u>1,391,204</u>	<u>1,359,195</u>	<u>1,292,991</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 25,319,199	\$ 24,177,624	\$ 25,340,684	\$ 25,170,272	\$ 24,396,059
Contributions as a percentage of covered payroll	5.81%	5.60%	5.49%	5.40%	5.30%

**ASHEBORO CITY BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB ASSET
DISABILITY INCOME PLAN OF NORTH CAROLINA
LAST SIX FISCAL YEARS***

	2022	2021	2020	2019	2018
Board's proportion of the net OPEB asset	0.15650%	0.16713%	0.16807%	0.16800%	0.17500%
Board's proportionate share of the net OPEB asset	\$ 25,563	\$ 82,218	\$ 72,522	\$ 51,108	\$ 106,691
Board's covered payroll	\$ 26,719,044	\$ 26,893,371	\$ 26,959,571	\$ 25,836,697	\$ 25,319,199
Board's proportionate share of the net OPEB asset as a percentage of its covered payroll	0.10%	0.31%	0.27%	0.20%	0.42%
Plan fiduciary net position as a percentage of the total OPEB liability	105.18%	115.57%	113.00%	108.47%	116.23%
	2017				
Board's proportion of the net OPEB asset	0.17500%				
Board's proportionate share of the net OPEB asset	\$ 108,750				
Board's covered payroll	\$ 24,177,624				
Board's proportionate share of the net OPEB asset as a percentage of its covered payroll	0.45%				
Plan fiduciary net position as a percentage of the total OPEB liability	116.06%				

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

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

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

	2022	2021	2020	2019	2018
Contractually required contribution	\$ 24,693	\$ 24,047	\$ 26,893	\$ 37,743	\$ 36,171
Contributions in relation to the contractually required contribution	<u>24,693</u>	<u>24,047</u>	<u>26,893</u>	<u>37,743</u>	<u>36,171</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 27,436,940	\$ 26,719,044	\$ 26,893,371	\$ 26,959,571	\$ 25,836,697
Contributions as a percentage of covered payroll	0.09%	0.09%	0.10%	0.14%	0.14%
	2017	2016	2015	2014	2013
Contractually required contribution	\$ 96,213	\$ 99,128	\$ 103,897	\$ 110,749	\$ 107,343
Contributions in relation to the contractually required contribution	<u>96,213</u>	<u>99,128</u>	<u>103,897</u>	<u>110,749</u>	<u>107,343</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 25,319,199	\$ 24,177,624	\$ 25,340,684	\$ 25,170,272	\$ 24,396,059
Contributions as a percentage of covered payroll	0.38%	0.41%	0.41%	0.44%	0.44%

INDIVIDUAL FUND SCHEDULES

ASHEBORO CITY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
Randolph County			
County appropriation	\$ 6,344,403	\$ 6,347,728	\$ 3,325
Other:			
Fines and forfeitures	274,500	316,480	41,980
Supplemental school taxes	3,400,000	3,522,370	122,370
Interest earned on investment	500	2,621	2,121
Miscellaneous	25,000	86	(24,914)
Total other	<u>3,700,000</u>	<u>3,841,557</u>	<u>141,557</u>
Total revenues	<u>10,044,403</u>	<u>10,189,285</u>	<u>144,882</u>
Expenditures:			
Current:			
Instructional services:			
Regular instructional	2,550,251	2,427,060	123,191
Special populations	530,000	413,439	116,561
Alternative programs	520,000	515,231	4,769
School leadership	489,300	369,268	120,032
Co-curricular	225,000	202,217	22,783
School-based support	700,000	334,973	365,027
Total instructional services	<u>5,014,551</u>	<u>4,262,188</u>	<u>752,363</u>
System-wide support services:			
Support and development	120,000	86,943	33,057
Special population support and development	135,449	120,933	14,516
Alternative programs and services			
support and development	24,760	20,137	4,623
Technology support	247,240	235,894	11,346
Operational support	2,592,115	2,581,518	10,597
Financial and human resource services	850,000	476,970	373,030
Accountability	195,000	5,451	189,549
System-wide pupil support	150,000	29,555	120,445
Policy, leadership and public relations	910,000	658,796	251,204
Total system-wide support services	<u>5,224,564</u>	<u>4,216,197</u>	<u>1,008,367</u>

ASHEBORO CITY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)
GENERAL FUND
For the Fiscal Year Ended June 30, 2022

Expenditures: (Continued)

Current:

Ancillary services:

Nutrition	<u>3,000</u>	<u>2,979</u>	<u>21</u>
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Nonprogrammed charges:

Payments to other governments	<u>650,000</u>	<u>590,663</u>	<u>59,337</u>
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Total expenditures	<u>10,892,115</u>	<u>9,072,027</u>	<u>1,820,088</u>
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Revenues over (under) expenditures	(847,712)	1,117,258	1,964,970
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Other financing uses:

