

**IREDELL-STATESVILLE
BOARD OF EDUCATION**

Financial Report

Year Ended June 30, 2020

IREDELL-STATESVILLE BOARD OF EDUCATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Iredell-Statesville Board of Education
Statesville, North Carolina

Report on the Financial Statements

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 Iredell-Statesville Board of Education, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Iredell-Statesville Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Iredell-Statesville Board of Education as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund, State Public School Fund and Other Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 Proportionate Share of the Net Pension and OPEB Liabilities and the Schedules of Board Contributions on pages 53 through 58 be presented to supplement the basic financial statements. Such information, 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Iredell-Statesville Board of Education's basic financial statements. The individual non-major fund financial statements, budgetary schedules and other schedules, as well as the accompanying schedule of expenditures of federal and state awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual non-major fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual non-major fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2020 on our consideration of Iredell-Statesville Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Iredell-Statesville Board of Education's internal control over financial reporting and compliance.

Coffey, Lovins & Company, PLLC

Statesville, North Carolina

October 7, 2020

**IREDELL-STATESVILLE BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

This section of the Iredell-Statesville 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, 2020. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- The Board's enrollment increased in 2019-2020. The ADM was 20,340 students which was an increase of 185 students.
- The citizens of Iredell County passed a \$131.5 million bond referendum in November 2015 with the Board's allocation being \$119.5 million. In 2018-19, the Board started the final phase of the project by starting construction at Woodland Heights Middle School and Third Creek Middle School. These two schools will open in 2020-21.
- The State of North Carolina increased teacher and administrator pay and benefit during the 2019-20 school year, this resulted in an increase of State funding of \$4.4 million. The Board's Local Current Expense funding also increased by \$1.4 million or 3.7%.

Overview of the Financial Statements

The financial statements of the Iredell-Statesville Board of Education consist of four components. They are as follows:

- *Independent Auditor's Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental information section presents schedules for Teachers' and State Employees' Retirement System, Retiree Health Benefit Fund, Disability Income Plan of North Carolina and budgetary statements for non-major governmental funds and budgetary statements for 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, net deferred outflow 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 and proprietary funds. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The proprietary funds are presented on the full accrual basis of accounting. The fund financial statements focus on the Board's most significant funds. Because a different basis of accounting is used in the government wide statements, reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statements provide information about the Board as an economic unit while the fund financial statements provide information on the financial resources of each of the Board's major funds.

**IREDELL-STATESVILLE BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

Government-wide Statements

The government-wide statements report information about the unit as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Board's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the 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 – the difference between the board's assets and deferred outflows of resources and the total of liabilities and deferred inflows of resources – is one way to measure the unit's financial health or position.

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

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

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

**IREDELL-STATESVILLE BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

Fund Financial Statements (Continued)

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

The governmental fund statements are shown as Exhibits 3, 4 and 5 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. Iredell-Statesville 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 6, 7, and 8 of this report.

Financial Analysis of the Schools as a Whole

Net position is an indicator of the fiscal health of the Board. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$214,256,215 as of June 30, 2020. The largest component of net position is net investment in capital assets of \$85,434,919.

**IREDELL-STATESVILLE BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

Financial Analysis of the Schools as a Whole (Continued)

Following is a summary of the Statement of Net Position:

Table 1
Condensed Statement of Net Position
as of June 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Current assets	\$ 27,745,934	\$ 19,369,926	\$ 1,524,368	\$ 1,575,821	\$ 29,270,302	\$ 20,945,747
Capital assets	86,560,834	93,075,731	455,504	481,636	87,016,338	93,557,367
Total assets	<u>114,306,768</u>	<u>112,445,657</u>	<u>1,979,872</u>	<u>2,057,457</u>	<u>116,286,640</u>	<u>114,503,114</u>
Deferred outflows of resources	49,565,338	51,261,787	1,811,012	1,828,809	51,376,350	53,090,596
Current liabilities	22,131,463	19,109,801	619,165	475,044	22,750,628	19,584,845
Long-term liabilities	267,012,315	249,274,734	9,632,472	8,789,697	276,644,787	258,064,431
Total liabilities	<u>289,143,778</u>	<u>268,384,535</u>	<u>10,251,637</u>	<u>9,264,741</u>	<u>299,395,415</u>	<u>277,649,276</u>
Deferred inflows of Resources	79,616,807	97,965,223	2,906,983	3,495,001	82,523,790	101,460,224
Net investment in capital assets	84,979,415	86,992,266	455,504	481,636	85,434,919	87,473,902
Restricted net position	2,905,015	2,676,569	9,653	6,656	2,914,668	2,683,225
Unrestricted net position (deficit)	(292,772,909)	(292,311,149)	(9,832,893)	(9,361,768)	(302,605,802)	(301,672,917)
Total net position	<u>\$ (204,888,479)</u>	<u>\$ (202,642,314)</u>	<u>\$ (9,367,736)</u>	<u>\$ (8,873,476)</u>	<u>\$ (214,256,215)</u>	<u>\$ (211,515,790)</u>

The net position decreased during the year, indicating a decline in the financial condition of the Board. The decrease in net position was due largely to the change in pension and OPEB related assets and liabilities. Also note that the Board carries capital assets for which Iredell County carries the offsetting debt.

**IREDELL-STATESVILLE BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

The following table shows the revenues and expenses for the Board for the current fiscal year.

Table 2
Condensed Statement of Activities
for the Years Ended June 30, 2020 and 2019

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2019</u>
Revenues:						
Program revenues:						
Charges for services	\$ 1,062,695	\$ 1,389,140	\$ 3,711,883	\$ 4,726,518	\$ 4,774,578	\$ 6,115,658
Operating grants and contributions	141,224,193	137,391,105	7,001,808	6,024,187	148,226,001	143,415,292
Capital grants and contributions	980,921	980,735	--	34,821	980,921	1,015,556
General revenues:						
County revenues	50,898,981	48,103,860	--	--	50,898,981	48,103,860
Other revenues	<u>2,761,323</u>	<u>6,128,995</u>	<u>15,666</u>	<u>19,525</u>	<u>2,776,989</u>	<u>6,148,520</u>
Total revenues	<u>196,928,113</u>	<u>193,993,835</u>	<u>10,729,357</u>	<u>10,805,051</u>	<u>207,657,470</u>	<u>204,798,886</u>
Expenses:						
Governmental activities:						
Instructional services	154,032,982	142,755,849	--	--	154,032,982	142,755,849
System-wide support services	36,463,606	35,199,709	--	--	36,463,606	35,199,709
Ancillary services	282,282	49,409	--	--	282,282	49,409
Non-programmed charges	4,490,994	4,277,689	--	--	4,490,994	4,277,689
Interest on long-term debt	475	6,968	--	--	475	6,968
Depreciation, unallocated	3,511,783	4,879,161	--	--	3,511,783	4,879,161
Business-type activities:						
Food service	--	-	10,268,579	9,388,693	10,268,579	9,388,693
Child care	--	-	<u>1,347,194</u>	<u>1,192,611</u>	<u>1,347,194</u>	<u>1,192,611</u>
Total expenses	<u>198,782,122</u>	<u>187,168,785</u>	<u>11,615,773</u>	<u>10,581,304</u>	<u>210,397,895</u>	<u>197,750,089</u>
Transfers	<u>(392,156)</u>	<u>(45,000)</u>	<u>392,156</u>	<u>45,000</u>	<u>-</u>	<u>--</u>
Change in net position	(2,246,165)	6,780,050	(494,260)	268,747	(2,740,425)	7,048,797
Beginning net position	<u>(202,642,314)</u>	<u>(209,422,364)</u>	<u>(8,873,476)</u>	<u>(9,142,223)</u>	<u>(211,515,790)</u>	<u>(218,564,587)</u>
Ending net position	<u>\$(204,888,479)</u>	<u>\$(202,642,314)</u>	<u>\$(9,367,736)</u>	<u>\$(8,873,476)</u>	<u>\$(214,256,215)</u>	<u>\$(211,515,790)</u>

**IREDELL-STATESVILLE BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

Total governmental activities generated revenues of \$197 million while expenses in this category totaled \$199 million for the year ended June 30, 2020. Comparatively, revenues were \$194 million and expenses totaled \$187 million for the year ended June 30, 2019. Revenues increased in 2020 as a result of increased State funding and two new direct grants. The change in net position stands at \$(2,246,165) and \$6,780,050 at June 30, 2020 and 2019 comparatively. Instructional service expenses comprised 77% of total governmental-type expenses while system-wide support services made up 18% of those expenses for 2020. County funding comprised 26% of total governmental revenue in 2020 and 25% in 2019. Much of the remaining 74% of total governmental revenue for 2020 consists of restricted State and Federal money. Business-type activities generated revenue of \$10.7 million and had expenses of \$11.6 million. Net position decreased in the business-type activities by \$(494,260), including a \$392,156 transfer in from governmental activities.

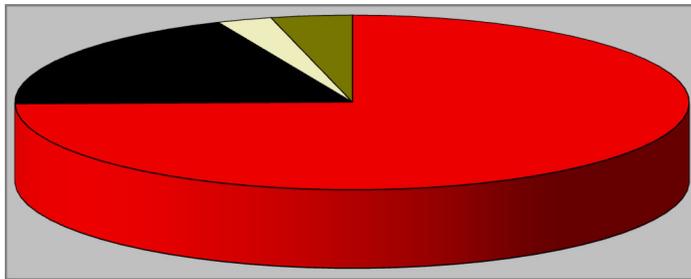
Financial Analysis of the Board's Funds

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

The Board's governmental funds reported a combined fund balance of \$13,919,583, a \$791,708 increase over last year. The General Fund, Individual Schools Fund, Other Special Revenue Fund reported a \$603,647, \$180,345 and \$37,357 increase, respectively, in fund balance for the year ended June 30, 2020. The Capital Outlay Fund reported a \$29,641 decrease in fund balance for the year ended June 30, 2020.