Operating transfers out	(10,000)	-	10,000
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Fund balance appropriated	<u>857,712</u>	<u>-</u>	<u>(857,712)</u>
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Net change in fund balance	<u>\$ -</u>	1,117,258	<u>\$ 1,117,258</u>
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Fund balance:

Beginning of year		<u>3,971,922</u>	
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End of year		<u>\$ 5,089,180</u>	
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ASHEBORO CITY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
For the Fiscal Year Ended June 30, 2022

	Revenues	Expenditures	Net change in fund balance	Fund balances June 30, 2021	Fund balances June 30, 2022
Asheboro High	\$ 266,822	\$ 268,658	\$ (1,836)	\$ 119,525	\$ 117,689
Balfour Elementary	33,734	35,784	(2,050)	9,438	7,388
Charles W. McCray Elementary	36,559	37,206	(647)	14,816	14,169
Danna Lee Loflin Elementary	25,418	27,921	(2,503)	15,674	13,171
Early Childhood Dev. Center	37,045	37,555	(510)	4,634	4,124
Guy B. Teachey Elementary	32,567	33,657	(1,090)	16,180	15,090
Lindley Park Elementary	37,168	39,550	(2,382)	16,520	14,138
North Asheboro Middle	66,853	55,034	11,819	41,024	52,843
South Asheboro Middle	<u>51,463</u>	<u>45,263</u>	<u>6,200</u>	<u>29,816</u>	<u>36,016</u>
Totals	<u>\$ 587,629</u>	<u>\$ 580,628</u>	<u>\$ 7,001</u>	<u>\$ 267,627</u>	<u>\$ 274,628</u>

ASHEBORO CITY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CAPITAL OUTLAY FUND
For the Fiscal Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
State of North Carolina:			
K-12 Athletic Facilities Grant	<u>\$ 109,974</u>	<u>\$ 109,974</u>	<u>\$ -</u>
Randolph County:			
Bond proceeds	27,070,916	15,552,406	(11,518,510)
County appropriations	<u>986,929</u>	<u>986,929</u>	<u>-</u>
Total Randolph County	<u>28,057,845</u>	<u>16,539,335</u>	<u>(11,518,510)</u>
Other:			
Interest earned on investments	-	675	675
Insurance proceeds	-	385	385
Miscellaneous	<u>-</u>	<u>16,173</u>	<u>16,173</u>
Total other	<u>-</u>	<u>17,233</u>	<u>17,233</u>
Total revenues	<u>28,167,819</u>	<u>16,666,542</u>	<u>(11,501,277)</u>
Expenditures:			
Capital outlay:			
Real property and buildings:			
Asheboro High School	-	15,084,481	-
Various Roof Repairs	-	85,156	-
Various HVAC Projects	-	102,427	-
Other real property and buildings	<u>-</u>	<u>647,548</u>	<u>-</u>
Total real property and buildings	<u>27,886,913</u>	<u>15,919,612</u>	<u>11,967,301</u>
Furnishings and equipment	<u>455,051</u>	<u>38,217</u>	<u>416,834</u>
Buses and motor vehicles	<u>125,855</u>	<u>-</u>	<u>125,855</u>
Total capital outlay	<u>28,467,819</u>	<u>15,957,829</u>	<u>12,509,990</u>
Revenues over (under) expenditures	(300,000)	708,713	1,008,713
Fund balance appropriated	<u>300,000</u>	<u>-</u>	<u>(300,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>708,713</u>	<u>\$ 708,713</u>
Fund balance:			
Beginning of year		<u>1,742,977</u>	
End of year		<u>\$ 2,451,690</u>	

ASHEBORO CITY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
SCHOOL FOOD SERVICE FUND
For the Fiscal Year Ended June 30, 2022

	Final Budget	Actual	Variance With Final Budget
Operating revenues - food sales	\$ 560,000	\$ 19,939	\$ (540,061)
Operating expenditures:			
Business support services:			
Purchase of food	-	1,249,455	-
Donated commodities	-	250,618	-
Salaries and benefits	-	965,057	-
Indirect costs	-	78,855	-
Materials and supplies	-	26,005	-
Non-capitalized equipment	-	4,540	-
Contracted services	-	381,289	-
Other	-	11,300	-
Total operating expenditures	4,000,000	2,967,119	1,032,881
Operating loss	(3,440,000)	(2,947,180)	492,820
Nonoperating revenues:			
Federal reimbursements	3,183,000	3,379,078	196,078
Federal commodities	200,000	250,618	50,618
Interest earned	5,000	487	(4,513)
Other	7,000	-	(7,000)
Total nonoperating revenues	3,395,000	3,630,183	235,183
Revenues over (under) expenditures before other financing sources	(45,000)	683,003	728,003
Other financing sources:			
Transfers from other funds	45,000	45,000	-
Excess of revenues and other sources over expenditures	\$ -	728,003	\$ 728,003
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(35,598)	
Net OPEB asset		(181)	
Net pension liability		46,643	
Net OPEB liability		(7,811)	
Deferred outflows		2,823	
Deferred inflows		(16,762)	
Decrease in compensated absences payable		891	
Increase in inventories		1,009	
Change in net position (full accrual)		\$ 719,017	

ASHEBORO CITY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
CHILD CARE FUND
For the Fiscal Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Operating revenues:			
Child care fees	<u>\$ 400,000</u>	<u>\$ 158,720</u>	<u>\$ (241,280)</u>
Operating expenditures:			
Regular community services:			
Purchase of food	-	11,702	-
Salaries and benefits	-	107,935	-
Contracted services	-	17,677	-
Materials and supplies	<u>-</u>	<u>4,666</u>	<u>-</u>
Total operating expenditures	<u>400,000</u>	<u>141,980</u>	<u>258,020</u>
Operating income	<u>-</u>	<u>16,740</u>	<u>16,740</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Increase in compensated absences payable		<u>(4,127)</u>	
Change in net position (full accrual)		<u>\$ 12,613</u>	

COMPLIANCE SECTION



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

To the Asheboro City Board of Education
Asheboro, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Asheboro City Board of Education, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the basic financial statements, which collectively comprises the Asheboro City Board of Education, North Carolina's basic financial statements and have issued our report thereon dated November 22, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Asheboro City Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Anderson Smith & Wike PLLC

*November 22, 2022
West End, North Carolina*



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

To the Asheboro City Board of Education
Asheboro, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Asheboro City Board of Education, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Board's major federal programs for the year ended June 30, 2022. The Asheboro City Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Asheboro City Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Anderson Smith & Wike PLLC

*November 22, 2022
West End, North Carolina*



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

To the Asheboro City Board of Education
Asheboro, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Asheboro City Board of Education, North Carolina's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the Board's major State programs for the year ended June 30, 2022. The Asheboro City Board of Education's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Asheboro City Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2022.

Basis for Opinion on Each Major State Program

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Anderson Smith & Wike PLLC

*November 22, 2022
West End, North Carolina*

**ASHEBORO CITY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2022**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements Audited were prepared in accordance to GAAP:	<i>Unmodified</i>
Internal control over financial reporting:	
• Material weakness(es) identified?	<i>No</i>
• Significant deficiency(ies) identified that are not considered to be material weaknesses	<i>None Identified for Reporting</i>
Noncompliance material to financial statements noted	<i>No</i>

Federal Awards

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

AL Numbers Names of Federal Programs or Clusters

	Child Nutrition Cluster:
10.555	National School Lunch Program (Commodities)
10.555	Supply Chain Assistance Funds
10.555	Healthy Meal Program
10.555	Seamless Summer Program
10.559	Summer Food Service Program for Children
	Special Education Cluster:
84.027	Grants to States – IDEA, part B (611)
84.027	Special Needs Targeted Assistance
84.027	Coordinated Early Intervening Services
84.027	COVID-19 – ARP – Grants to States – IDEA, part B (611)
84.173	Preschool Program – IDEA, Part B (619)
84.173	Preschool Targeted Assistance
84.425	COVID-19 - Education Stabilization Funds
21.027	COVID-19 – ARP – State Fiscal Recovery Fund – Employee Bonuses
84.010	Title I – Grants to Local Educational Agencies
32.009	COVID-19 – Emergency Connectivity Fund

**ASHEBORO CITY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2022**

Section I - Summary of Auditors' Results (Continued)

Federal Awards (Continued)

Dollar threshold used to distinguish between Type A and Type B Programs

\$ 750,000

Auditee qualified as low-risk auditee?

Yes

State Awards

Internal control over major State programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weaknesses

No

None Identified for Reporting

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

Unmodified

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

No

Identification of major State program:

Program Name

State Public School Fund

Section II - Financial Statement Findings

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

Section III - Federal Award Findings and Questioned Costs

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

Section IV - State Award Findings and Questioned Costs

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

**ASHEBORO CITY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2022**

Finding: 21-01

Status: Corrected.