Proprietary Funds: The Board's business-type funds had a net decrease in net position in the past year. The School Food Service Fund reflected a decrease in net position from the prior year of \$311,463. The Child Care Fund's net position decreased by \$182,797.

Categorization of Expenditures for Governmental Funds



- Instructional Services**

- System-wide Support Services**

- Non-Programmed Charges**

- Capital Projects**

Expenditures presented on modified accrual basis of accounting

General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget to account for changes in revenue and expenditure expectations.

**IREDELL-STATESVILLE BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

Capital Assets

Capital assets decreased by \$6,541,029 from the previous year as a result of depreciation exceeding capital additions. The following is a summary of the capital assets, net of depreciation at year-end.

Table 3
Summary of Capital Assets
as of June 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Land	\$ 18,474,199	\$ 17,925,338	\$ --	\$ --	\$ 18,474,199	\$ 17,925,338
Building and improvements	52,455,502	56,753,779	--	--	52,455,502	56,753,779
Equipment and furniture	10,096,658	12,960,735	455,504	481,636	10,552,162	13,442,371
Vehicles	5,534,475	5,435,879	--	--	5,534,475	5,435,879
Total	\$ 86,560,834	\$ 93,075,731	\$ 455,504	\$ 481,636	\$ 87,016,338	\$ 93,557,367

Debt Outstanding

During the year the Board's outstanding debt decreased by \$4.5 million as a result of paying off the capital lease for student computers. The Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used. The County holds the majority of the debt issued for school construction.

Economic Factors

County funding is a major source of income for the Board; therefore the County's economic outlook directly affects that of the schools. The following factors have impacted the economic outlook of Iredell County:

- Iredell County's unemployment rate of 7.9% at June 2020 has increased from 4.1% at June 2019. The State unemployment rate at June 2020 was also 7.9%.
- Iredell County maintains the lowest property tax rate in the region and the 13th lowest in the State at \$0.5275 per \$100 of valuation.
- During the fiscal year, the State and nation were affected by the spread of the coronavirus. The Board's response to the coronavirus included switching to remote learning only for students beginning in March 2020.

Requests for Information

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

Melissa Wike, Finance Officer
Iredell-Statesville Board of Education
P.O. Box 911
Statesville, NC 28687

IREDELL-STATESVILLE BOARD OF EDUCATION
STATEMENT OF NET POSITION
June 30, 2020

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 19,541,963	\$ 1,078,977	\$ 20,620,940
Receivables (net)	172,457	7,906	180,363
Net OPEB asset	264,371	9,653	274,024
Due from other governments	7,767,143	260,821	8,027,964
Inventories	-	167,011	167,011
Capital assets:			
Land, improvements, and construction in progress	18,474,199	-	18,474,199
Other capital assets, net of depreciation	68,086,635	455,504	68,542,139
Total capital assets	<u>86,560,834</u>	<u>455,504</u>	<u>87,016,338</u>
Total assets	<u>114,306,768</u>	<u>1,979,872</u>	<u>116,286,640</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>49,565,338</u>	<u>1,811,012</u>	<u>51,376,350</u>
LIABILITIES			
Accounts payable and accrued expenses	13,459,469	168,361	13,627,830
Unearned revenue	-	202,481	202,481
Long-term liabilities:			
Net pension liability	72,314,802	2,640,371	74,955,173
Net OPEB liability	191,500,527	6,992,101	198,492,628
Due within one year	8,671,994	248,323	8,920,317
Due in more than one year	3,196,986	-	3,196,986
Total liabilities	<u>289,143,778</u>	<u>10,251,637</u>	<u>299,395,415</u>
DEFERRED INFLOWS OF RESOURCES	<u>79,616,807</u>	<u>2,906,983</u>	<u>82,523,790</u>
NET POSITION			
Net investment in capital assets	84,979,415	455,504	85,434,919
Restricted:			
Individual schools	1,946,666	-	1,946,666
Scholarships	111,292	-	111,292
Stabilization by State Statue	582,686	-	582,686
DIPNC OPEB Plan	264,371	9,653	274,024
Unrestricted (deficit)	<u>(292,772,909)</u>	<u>(9,832,893)</u>	<u>(302,605,802)</u>
Total net position	<u>\$ (204,888,479)</u>	<u>\$ (9,367,736)</u>	<u>\$ (214,256,215)</u>

IREDELL-STATESVILLE BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
Instructional services:							
Regular instructional	\$ 101,157,097	\$ 253,736	\$ 81,363,201	\$ -	\$ (19,540,160)	\$ -	\$ (19,540,160)
Special populations	17,382,209	27,422	16,346,286	-	(1,008,501)	-	(1,008,501)
Alternative programs	10,399,958	-	9,389,968	-	(1,009,990)	-	(1,009,990)
School leadership	11,334,536	-	7,322,559	-	(4,011,977)	-	(4,011,977)
Co-curricular	779,252	-	141,485	-	(637,767)	-	(637,767)
School-based support	12,979,930	-	8,759,287	-	(4,220,643)	-	(4,220,643)
System-wide support services:							
Support and development	1,069,229	-	519,706	-	(549,523)	-	(549,523)
Special population	979,211	-	829,219	-	(149,992)	-	(149,992)
Alternative programs	394,556	-	357,671	-	(36,885)	-	(36,885)
Technology support	2,532,689	-	922,869	-	(1,609,820)	-	(1,609,820)
Operational support	27,191,728	781,537	13,550,642	980,921	(11,878,628)	-	(11,878,628)
Financial and human resource	2,226,888	-	227,008	-	(1,999,880)	-	(1,999,880)
Accountability	447,956	-	441,116	-	(6,840)	-	(6,840)
Policy, leadership and public relations	1,621,349	-	478,417	-	(1,142,932)	-	(1,142,932)
Ancillary services	282,282	-	231,412	-	(50,870)	-	(50,870)
Non-programmed charges	4,490,994	-	343,347	-	(4,147,647)	-	(4,147,647)
Interest expense	475	-	-	-	(475)	-	(475)
Unallocated depreciation expense**	3,511,783	-	-	-	(3,511,783)	-	(3,511,783)
Total governmental activities	<u>198,782,122</u>	<u>1,062,695</u>	<u>141,224,193</u>	<u>980,921</u>	<u>(55,514,313)</u>	<u>-</u>	<u>(55,514,313)</u>
Business-type activities:							
School food service	10,268,579	2,682,763	7,001,808	-	-	(584,008)	(584,008)
Child care	1,347,194	1,029,120	-	-	-	(318,074)	(318,074)
Total business-type activities	<u>11,615,773</u>	<u>3,711,883</u>	<u>7,001,808</u>	<u>-</u>	<u>-</u>	<u>(902,082)</u>	<u>(902,082)</u>
Total primary government	<u>\$ 210,397,895</u>	<u>\$ 4,774,578</u>	<u>\$ 148,226,001</u>	<u>\$ 980,921</u>	<u>(55,514,313)</u>	<u>(902,082)</u>	<u>(56,416,395)</u>
General revenues:							
Unrestricted county appropriations - operating					38,575,250	-	38,575,250
Unrestricted county appropriations - capital					12,323,731	-	12,323,731
Unrestricted State appropriations - capital					980,921	-	980,921
Investment earnings, unrestricted					197,729	11,666	209,395
Miscellaneous, unrestricted					1,582,673	4,000	1,586,673
Transfers					(392,156)	392,156	-
Total general revenues					<u>53,268,148</u>	<u>407,822</u>	<u>53,675,970</u>
Change in net position					<u>(2,246,165)</u>	<u>(494,260)</u>	<u>(2,740,425)</u>
Net position-beginning					<u>(202,642,314)</u>	<u>(8,873,476)</u>	<u>(211,515,790)</u>
Net position-ending					<u>\$ (204,888,479)</u>	<u>\$ (9,367,736)</u>	<u>\$ (214,256,215)</u>

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

**IREDELL-STATESVILLE BOARD OF EDUCATION
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2020**

Exhibit 3

	Major Funds				Non-major Fund	Total Governmental Funds	
	General	State Public School	Individual Schools	Capital Outlay	Other Special Revenue		Federal Grant
ASSETS							
Cash and cash equivalents	\$ 14,210,276	\$ -	\$ 1,946,666	\$ 1,851,718	\$ 1,533,303	\$ -	\$ 19,541,963
Accounts receivable	167,874	-	-	-	4,583	-	172,457
Due from other funds	-	421	-	-	-	7,167	7,588
Due from other governments	123,419	6,093,844	-	1,013,091	286,810	249,979	7,767,143
Total assets	<u>\$ 14,501,569</u>	<u>\$ 6,094,265</u>	<u>\$ 1,946,666</u>	<u>\$ 2,864,809</u>	<u>\$ 1,824,696</u>	<u>\$ 257,146</u>	<u>\$ 27,489,151</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 6,138,328	\$ 6,093,844	\$ -	\$ 878,382	\$ 98,936	\$ 249,979	\$ 13,459,469
Due to other funds	7,588	-	-	-	-	-	7,588
Unavailable revenues	-	421	-	-	94,923	7,167	102,511
Total liabilities	<u>6,145,916</u>	<u>6,094,265</u>	<u>-</u>	<u>878,382</u>	<u>193,859</u>	<u>257,146</u>	<u>13,569,568</u>
Fund balances:							
Restricted:							
Stabilization by State Statute	291,293	-	-	-	291,393	-	582,686
School Capital Outlay	-	-	-	1,986,427	-	-	1,986,427
Scholarships	111,292	-	-	-	-	-	111,292
Individual Schools	-	-	1,946,666	-	-	-	1,946,666
Committed:							
Board designated	-	-	-	-	1,339,444	-	1,339,444
Unassigned	7,953,068	-	-	-	-	-	7,953,068
Total fund balances	<u>8,355,653</u>	<u>-</u>	<u>1,946,666</u>	<u>1,986,427</u>	<u>1,630,837</u>	<u>-</u>	<u>13,919,583</u>
Total liabilities and fund balances	<u>\$ 14,501,569</u>	<u>\$ 6,094,265</u>	<u>\$ 1,946,666</u>	<u>\$ 2,864,809</u>	<u>\$ 1,824,696</u>	<u>\$ 257,146</u>	

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

Net OPEB asset	264,371
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	86,560,834
Deferred outflows of resources related to pensions	28,827,873
Deferred outflows of resources related to OPEB	20,737,465
Liabilities for earned but unavailable revenues in fund statements.	102,511
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds (Note 2).	(11,868,980)
Net pension liability	(72,314,802)
Net OPEB liability	(191,500,527)
Deferred inflows of resources related to pensions	(1,008,570)
Deferred inflows of resources related to OPEB	(78,608,237)
Net position of governmental activities	<u>\$ (204,888,479)</u>

IREDELL-STATESVILLE BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

Exhibit 4

	Major Funds				Non-Major Fund	Total Governmental Funds	
	General	State Public School	Individual Schools	Capital Outlay	Other Special Revenue		Federal Grants
REVENUES							
State of North Carolina	\$ -	\$ 124,706,728	\$ -	\$ 980,921	\$ 53,029	\$ -	\$ 125,740,678
Iredell County	38,575,250	-	-	12,323,731	-	-	50,898,981
U.S. Government	-	592,272	-	-	2,355,672	9,513,911	12,461,855
Other	1,252,369	-	4,203,374	203,385	2,312,641	-	7,971,769
Total revenues	<u>39,827,619</u>	<u>125,299,000</u>	<u>4,203,374</u>	<u>13,508,037</u>	<u>4,721,342</u>	<u>9,513,911</u>	<u>197,073,283</u>
EXPENDITURES							
Current:							
Instructional services:							
Regular instructional	9,028,964	75,787,128	4,023,029	67,040	992,115	1,060,710	90,958,986
Special populations	608,044	12,646,791	-	-	75,767	3,698,719	17,029,321
Alternative programs	705,859	4,643,358	-	-	1,221,458	3,525,671	10,096,346
School leadership	3,928,739	7,322,559	-	-	25,470	-	11,276,768
Co-curricular	633,793	141,383	-	-	102	-	775,278
School-based support	4,122,920	8,016,633	-	-	334,911	410,335	12,884,799
System-wide support services:							
Support and development	518,667	419,777	-	-	115,074	9,696	1,063,214
Special population support	120,278	441,961	-	-	40,711	346,547	949,497
Alternative programs	15,559	108,693	-	-	77,525	178,126	379,903
Technology support	1,274,012	922,869	-	-	323,261	-	2,520,142
Operational support	10,393,334	13,547,360	-	1,355,618	446,144	3,282	25,745,738
Financial and human resource	1,941,598	227,008	-	-	46,980	-	2,215,586
Accountability	5,058	-	-	-	441,116	-	446,174
Policy, leadership and public relations	1,050,560	455,550	-	-	90,073	15,867	1,612,050
Ancillary services	468	221,852	-	-	58,589	-	280,909
Non-programmed charges	4,812,035	-	-	-	78,389	264,958	5,155,382
Debt service:							
Principal	23,646	43,885	-	4,960,792	316,300	-	5,344,623
Interest expense	177	298	-	-	-	-	475
Capital outlay	-	-	-	7,996,805	-	-	7,996,805
Total expenditures	<u>39,183,711</u>	<u>124,947,105</u>	<u>4,023,029</u>	<u>14,380,255</u>	<u>4,683,985</u>	<u>9,513,911</u>	<u>196,731,996</u>
Revenues over (under)	643,908	351,895	180,345	(872,218)	37,357	-	341,287
OTHER FINANCING SOURCES (USES)							
Transfers from (to) other funds	(40,261)	(351,895)	-	-	-	-	(392,156)
Installment purchase obligations issued	-	-	-	842,577	-	-	842,577
Total other financing sources (uses)	<u>(40,261)</u>	<u>(351,895)</u>	<u>-</u>	<u>842,577</u>	<u>-</u>	<u>-</u>	<u>450,421</u>
Net change in fund balance	603,647	-	180,345	(29,641)	37,357	-	791,708
Fund balances-beginning	7,752,006	-	1,766,321	2,016,068	1,593,480	-	13,127,875
Fund balances-ending	<u>\$ 8,355,653</u>	<u>\$ -</u>	<u>\$ 1,946,666</u>	<u>\$ 1,986,427</u>	<u>\$ 1,630,837</u>	<u>\$ -</u>	<u>\$ 13,919,583</u>

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

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IREDELL-STATESVILLE BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

Exhibit 4
(Continued)

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

Net changes in fund balances - total governmental funds	\$ 791,708
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital additions in the current period.	(6,492,381)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	14,023,996
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	6,933,935
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred revenue	(122,654)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	4,502,046
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Pension expense	(25,633,450)
Net OPEB expense	3,966,105
Compensated absences	(192,954)
Net book value of disposed capital assets	(22,516)
Total changes in net position of governmental activities	<u>\$ (2,246,165)</u>

IREDELL-STATESVILLE BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2020

Exhibit 5

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Iredell County	38,575,250	38,575,250	38,575,250	-
U.S. Government	-	-	-	-
Other	1,344,100	1,397,432	1,252,369	(145,063)
Total revenues	<u>39,919,350</u>	<u>39,972,682</u>	<u>39,827,619</u>	<u>(145,063)</u>
Expenditures:				
Current:				
Instructional services:				
Regular instructional			9,028,964	
Special populations			608,044	
Alternative programs			705,859	
School leadership			3,928,739	
Co-curricular			633,793	
School-based support			4,122,920	
Total instructional services	<u>21,730,989</u>	<u>20,019,231</u>	<u>19,028,319</u>	<u>990,912</u>
System-wide support services:				
Support and development			518,667	
Special population support			120,278	
Alternative programs			15,559	
Technology support			1,274,012	
Operational support			10,393,334	
Financial and human resource			1,941,598	
Accountability			5,058	
System-wide pupil support			-	
Policy, leadership and public relations			1,050,560	
Total support services	<u>15,589,146</u>	<u>16,689,436</u>	<u>15,319,066</u>	<u>1,370,370</u>
Ancillary services	-	468	468	-
Non-programmed charges	4,825,000	4,881,039	4,812,035	69,004
Debt service:				
Principal	23,823	23,823	23,646	177
Interest expense	177	177	177	-
Capital Outlay	-	-	-	-
Total expenditures	<u>42,169,135</u>	<u>41,614,174</u>	<u>39,183,711</u>	<u>2,430,463</u>
Revenues over (under) expenditures	(2,249,785)	(1,641,492)	643,908	2,285,400
Other financing sources:				
Transfers to other funds	-	(40,261)	(40,261)	-
Appropriated fund balance	<u>2,249,785</u>	<u>1,681,753</u>	<u>-</u>	<u>(1,681,753)</u>
Revenues & appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>603,647</u>	<u>\$ 603,647</u>
Fund balances, beginning of year			<u>7,752,006</u>	
Fund balances, end of year			<u>\$ 8,355,653</u>	

IREDELL-STATESVILLE BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2020

Exhibit 5 (Continued)

	State Public School Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
State of North Carolina	\$ 122,896,454	\$ 128,544,162	\$ 124,706,728	\$ (3,837,434)
Iredell County	-	-	-	-
U.S. Government	-	789,944	592,272	(197,672)
Other	-	-	-	-
Total revenues	<u>122,896,454</u>	<u>129,334,106</u>	<u>125,299,000</u>	<u>(4,035,106)</u>
Expenditures:				
Current:				
Instructional services:				
Regular instructional			75,787,128	
Special populations			12,646,791	
Alternative programs			4,643,358	
School leadership			7,322,559	
Co-curricular			141,383	
School-based support			8,016,633	
Total instructional services	<u>107,943,105</u>	<u>112,037,034</u>	<u>108,557,852</u>	<u>3,479,182</u>
System-wide support services:				
Support and development			419,777	
Special population support			441,961	
Alternative programs			108,693	
Technology support			922,869	
Operational support			13,547,360	
Financial and human resource			227,008	
Accountability			-	
System-wide pupil support			-	
Policy, leadership and public relations			455,550	
Total support services	<u>14,857,166</u>	<u>16,287,265</u>	<u>16,123,218</u>	<u>164,047</u>
Ancillary services	7,000	436,674	221,852	214,822
Non-programmed charges	-	-	-	-
Debt service:				
Principal	43,885	43,885	43,885	-
Interest expense	298	298	298	-
Capital Outlay				
Total expenditures	<u>122,851,454</u>	<u>128,805,156</u>	<u>124,947,105</u>	<u>3,858,051</u>
Revenues over (under) expenditures	45,000	528,950	351,895	(177,055)
Other financing sources (uses):				
Transfers to other funds	<u>(45,000)</u>	<u>(528,950)</u>	<u>(351,895)</u>	<u>177,055</u>
Appropriated fund balance	-	-	-	-
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning of year			-	
Fund balances, end of year			<u>\$ -</u>	

IREDELL-STATESVILLE BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2020

Exhibit 5 (Continued)