ASHEBORO CITY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2022

Page 1 of 3

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
Federal Grants:			
<u>U.S. Department of Agriculture</u>			
Passed-through the N.C. Department of Agriculture:			
Child Nutrition Cluster:			
Noncash Assistance (Commodities):			
National School Lunch Program	10.555	PRC 035	\$ 250,618
Cash Assistance:			
Supply Chain Assistance Funds	10.555	PRC 035	90,431
Seamless Summer Program	10.555	PRC 035	3,183,315
Summer Food Service Program for Children	10.559	PRC 035	105,332
Cash Assistance Subtotal			<u>3,379,078</u>
Total Child Nutrition Cluster			<u>3,629,696</u>
Total U.S. Department of Agriculture			<u>3,629,696</u>
<u>U.S. Department of the Treasury</u>			
Passed-through the N.C. Office of State Management and Budget:			
N.C. Pandemic Recovery Office:			
Passed-through the N.C. Department of Public Instruction:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds			
Employee Bonuses	21.027	PRC 141	<u>889,796</u>
<u>U.S. Department of Education</u>			
Passed-through the N.C. Department of Public Instruction:			
Title I Cluster:			
Title I, Grants to Local Educational Agencies	84.010	PRC 050	1,327,037
Supporting Effective Instruction	84.367	PRC 103	113,313
Language Acquisition Grant	84.365	PRC 104	143,549
Language Acquisition Grant - Significant Increase	84.365	PRC 111	2,239
Student Support and Academic Enrichment	84.424	PRC 108	145,720
Education for Homeless Children	84.196A	PRC 026	3,418

ASHEBORO CITY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2022

Page 2 of 3

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
Education Stabilization Fund:			
CARES Act:			
COVID-19 - ESSER I - K-12 Emergency Relief Fund	84.425D	PRC 163	546,967
COVID-19 - ESSER I - Exceptional Children Grants	84.425D	PRC 167	28,166
COVID-19 - GEER I - Specialized Instructional Support Personnel for COVID-19 Response	84.425C	PRC 169	62,025
COVID-19 - GEER I - Supplemental Instructional Services	84.425C	PRC 170	64,189
CRRSA:			
COVID-19 - ESSER II - K-12 Emergency Relief Fund	84.425D	PRC 171	1,289,233
COVID-19 - CRRSA - ESSER II - School Nutrition	84.425D	PRC 174	31,982
COVID-19 - CRRSA - ESSER II - Learning Loss Funding	84.425D	PRC 176	886
COVID-19 - CRRSA - ESSER II - Summer Career Accelerator Program	84.425D	PRC 177	285
ARP:			
COVID-19 - ESSER III - K-12 Emergency Relief Fund	84.425D	PRC 181	4,213,215
COVID-19 - ESSER III - Homeless	84.425W	PRC 183	793
COVID-19 - ESSER III - Gaggle Grants	84.425U	PRC 193	14,444
COVID-19 - ESSER III - Teacher Bonuses	84.425U	PRC 203	373,815
Total COVID-19 - Education Stabilization Fund	84.425		6,626,000
Special Education Cluster:			
Grants to States - IDEA, Part B (611)	84.027	PRC 060	978,817
Special Needs Targeted Assistance	84.027	PRC 118	5,103
COVID-19 - ARP - Grants to States - IDEA, part B (611)	84.027	PRC 185	115,865
Preschool Grants - IDEA, Part B (619)	84.173	PRC 049	37,610
Preschool Targeted Assistance	84.173	PRC 119	5,925
Total Special Education Cluster			1,143,320
Career and Technical Education - Basic Grants to States Program Development	84.048	PRC 017	17,626
Total U.S. Department of Education			10,412,018
<u>U.S. Department of Defense</u>			
Direct Program:			
ROTC	12.000		52,064
<u>Federal Communications Commission</u>			
Direct Program:			
COVID-19 - Emergency Connectivity Fund	32.009		767,800
Total Federal Assistance			14,861,578

ASHEBORO CITY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2022

Page 3 of 3

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
State Grants:			
<u>N.C. Department of Public Instruction:</u>			
Cash Assistance:			
State Public School Fund		Various	30,592,500
Career and Technical Education:			
State Months of Employment		PRC 013	1,553,343
Program Support Funds		PRC 014	152,697
Driver Training		PRC 012	52,629
School Technology Fund		PRC 015	42,326
K-12 Athletic Facilities Grant		PRC 440	<u>109,974</u>
Total N.C. Department of Public Instruction			<u>32,503,469</u>
<u>N.C. Department of Health and Human Services</u>			
Division of Child Development:			
Smart Start		PRC 401	58,500
State School Nurse Initiative		PRC 615	<u>100,000</u>
Total NC Department of Health and Human Services			<u>158,500</u>
Total State Assistance			<u>32,661,969</u>
Total Federal and State Assistance			<u>\$ 47,523,547</u>

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

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Asheboro City Board of Education under the programs of the federal government and the State of North Carolina for the year ended June 30, 2022. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Asheboro City Board of Education, it is not intended to and does not present the financial position, changes in net assets or cash flows of Asheboro City Board of Education.

Note 2. Summary of Significant Accounting Policies

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

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