	Other Special Revenue Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
State of North Carolina	\$ 51,231	\$ 55,731	\$ 53,029	\$ (2,702)
Iredell County	-	-	-	-
U.S. Government	658,978	3,883,221	2,355,672	(1,527,549)
Other	2,579,131	2,706,359	2,312,641	(393,718)
Total revenues	<u>3,289,340</u>	<u>6,645,311</u>	<u>4,721,342</u>	<u>(1,923,969)</u>
Expenditures:				
Current:				
Instructional services:				
Regular instructional			992,115	
Special populations			75,767	
Alternative programs			1,221,458	
School leadership			25,470	
Co-curricular			102	
School-based support			334,911	
Total instructional services	<u>1,867,220</u>	<u>4,452,108</u>	<u>2,649,823</u>	<u>1,802,285</u>
System-wide support services:				
Support and development			115,074	
Special population support			40,711	
Alternative programs			77,525	
Technology support			323,261	
Operational support			446,144	
Financial and human resource			46,980	
Accountability			441,116	
System-wide pupil support			-	
Policy, leadership and public relations			90,073	
Total support services	<u>1,160,288</u>	<u>1,799,049</u>	<u>1,580,884</u>	<u>218,165</u>
Ancillary services	91,992	117,704	58,589	59,115
Non-programmed charges	3,134	109,744	78,389	31,355
Debt service:				
Principal	316,300	316,300	316,300	-
Interest expense	-	-	-	-
Capital Outlay	<u>11,015</u>	<u>11,015</u>	<u>-</u>	<u>11,015</u>
Total expenditures	<u>3,449,949</u>	<u>6,805,920</u>	<u>4,683,985</u>	<u>2,121,935</u>
Revenues over (under) expenditures	(160,609)	(160,609)	37,357	197,966
Other financing sources (uses):				
Transfers to other funds	-	-	-	-
Appropriated fund balance	<u>160,609</u>	<u>160,609</u>	<u>-</u>	<u>(160,609)</u>
Revenues and other sources under expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>37,357</u>	<u>\$ 37,357</u>
Fund balances, beginning of year			<u>1,593,480</u>	
Fund balances, end of year			<u>\$ 1,630,837</u>	

IREDELL-STATESVILLE BOARD OF EDUCATION
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2020

Exhibit 6

	Enterprise Funds		
	Major Funds		
	School Food Service	Child Care	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 843,357	\$ 235,620	\$ 1,078,977
Due from other governments	260,695	126	260,821
Accounts receivable	7,906	-	7,906
OPEB asset	7,977	1,676	9,653
Inventories	167,011	-	167,011
Total current assets	<u>1,286,946</u>	<u>237,422</u>	<u>1,524,368</u>
Noncurrent assets:			
Capital assets, net	455,504	-	455,504
	<u>1,742,450</u>	<u>237,422</u>	<u>1,979,872</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>1,496,635</u>	<u>314,377</u>	<u>1,811,012</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	168,283	78	168,361
Compensated absences	200,000	48,323	248,323
Unearned revenue	202,481	-	202,481
Total current liabilities	<u>570,764</u>	<u>48,401</u>	<u>619,165</u>
Noncurrent liabilities:			
Net pension liability	2,182,020	458,351	2,640,371
Net OPEB liability	5,778,319	1,213,782	6,992,101
Total noncurrent liabilities	<u>7,960,339</u>	<u>1,672,133</u>	<u>9,632,472</u>
Total liabilities	<u>8,531,103</u>	<u>1,720,534</u>	<u>10,251,637</u>
DEFERRED INFLOWS OF RESOURCES	<u>2,402,350</u>	<u>504,633</u>	<u>2,906,983</u>
NET POSITION			
Net investment in capital assets	455,504	-	455,504
DIPNC OPEB plan	7,977	1,676	9,653
Unrestricted	(8,157,849)	(1,675,044)	(9,832,893)
Total net position	<u>\$ (7,694,368)</u>	<u>\$ (1,673,368)</u>	<u>\$ (9,367,736)</u>

IREDELL-STATESVILLE BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
For the Year Ended June 30, 2020

Exhibit 7

	Enterprise Funds		
	Major Funds		
	School Food Service	Child Care	Total
OPERATING REVENUES			
Food sales	\$ 2,682,763	\$ -	\$ 2,682,763
Child care fees	-	1,029,120	1,029,120
Total operating revenues	<u>2,682,763</u>	<u>1,029,120</u>	<u>3,711,883</u>
OPERATING EXPENSES			
Food cost:			
Purchase of food	2,949,180	37,563	2,986,743
Salaries and benefits	5,928,798	1,286,045	7,214,843
Indirect costs	824,521	-	824,521
Utilities and telephone	20,924	7,136	28,060
Contracted services	4,056	153	4,209
Materials and supplies	434,760	4,714	439,474
Travel	13,656	3,595	17,251
Field trips	-	7,792	7,792
Depreciation	91,919	-	91,919
Other	765	196	961
Total operating expenses	<u>10,268,579</u>	<u>1,347,194</u>	<u>11,615,773</u>
Operating profit (loss)	<u>(7,585,816)</u>	<u>(318,074)</u>	<u>(7,903,890)</u>
NONOPERATING REVENUES			
Federal reimbursements	5,633,182	-	5,633,182
State reimbursements	13,883	-	13,883
Federal commodities	530,222	-	530,222
Indirect cost not paid	824,521	-	824,521
Interest earned	8,284	3,382	11,666
Gain on disposal of capital assets	4,000	-	4,000
Other	-	-	-
Total nonoperating revenue	<u>7,014,092</u>	<u>3,382</u>	<u>7,017,474</u>
Profit (loss) before contributions and transfers	(571,724)	(314,692)	(886,416)
Transfer from other funds	<u>260,261</u>	<u>131,895</u>	<u>392,156</u>
Change in net position	(311,463)	(182,797)	(494,260)
Total net position - beginning	<u>(7,382,905)</u>	<u>(1,490,571)</u>	<u>(8,873,476)</u>
Total net position - ending	<u>\$ (7,694,368)</u>	<u>\$ (1,673,368)</u>	<u>\$ (9,367,736)</u>

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

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IREDELL-STATESVILLE BOARD OF EDUCATION
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2020

Exhibit 8

	Enterprise Funds		
	Major Funds		
	School Food Service	Child Care	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 2,777,694	\$ 1,043,572	\$ 3,821,266
Cash paid for goods and services	(2,929,387)	(67,019)	(2,996,406)
Cash paid to employees for services	(5,436,072)	(1,094,302)	(6,530,374)
Net cash provided (used) by operating activities	(5,587,765)	(117,749)	(5,705,514)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Government reimbursements	5,503,131	-	5,503,131
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	4,000	-	4,000
Acquisition of capital assets	(65,787)	-	(65,787)
Net cash used by capital and related financing activities	(61,787)	-	(61,787)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	8,284	3,382	11,666
Net increase (decrease) in cash and cash equivalents	(138,137)	(114,367)	(252,504)
Balances-beginning of the year	981,494	349,987	1,331,481
Balances-end of the year	\$ 843,357	\$ 235,620	\$ 1,078,977

IREDELL-STATESVILLE BOARD OF EDUCATION
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2020

Exhibit 8
(Continued)

Reconciliation of operating profit (loss) to net cash used by operating activities

Operating profit (loss)	\$ (7,585,816)	\$ (318,074)	\$ (7,903,890)
Adjustments to reconcile operating profit (loss) to net cash used by operating activities:			
Depreciation	91,919	-	91,919
Donated commodities consumed	530,222	-	530,222
Salaries paid by other funds	260,261	131,895	392,156
Indirect cost not paid	824,521	-	824,521
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	6,718	23,809	30,527
Decrease in net OPEB asset	(2,464)	(533)	(2,997)
Increase in due from other governments	-	59	59
(Increase) decrease in inventories	(84,706)	-	(84,706)
Increase (decrease) in accounts payable and accrued expenses	48,438	(5,929)	42,509
Increase (decrease) in net pension liability	132,148	33,477	165,625
Decrease in net OPEB liability	547,544	129,606	677,150
Increase (decrease) in deferred inflows	(492,615)	(95,403)	(588,018)
(Increase) decrease in deferred outflows	18,197	(400)	17,797
Increase (decrease) in unearned revenues	88,213	(9,357)	78,856
Increase (decrease) in compensated absences	29,655	(6,899)	22,756
Total adjustments	<u>1,998,051</u>	<u>200,325</u>	<u>2,198,376</u>
Net cash provided (used) by operating activities	<u>\$ (5,587,765)</u>	<u>\$ (117,749)</u>	<u>\$ (5,705,514)</u>

Noncash investing, capital, and financing activities:

The School Food Service Fund received donated commodities with a value of \$530,222 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue on Exhibit 7.

The State Public School Fund and the Local Current Expense Fund paid salaries of \$260,261 to personnel of the School Food Service Fund during the fiscal year. The State Public School Fund paid salaries of \$131,895 to personnel of the Child Care Fund during the year. These payments are reflected as a transfer in and an operating expense on Exhibit 7.

Indirect costs of \$824,521 that would be due to the Other Special Revenue Fund were not paid. These unpaid costs are reflected as a nonoperating revenue and an operating expense on Exhibit 7.

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Iredell-Statesville 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 of the children of Iredell County not living within the boundaries of the Mooresville City Local Educational Agency. The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity.

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 on 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 of which is 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.

**IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 required to be accounted for in another fund. This fund is the “Local Current Expense Fund,” which is mandated by State law [G.S. 115C-426].

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.

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 Individual Schools Fund is reported as a special revenue fund.

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 Iredell County appropriations, restricted sales tax moneys, proceeds of Iredell County bonds issued for public school construction, lottery proceeds, as well as certain State assistance.

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, 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.

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 care program within the school system.

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.

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 60 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 to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

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

Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the Individual Schools Special Revenue Funds, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. The Board has authorized the Superintendent to move moneys (up to \$1,000) from one function to another within a fund. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$1,000. All amendments must be approved by the governing board. During the year, several immaterial 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.

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

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.

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 allowable by G.S. 159-30(c)(8) the NCCMT Government Portfolio is reported at fair value. The Short-term Investment Fund (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. It 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 fair value as determined by either quoted market prices or a matrix pricing model. Bank deposits are measured at amortized cost. Ownership in the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with STIF procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs – other than quoted prices – included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2020 of 1.3 years. 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.

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.

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.

Capital Assets

Donated assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after July 1, 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, 1970 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.

**IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Iredell 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	30
Equipment and furniture	12
Vehicles	7
Computer equipment	5

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Board has two items that meet this criterion – pension and OPEB related deferrals and contributions made to the plans subsequent to the measurement date. The statement of financial position also reports a separate section for deferred inflows of resources. The 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 had two items that meet this criterion – pension and OPEB related deferrals.

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.

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, 2020 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.

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Net Position

Net position in the government-wide and proprietary fund financial statements are 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 Balance

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

The governmental fund types classify fund balances as follows:

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

 Restricted for Stabilization by State Statute – 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 be only used for School Capital Outlay [G.S. 159-18 through 22].

 Restricted for Scholarships – portion of fund balance not available for appropriation because it represents the year-end fund balance of scholarships, which are not expendable, available resources.

 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.

Committed Fund Balance – Portion of fund balance that can only be used for specific purposes imposed by majority vote of the Iredell-Statesville Schools governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body.

 Committed for Board designated purposes – portion of fund balance generated by revenues that can only be expended for specific purposes as designated by the Board.

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned fund balance – portion of fund balance that Iredell-Statesville 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 or committed. The governing body approves the appropriation.

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

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 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 \$(218,808,062) consists of several elements as follows:

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 216,221,493
Less Accumulated depreciation	<u>129,660,659</u>
Net capital assets	86,560,834
Net OPEB asset	264,371
Pension related deferred outflows of resources	28,827,873
OPEB related deferred outflow of resources	20,737,465
Liabilities for revenue unavailable but earned and therefore recorded in the fund statements but not the government-wide	102,511
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:	
Leases and installment financing	(1,581,419)
Compensated absences	(10,287,561)
Net pension liability	(72,314,802)
Net OPEB liability	(191,500,527)
Deferred inflows of resources related to pensions:	(1,008,570)
Deferred inflows of resources related to OPEB	<u>(78,608,237)</u>
Total adjustment	<u>\$ (218,808,062)</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance 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 \$(3,037,873) as follows:

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 2 – DETAIL NOTES ON ALL FUNDS

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 2,650,373
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.	(9,142,754)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Change in deferred revenue	(122,654)
New debt issued during the year is recorded as a source of funds on the funds statements, but has no effect on the statement of activities – it affects only the government-wide statement of net position.	(842,577)
Principal payments on debt owed are recorded as a use of funds on the fund statements but affect only the statement of net position in the government-wide statements.	5,344,623
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	14,023,996
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	6,933,935
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	(25,633,450)
OPEB expense	3,966,105
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(192,954)
Net book value of disposed capital assets	<u>(22,516)</u>
Total adjustment	<u>\$ (3,037,873)</u>

Defined Benefit Pension Plan and OPEB Plans

For the purposes of measuring the net pension asset and 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.

**IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

Assets

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, 2020, the Board had deposits with banks and savings and loans with a carrying amount of \$19,627,018 and with the State Treasurer of \$-0. The bank balances with the financial institutions and the State Treasurer were \$19,587,483 and \$6,482,840, respectively. Of these balances, \$2,625,155 was covered by federal depository insurance and \$23,445,168 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

At June 30, 2020, the Board had \$981,835 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. There was \$12,087 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, 2020. The Board has no policy for managing interest rate risk or credit risk.

**IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

Accounts Receivable

Receivables at the government-wide level at June 30, 2020, were as follows:

	<u>Due from other governments</u>	<u>Accounts receivable, net</u>	<u>Total</u>
Governmental activities:			
General Fund	\$ 123,419	\$ 167,874	\$ 291,293
Other governmental activities	<u>7,643,724</u>	<u>4,583</u>	<u>7,648,307</u>
Total	<u>\$ 7,767,143</u>	<u>\$ 172,457</u>	<u>\$ 7,939,600</u>
Business-type activities:			
School Food Service	\$ 260,695	\$ 7,906	\$ 268,601
Child Care	<u>126</u>	<u>--</u>	<u>126</u>
Total	<u>\$ 260,821</u>	<u>\$ 7,906</u>	<u>\$ 268,727</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 123,419	Sales tax refund due from the State
State Public School Fund	6,093,844	Salary accrual due from NC
Federal Grants Fund	249,979	Salary accrual due from Federal Grants
Capital Outlay	1,013,091	Iredell County and the State of NC
Other Special Revenue Fund	<u>286,810</u>	Grant funds
	<u>\$ 7,767,143</u>	
Business-type activities:		
School Food Service Fund	\$ 260,695	Federal reimbursements and NC sales tax
Child Care Fund	<u>126</u>	Sales tax refund due from the State
	<u>\$ 260,821</u>	

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

Capital Assets

Capital asset activity for the year ended June 30, 2020, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 17,925,338	\$ 548,861	\$ -	\$ 18,474,199
Capital assets being depreciated:				
Buildings and improvements	148,953,189	16,833	--	148,970,022
Equipment and furniture	23,922,741	653,189	48,484	24,527,446
Vehicles	23,616,733	1,431,490	798,397	24,249,826
Total capital assets being depreciated	<u>196,492,663</u>	<u>2,101,512</u>	<u>846,881</u>	<u>197,747,294</u>
Less accumulated depreciation for:				
Buildings and improvements	92,199,410	4,315,110	--	96,514,520
Equipment and furniture	10,962,006	3,511,783	43,001	14,430,788
Vehicles	18,180,854	1,315,861	781,364	18,715,351
Total accumulated depreciation	<u>121,342,270</u>	<u>9,142,754</u>	<u>824,365</u>	<u>129,660,659</u>
Total capital assets being depreciated, net	<u>75,150,393</u>			<u>68,086,635</u>
Governmental activity capital assets, net	<u>\$ 93,075,731</u>			<u>\$ 86,560,834</u>
	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Furniture and office equipment	\$ 2,491,601	\$ 65,787	\$ --	\$ 2,557,388
Less accumulated depreciation for:				
Furniture and office equipment	<u>2,009,965</u>	<u>91,919</u>	<u>--</u>	<u>2,101,884</u>
Business-type activity capital assets, net	<u>\$ 481,636</u>			<u>\$ 455,504</u>

**IREDELL-STATESVILLE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS,
 For the Year Ended June 30, 2020**

NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

Depreciation was charged to governmental functions as follows:

Instructional services	\$ 4,315,110
Operational support	1,315,861
Unallocated depreciation	<u>3,511,783</u>
Total	<u>\$ 9,142,754</u>

Liabilities

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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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 (or 10 years of creditable service for members joining TSERS on or after August 1, 2011), 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 (or 10 years of creditable service for members joining TSERS on or after August 1, 2011). 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 (10 years for members joining on or after August 1, 2011). 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.

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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 10 years of creditable service for members joining TSERS on or after August 1, 2011), 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, 2020, was 12.97% 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 \$14,188,248 for the year ended June 30, 2020.

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.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the Board reported a liability of \$74,955,173 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2019 and at June 30, 2018, the Board's proportion was .72% for each year.

For the year ended June 30, 2020, the Board recognized pension expense of \$26,247,809. At June 30, 2020, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,269,914	\$ 150,056
Changes of assumptions	7,986,768	-
Net difference between projected and actual earnings on pension plan investments	1,436,785	-
Changes in proportion and differences between Board contributions and proportionate share of contributions		895,339
Board contributions subsequent to the measurement date	<u>14,188,248</u>	<u>-</u>
Total	<u>\$ 29,881,715</u>	<u>\$ 1,045,395</u>

\$14,188,248 reported as deferred outflows of resources related to pensions resulting from the Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflow/inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ 10,475,152
2022	2,384,424
2023	1,285,875
2024	502,621
2025	--
Thereafter	--

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.5% to 8.10%, including inflation and productivity factor
Investment rate of return	7.0%, 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.

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

The actuarial assumptions used for the December 31, 2018 actuarial valuation are based on the experience study prepared as of December 31, 2014 and adopted by the Board of Trustees on January 21, 2016. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Opportunistic Fixed Income	7.0%	6.0%
Inflation Sensitive	6.0%	4.0%
Total	<u>100.0%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset liability and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 7.0%. 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.

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

Sensitivity of the Board's proportionate share of the net pension liability 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 7.0 percent, as well as what the Board's proportionate share of the net pension asset or net pension liability would be if calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Discounted Rate (7.0%)	1% Increase (8.0%)
Board's proportionate share of the net pension liability (asset)	\$ 142,660,544	\$ 74,955,173	\$ 18,158,994

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

b. Other Post-employment Benefits
Healthcare Benefits

Plan Description. The Retiree Health Benefit Fund (RHBF) has been established as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is established by General Statute 135-7, Article 1. It is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of former employees of the State, the University of North Carolina System, and community colleges. In addition, LEAs, charter schools, and some select local governments also participate.

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

The financial statements and other required disclosures for the plan are presented in the State of North Carolina's CAFR, 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 or selecting one of two fully-insured Medicare Advantage/Prescription Drug Plan (MA-PDP) options or the self-funded Traditional 70/30 preferred Provider Organization plan option that is also offered to non-Medicare members. If the Traditional 70/30 Plan is selected by a Medicare retiree, the self-funded State Health Plan coverage is secondary to Medicare.

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

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 after January 1, 2021. The legislation amends Article 3B of Chapter 135 of the General Statutes to require that retirees must earn contributory retirement service in 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 135-7, Article 1 and Chapter 135, Article 3B of the General Statutes and may be amended only by the North Carolina General Assembly. RHBF does not provide for automatic post-retirement benefit increases.

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state-supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the Board contributed 6.47% of covered payroll which amounted to \$7,077,715.

At June 30, 2020, Board reported a liability of \$198,492,628 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. The total OPEB liability was then rolled forward to the measurement date of June 30, 2019 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, 2019 and June 30, 2018, the Board's proportion was 0.6274% and 0.6435%, respectively.

**IREDELL-STATESVILLE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended June 30, 2020**

NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

\$7,077,715 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, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2021	\$ 20,239,365
2022	20,239,365
2023	20,220,255
2024	7,383,729
2025	(576,493)
Thereafter	-

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

Inflation	3.00%
Salary Increases	3.50-7.55%, include 3.5% inflation and productivity factor
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate – medical	5.00-6.50%
Healthcare cost trend rate – prescription drug	5.00-9.50%
Healthcare cost trend rate – Medicare advantage	5.00%
Administrative	3.00%
Post-Retirement Mortality Rates	RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for Collar for some Participants, further adjusted with scaling factors varying before and after age 78, and projected for mortality improvements using Scale MP-2015

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 3.50. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan’s fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.50% was used as the discount rate used to measure the total OPEB liability. The 3.50% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2019.

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage point higher (4.50 percent) than the current discount rate:

	1% decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability	\$ 235,882,123	\$ 198,492,628	\$ 168,556,360

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 discount rate:

	Healthcare Trend Rates (Medical -5.00-6.50%, Pharmacy - 5.00-9.50%, Medicare Advantage - 5.00-6.50%, Administrative - 3.00%)		
	1% Decrease		1% Increase
Net OPEB liability	\$ 163,444,438	\$ 198,492,628	\$ 244,577,685

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

Disability Benefits

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

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

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

**IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

Benefits Provided. Long-term disability benefits are payable as an OPEB from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. An employee is eligible to receive long-term disability benefits provided the following requirements are met: (1) the employee has five or more years of contributing membership service in TSERS or 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, 2020, employers made a statutory contribution of 0.10% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$109,393 for the year ended June 30, 2020.

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.

OPEB Expense, OPEB Assets, and Deferred Outflows and Inflows of Resources Related to OPEB

At June 30, 2020, Board reported an asset of \$274,024 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018. The total OPEB asset was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB asset was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2019 and 2018, the Board's proportion was 0.6351% and 0.6361%, respectively.

\$109,393 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, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**IREDELL-STATESVILLE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended June 30, 2020**

NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

Year ended June 30	
2021	\$ 114,449
2022	79,144
2023	57,902
2024	36,297
2025	50,056
Thereafter	(2,495)

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

Inflation	3.00%
Salary increases	3.5%-8.10%, include 3.5% inflation and productivity factor
Investment rate of return	3.75%, 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 (2.75percent) or 1-percentage point higher (4.75 percent) than the current discount rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
Net OPEB asset	\$ 232,092	\$ 274,024	\$ 314,769

Common actuarial assumptions for both OPEB plans. The total OPEB liability and asset was determined by an actuarial valuation performed as of December 31, 2018 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability and asset was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. 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, 2010 through December 31, 2014.

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges 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 and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29%	1.4%
Global Equity	42%	5.3%
Real Estate	8%	4.3%
Alternatives	8%	8.9%
Opportunistic Fixed Income	7%	6.0%
Inflation Sensitive	6%	4.0%
Total	100%	

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

Total OPEB Expense, OPEB Liabilities (Assets), and Deferred Outflows and Inflows of Resources Related to OPEB

Following is information related to the proportionate share and OPEB expense:

	RHBFB	DIPNC	Total
OPEB Expense	\$ (11,234,483)	\$ 153,888	\$(11,080,595)
OPEB Liability (Asset)	198,492,628	(274,024)	198,218,604
Proportionate share of the net OPEB liability (asset)	0.62736%	0.63505%	
Deferred of Outflows of Resources			
Differences between expected and actual experience	-	279,936	279,936
Changes of assumptions	9,540,490	30,355	9,570,845
Net difference between projected and actual earnings on plan investments	132,180	52,195	184,375
Changes in proportion and differences between Board contributions and proportionate share of contributions	4,269,504	2,867	4,272,371
Board contributions subsequent to the measurement date	7,077,715	109,393	7,187,108
Deferred of Inflows of Resources			
Differences between expected and actual experience	10,006,529	-	10,006,529
Changes of assumptions	59,675,583	28,114	59,703,697
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	11,766,284	1,885	11,768,169

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2020, are as follows:

	<u>Vendors</u>	<u>Accrued Salaries & Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 167,415	\$ 5,970,913	\$ 6,138,328
Other Governmental	879,118	6,442,023	7,321,141
Total governmental activities	<u>\$ 1,046,533</u>	<u>\$12,412,936</u>	<u>\$13,459,469</u>
Business-type Activities:			
School Food Service	\$ 4,835	\$ 163,448	\$ 168,283
Child Care	78	--	78
Total business-type activities	<u>\$ 4,913</u>	<u>\$ 163,448</u>	<u>\$ 168,361</u>

**IREDELL-STATESVILLE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended June 30, 2020**

NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

Deferred Outflows and Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in proportion and difference between employer contributions and proportionate share of contributions - Pension and OPEB	\$ 4,272,371	\$ 12,663,508
Changes of assumptions - Pension and OPEB	17,557,613	59,703,697
Difference between projected and actual earnings on plan investments - Pension and OPEB	1,621,160	-
Employer contributions subsequent to the measurement date - Pension and OPEB	21,375,356	-
Difference between expected and actual experience - Pension and OPEB	<u>6,549,850</u>	<u>10,156,585</u>
Totals	<u><u>\$ 51,376,350</u></u>	<u><u>\$ 82,523,790</u></u>

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 of \$3,150,000 for general liability and errors and omissions claims. Workers' compensation coverage is provided by Liberty Mutual Insurance Company up to \$100,000 per accident for employees to the extent they are paid from local or federal funds. The State of North Carolina provides workers' compensation for employees to the extent they are paid from State funds. The Trust is reinsured through commercial companies for losses in excess of \$150,000 per claim for errors and omissions and general liability coverage. The Board also participates in the Public School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing fund administered by the North Carolina Department of Public Instruction. The Fund insures the tangible property assets of the Board. Coverage is provided on an 'all risk' perils contract. Building and contents are insured on a replacement

**IREDELL-STATESVILLE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended June 30, 2020**

NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

cost basis. The Fund purchases excess reinsurance to protect the assets of the Fund in the event of a catastrophic event. The Fund maintains a self-insured retention of \$10 million. Excess reinsurance is purchased through commercial insurers. A limit of \$5 million per occurrence is provided on Flood, Earthquake, Business Interruption and Extra Expense. \$10 million per occurrence is provided on Increased Cost of Construction.

The Board 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 the full 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 \$100,000. The remaining employees who have access to funds are bonded under a \$10,000/person bond.

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.

Contingent Liabilities

At June 30, 2020, the Board was a defendant to various lawsuits. In the opinion of the Board’s management and the Board’s attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Board’s financial position.

Long-Term Obligations

a. Capital Leases

As authorized in State law [G.S. 115C-528(a)], the Board entered into various lease agreements to lease equipment and vehicles. The leasing arrangements were made for various years and, at the conclusion of each of the leases, ownership is transferred to the Board. The lease agreements qualify as capital leases for accounting purposes; therefore, the obligations have been recorded at the present value of the future minimum lease payments as of the date of their inception.

At June 30, 2020, assets recorded under the capital leases were as follows:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$ 232,843	\$ 135,825	\$ 97,018

**IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

The following is a schedule of the future minimum lease payments and the net present value of the minimum lease payments as of June 30, 2020:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2021	\$ 63,823
Less: amount representing interest	<u>518</u>
Present value of the minimum lease payments	<u>\$ 63,305</u>

b. Installment Purchases

The Board is authorized to finance the purchase of school buses and other property under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot monies for the payments on school bus financing contracts entered into pursuant to G.S. 115C-528. The State has accepted the bid to purchase Thomas Built Buses through a special third party financing arrangement by Bank of America Public Capital Corp at total payments less than the purchase price. During the various years, the Board entered into a direct placement installment purchase contracts to finance the purchase of school buses and other property. The buses are pledged as collateral for the debt while the debt is outstanding. The financing contracts require only principal payments of varying amounts due at the beginning of each contract year.

The future minimum payments of the installment purchases as of June 30, 2020, are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 741,580	\$ --
2022	565,890	--
2023	<u>210,644</u>	--
	<u>\$ 1,518,114</u>	<u>\$ --</u>

**IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

c. 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, 2020:

	Balance, July 1, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion
Governmental activities:					
Direct placement financing:					
Installment purchases	\$ 1,656,458	\$ 842,577	\$ 980,921	\$ 1,518,114	\$ 741,580
Capital leases	4,427,007	--	4,363,702	63,305	63,305
Net pension liability	69,367,397	2,947,405	--	72,314,802	--
Net OPEB liability	177,008,749	14,491,778	--	191,500,527	--
Compensated absences	10,094,607	8,060,063	7,867,109	10,287,561	7,867,109
Total	<u>\$262,554,218</u>	<u>\$26,341,823</u>	<u>\$13,211,732</u>	<u>\$275,684,309</u>	<u>\$ 8,671,994</u>
Business-type activities:					
Net pension liability	\$ 2,474,746	165,625	--	\$ 2,640,371	\$ --
Net OPEB liability	6,314,951	677,150	--	6,992,101	--
Compensated absences	225,567	382,587	359,831	248,323	248,323
	<u>\$ 9,015,264</u>	<u>\$ 1,225,362</u>	<u>\$ 359,831</u>	<u>\$ 9,880,795</u>	<u>\$ 248,323</u>

Compensated absences are typically liquidated by the general and other governmental funds.

Interfund Balances and Activity

Transfers to/from other funds at June 30, 2020 consist of the following:

From the State Public School Fund to the School Food Service Fund for salaries and benefits	<u>\$ 220,000</u>
From the State Public School Fund to the Child Care Fund for salaries and benefits	<u>\$ 131,895</u>
From the General Fund to the School Food Service Fund for employee bonuses	<u>\$ 40,261</u>

NOTE 3 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Fund Balance

The Board of Education has a revenue spending policy that provides a policy for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: federal funds, State funds, local non-Board of Education funds, Board of Education funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Board of Education.

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 3 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES (Continued)

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

Total fund balance – General Fund	\$ 8,355,653
Less:	
Stabilization by State Statute	291,293
Scholarships	<u>111,292</u>
Remaining Fund Balance	<u>\$ 7,953,068</u>

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.

COVID-19

The COVID-19 pandemic has developed rapidly in 2020. Measures taken by various governments to contain the virus have affected economic activity. The Board has taken measures to mitigate the effects of COVID-19, such as switching to remote learning for students beginning in March 2020 and implementing safety and health measures.

Based on the Board's current experience, any potential negative impact on finances has been mitigated by special COVID-19 grants received. During the year ended June 30, 2020, the Board expended Federal Coronavirus Relief Funds of \$592,272 and state COVID-19 grants of \$696,832. In addition, the Board received Federal grants subsequent to year-end of \$5,683,003. The grants were received to assist in covering additional expenses incurred in response to the coronavirus.

The impact of COVID-19 on the Board is evolving and future effects are uncertain and unknown.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

IREDELL-STATESVILLE BOARD OF EDUCATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
Last Seven Fiscal Years *

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Board's proportion of the net pension liability (asset)	0.723%	0.722%	0.733%	0.737%	0.757%
Board's proportionate share of the net pension liability (asset)	\$ 74,955,173	\$ 71,842,143	\$ 58,175,322	\$ 67,730,562	\$ 27,883,682
Board's covered payroll	\$ 108,792,545	\$ 104,322,182	\$ 102,838,697	\$ 98,459,836	\$ 100,923,997
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	68.90%	68.87%	56.57%	68.79%	27.63%
Plan fiduciary net position as a percentage of the total pension liability	87.56%	87.61%	89.51%	87.32%	94.64%

	<u>2015</u>	<u>2014</u>
Board's proportion of the net pension liability (asset)	0.754%	0.775%
Board's proportionate share of the net pension liability (asset)	\$ 8,837,119	\$ 47,044,326
Board's covered payroll	\$ 96,688,155	\$ 98,880,344
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	9.14%	47.58%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	90.60%

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

This schedule is required supplementary information.

**IREDELL-STATESVILLE BOARD OF EDUCATION
SCHEDULE OF BOARD CONTRIBUTIONS
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
Last Seven Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 14,188,248	\$ 13,370,604	\$ 11,245,931	\$ 10,263,302	\$ 9,009,075
Contributions in relation to the contractually required contribution	<u>14,188,248</u>	<u>13,370,604</u>	<u>11,245,931</u>	<u>10,263,302</u>	<u>9,009,075</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 109,392,817	\$ 108,792,545	\$ 104,322,182	\$ 102,838,697	\$ 98,459,836
Contributions as a percentage of covered payroll	12.97%	12.29%	10.78%	9.98%	9.15%

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 9,234,546	\$ 8,402,201
Contributions in relation to the contractually required contribution	<u>9,234,546</u>	<u>8,402,201</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 100,923,997	\$ 96,688,155
Contributions as a percentage of covered payroll	9.15%	8.69%

This schedule is required supplementary information.

**IREDELL-STATESVILLE BOARD OF EDUCATION
 SCHEDULE OF THE PROPORTIONATE SHARE OF NET OPEB LIABILITY
 RETIREE HEALTH BENEFIT FUND
 Last Four Fiscal Years***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability (asset)	0.6274%	0.6435%	0.6631%	0.6427%
Board's proportionate share of the net OPEB liability (asset)	\$ 198,492,628	\$ 183,323,700	\$ 217,402,150	\$ 279,591,436
Board's covered payroll	\$ 108,792,545	\$ 104,322,182	\$ 102,838,697	\$ 98,459,836
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	182.45%	175.73%	211.40%	283.96%
Plan Fiduciary net position as a percentage of the total OPEB liability	4.40%	4.40%	3.52%	2.41%

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

This schedule is required supplementary information.

**IREDELL-STATESVILLE BOARD OF EDUCATION
SCHEDULE OF BOARD CONTRIBUTIONS
RETIREE HEALTH BENEFIT FUND
Last Ten Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 7,077,715	\$ 6,821,293	\$ 6,311,492	\$ 5,974,928	\$ 5,513,751
Contributions in relation to the contractually required contribution	<u>7,077,715</u>	<u>6,821,293</u>	<u>6,311,492</u>	<u>5,974,928</u>	<u>5,513,751</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Board's covered payroll	\$ 109,392,817	\$ 108,792,545	\$ 104,322,182	\$ 102,838,697	\$ 98,459,836
Contributions as a percentage of covered payroll	6.47%	6.27%	6.05%	5.81%	5.60%

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 5,540,727	\$ 5,221,160	\$ 5,240,658	\$ 4,897,104	\$ 4,868,669
Contributions in relation to the contractually required contribution	<u>5,540,727</u>	<u>5,221,160</u>	<u>5,240,658</u>	<u>4,897,104</u>	<u>4,868,669</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Board's covered payroll	\$ 100,923,997	\$ 96,688,155	\$ 98,880,340	\$ 97,942,080	\$ 99,360,592
Contributions as a percentage of covered payroll	5.49%	5.40%	5.30%	5.00%	4.90%

This schedule is required supplementary information.

**IREDELL-STATESVILLE BOARD OF EDUCATION
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB ASSET
DISABILITY INCOME PLAN OF NORTH CAROLINA
Last Four Fiscal Years***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB asset	0.6351%	0.6361%	0.6435%	0.6534%
Board's proportionate share of the net OPEB asset	\$ 274,024	\$ 193,225	\$ 393,283	\$ 405,786
Board's covered payroll	\$ 108,792,545	\$ 104,322,182	\$ 102,838,697	\$ 98,459,836
Board's proportionate share of the net OPEB asset as a percentage of its covered payroll	0.25%	0.19%	0.38%	0.41%
Plan Fiduciary net position as a percentage of the total OPEB asset	113.00%	108.47%	116.23%	116.06%

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

This schedule is required supplementary information.

**IREDELL-STATESVILLE BOARD OF EDUCATION
SCHEDULE OF BOARD CONTRIBUTIONS
DISABILITY INCOME PLAN OF NORTH CAROLINA
Last Ten Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 109,393	\$ 152,310	\$ 146,051	\$ 390,787	\$ 403,685
Contributions in relation to the contractually required contribution	109,393	152,310	146,051	390,787	403,685
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 109,392,817	\$ 108,792,545	\$ 104,322,182	\$ 102,838,697	\$ 98,459,836
Contributions as a percentage of covered payroll	0.10%	0.14%	0.14%	0.38%	0.41%

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 413,788	\$ 425,428	\$ 435,073	\$ 509,299	\$ 516,675
Contributions in relation to the contractually required contribution	413,788	425,428	435,073	509,299	516,675
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 100,923,997	\$ 96,688,155	\$ 98,880,340	\$ 97,942,080	\$ 99,360,592
Contributions as a percentage of covered payroll	0.41%	0.44%	0.44%	0.52%	0.52%

This schedule is required supplementary information.

IREDELL-STATESVILLE BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2020

	Budget	Actual	<i>Exhibit A-1</i> Positive (Negative) Variance
Revenues:			
Iredell County	\$ 38,575,250	\$ 38,575,250	\$ -
Other:			
Fines and forfeitures	850,600	797,722	(52,878)
Interest	270,000	197,729	(72,271)
Rental of school property	76,800	50,026	(26,774)
Other	200,032	206,892	6,860
Total	1,397,432	1,252,369	(145,063)
Total revenues	39,972,682	39,827,619	(145,063)
Expenditures:			
Instructional services:			
Regular instructional		9,028,964	
Special populations		608,044	
Alternative programs		705,859	
School leadership		3,928,739	
Co-curricular		633,793	
School-based support		4,122,920	
Total instructional services	20,019,231	19,028,319	990,912
System-wide support services:			
Support and development		518,667	
Special population support		120,278	
Alternative programs		15,559	
Technology support		1,274,012	
Operational support		10,393,334	
Financial and human resource		1,941,598	
Accountability		5,058	
Policy, leadership and public relations		1,050,560	
Total system-wide support services	16,689,436	15,319,066	1,370,370
Ancillary services			
Other	468	468	-
Non-programmed charges	4,881,039	4,812,035	69,004
Debt service:			
Principal	23,823	23,646	177
Interest expense	177	177	-
	24,000	23,823	177
Total expenditures	41,614,174	39,183,711	2,430,463
Revenues over (under) expenditures	(1,641,492)	643,908	2,285,400
Appropriated fund balance	1,681,753	-	(1,681,753)

IREDELL-STATESVILLE BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	Exhibit A-1 (Continued) Positive (Negative) Variance
Other financing sources (uses):			
Transfer to Child Nutrition	<u>(40,261)</u>	(40,261)	<u>-</u>
Revenues, other sources & appropriated fund balance under expenditures	<u>\$ -</u>	603,647	<u>\$ 603,647</u>
Fund balance:			
Beginning of year, July 1		<u>7,752,006</u>	
End of year, June 30		<u>\$ 8,355,653</u>	

IREDELL-STATESVILLE BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL OUTLAY FUND
For the Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Exhibit B-1			
Revenues:			
State of North Carolina:			
Public School Building Capital Fund - Lottery	\$ 500,000	\$ -	\$ (500,000)
State appropriations - buses	980,921	980,921	-
	<u>1,480,921</u>	<u>980,921</u>	<u>(500,000)</u>
Iredell County:			
Debt reserve fund	12,965,080	55,052	(12,910,028)
General county revenues	16,572,219	12,268,679	(4,303,540)
	<u>29,537,299</u>	<u>12,323,731</u>	<u>(17,213,568)</u>
Other:			
State sales tax refund	95,644	163,314	67,670
Miscellaneous	11,525	40,071	28,546
	<u>107,169</u>	<u>203,385</u>	<u>96,216</u>
Total revenues	<u>31,125,389</u>	<u>13,508,037</u>	<u>(17,617,352)</u>
Expenditures:			
Current:			
Instructional services	67,040	67,040	-
System-wide support services	2,272,566	1,355,618	916,948
Capital outlay	25,616,920	7,996,805	17,620,115
Debt Service:			
Principal	4,960,792	4,960,792	-
Total expenditures	<u>32,917,318</u>	<u>14,380,255</u>	<u>18,537,063</u>
Revenues under expenditures	(1,791,929)	(872,218)	919,711
Other financing sources:			
Debt obligations issued	1,699,944	842,577	(857,367)
Net change in fund balance	<u>\$ (91,985)</u>	<u>(29,641)</u>	<u>\$ 62,344</u>
Fund balance:			
Beginning of year, July 1		2,016,068	
End of year, June 30		<u>\$ 1,986,427</u>	

**IREDELL-STATESVILLE BOARD OF EDUCATION
NON-MAJOR GOVERNMENTAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - FEDERAL GRANTS FUND
For the Year Ended June 30, 2020**

Exhibit C-1

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
U. S. Government	<u>\$ 13,449,447</u>	<u>\$ 9,513,911</u>	<u>\$ (3,935,536)</u>
Expenditures:			
Instructional services	10,669,039	8,695,435	1,973,604
System-wide supporting services	677,594	553,518	124,076
Non-programmed charges	<u>2,102,814</u>	<u>264,958</u>	<u>1,837,856</u>
Total expenditures	<u>13,449,447</u>	<u>9,513,911</u>	<u>3,935,536</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances:			
Beginning of year, July 1		<u>-</u>	
End of year, June 30		<u>\$ -</u>	

IREDELL-STATESVILLE BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-
GAAP) - SCHOOL FOOD SERVICE FUND
For the Year Ended June 30, 2020

Exhibit D-1

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Food sales	\$ 3,382,425	\$ 2,682,763	\$ (699,662)
Operating expenditures:			
Food costs:			
Purchase of food		3,033,886	
Salaries and benefits		5,696,333	
Utilities and telephone		20,924	
Contracted services		4,056	
Materials and supplies		434,760	
Travel		13,656	
Capital outlay		65,787	
Other		765	
Total expenditures	<u>10,091,444</u>	<u>9,270,167</u>	<u>821,277</u>
Operating loss	<u>(6,709,019)</u>	<u>(6,587,404)</u>	<u>121,615</u>
Nonoperating revenues:			
Federal reimbursements	5,050,000	5,633,182	583,182
State reimbursements	18,000	13,883	(4,117)
Federal commodities	500,000	530,222	30,222
Interest earned	12,000	8,284	(3,716)
Gain on disposal of capital assets	2,000	4,000	2,000
Other	1,000	-	(1,000)
Total nonoperating revenues	<u>5,583,000</u>	<u>6,189,571</u>	<u>606,571</u>
Revenues over (under) expenditures	(1,126,019)	(397,833)	728,186
Other financing sources:			
Operating transfer in	<u>1,126,019</u>	<u>260,261</u>	<u>(865,758)</u>
Revenues and other financing sources under expenditures	<u>\$ -</u>	<u>(137,572)</u>	<u>\$ (137,572)</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(91,919)	
Net OPEB asset		2,464	
Net pension liability		(132,148)	
Net OPEB liability		(547,544)	
Deferred outflows - pension and OPEB		(18,197)	
Deferred inflows - pension and OPEB		492,615	
Decrease in inventories		84,706	
Capital outlay		65,787	
Indirect cost		824,521	
Indirect cost not paid		(824,521)	
Decrease in compensated absences payable		(29,655)	
Change in net position (full accrual)		<u>\$ (311,463)</u>	

IREDELL-STATESVILLE BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-
GAAP) - CHILD CARE FUND
For the Year Ended June 30, 2020

Exhibit D-2

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Child care fees	\$ 1,354,345	\$ 1,029,120	\$ (325,225)
Expenditures:			
Food purchases		37,563	
Salaries and benefits		1,226,197	
Utilities and telephone		7,136	
Contracted services		153	
Material and supplies		4,714	
Travel		3,595	
Field trips		7,792	
Other		196	
Total expenditures	<u>1,448,355</u>	<u>1,287,346</u>	<u>161,009</u>
Operating loss	(94,010)	(258,226)	(164,216)
Nonoperating revenues:			
Interest and other	<u>-</u>	<u>3,382</u>	<u>3,382</u>
Revenues over expenditures	(94,010)	(254,844)	(160,834)
Other financing sources:			
Operating transfer in	<u>94,010</u>	<u>131,895</u>	<u>37,885</u>
Revenues and other financing sources under expenditures	<u>\$ -</u>	<u>(122,949)</u>	<u>\$ (122,949)</u>
Reconciling items:			
Decrease in compensated absences		\$ 6,899	
Net OPEB asset		533	
Net pension liability		(33,477)	
Net OPEB liability		(129,606)	
Deferred outflows - pension and OPEB		400	
Deferred inflows - pension and OPEB		95,403	
Change in net position (full accrual)		<u>\$ (182,797)</u>	

COMPLIANCE SECTION

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**Independent Auditor's Report On Internal Control Over Financial
Reporting And On Compliance And Other Matters Based On An Audit Of
Financial Statements Performed In Accordance With
Government Auditing Standards**

To the Board of Education
Iredell-Statesville Board of Education
Statesville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Iredell-Statesville Board of Education (the "Board"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated October 7, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control 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 to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Coffey, Lovins & Company, PLLC

Statesville, North Carolina

October 7, 2020

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**Independent Auditor's Report On Compliance for
Each Major Federal Program and on Internal Control
Over Compliance in Accordance with OMB Uniform Guidance
and The State Single Audit Implementation Act**

To the Board of Education
Iredell-Statesville Board of Education
Statesville, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Iredell-Statesville Board of Education's (the "Board") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the Board's major federal programs for the year ended June 30, 2020. The Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with Federal and State statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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*. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Board's compliance.

Opinion on Each Major Federal Program

In our opinion, the Board, complied, in all material respects, with the types of 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, 2020.

Report on Internal Control Over Compliance

Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's 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 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 a 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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. Accordingly, this report is not suitable for any other purpose.

Coffey, Louins & Company, PLLC

Statesville, North Carolina

October 7, 2020

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**Independent Auditor's Report On Compliance For
Each Major State Program and on Internal Control Over
Compliance In Accordance With OMB Uniform Guidance
and The State Single Audit Implementation Act**

To the Board of Education
Iredell-Statesville Board of Education
Statesville, North Carolina

Report on Compliance for Each Major State Program

We have audited Iredell-Statesville Board of Education's (the "Board"), compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Board's major state programs for the year ended June 30, 2020. The Board's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Board's compliance.

Opinion on Each Major State Program

In our opinion, the Board complied, in all material respects, with the types of 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, 2020.

Report on Internal Control Over Compliance

Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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. Accordingly, this report is not suitable for any other purpose.

Coffey, Lovins & Company, PLLC

Statesville, North Carolina

October 7, 2020

**Iredell-Statesville Board of Education
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020**

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
10.555 10.553 10.555 10.555 10.559	U.S Department of Agriculture: School Nutrition Program Child Nutrition Cluster: Commodities (non-cash) School Breakfast Program National School Lunch Program After School Snack Program Summer Food Service Program
84.184G 84.184M	U.S. Department of Education: School Climate Transformation Grant Project Prevent Grant
84.334	Gear Up Program

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

\$ 750,000

Auditee qualified as low-risk auditee?

yes no

State Awards

Internal control over major State programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

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?

yes no

Identification of major State programs:

Program Name

- State Public School Fund
- State COVID-19 Supplemental Funds
- School Buses (non-cash)

**Iredell-Statesville Board of Education
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020**

Section II. Financial Statement Findings

Finding: None

Section III. Federal Award Findings and Questioned Costs

Finding: None

Section IV. State Award Findings and Questioned Costs

Finding: None

**Iredell-Statesville Board of Education
Corrective Action Plan
For the Year Ended June 30, 2020**

Section II. Financial Statement Findings

None Reported

Section III. Federal Award Findings and Questioned Costs

None Reported

Section IV. State Award Findings and Questioned Costs

None Reported

**Iredell-Statesville Board of Education
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2020**

Findings: 2019
None

Findings: 2018
None

Findings: 2017
None

IREDELL-STATESVILLE BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures
Federal Grants:			
Cash Programs:			
<u>U. S. Department of Agriculture</u>			
School Nutrition Program (Note 3):			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities)			
Passed-through the N.C. Department of Public Agriculture:			
National School Lunch Program -			
Non-cash (Commodities)	10.555	PRC 035	\$ 530,222
Cash Assistance:			
Passed-through the N.C. Department of Public Instruction:			
School Breakfast Program	10.553	PRC 035	858,108
National School Lunch Program	10.555	PRC 035	2,692,641
After School Snack Program	10.555	PRC 035	11,734
Summer Food Service Program for Children	10.559	PRC 035	1,861,905
Total Cash Assistance			<u>5,424,388</u>
Total Child Nutrition Cluster			5,954,610
Child and Adult Care Food Program	10.558	PRC 035	208,794
Total School Nutrition Program (Note 3)			<u>6,163,404</u>
Total U. S. Department of Agriculture			<u>6,163,404</u>
U.S. Department of the Treasury			
Departmental Offices			
Passed-through the NC Department of Public Instruction			
Coronavirus Relief Fund:			
School Nutrition	21.019	PRC 125	592,272
<u>U.S. Department of Education</u>			
Cash Assistance:			
<u>Office of Elementary and Secondary Education</u>			
Direct Program:			
School Climate Transformation Grant	84.184G		445,913
Project Prevent Grant	84.184M		441,206
			<u>887,119</u>
Education Innovation and Research Grant	84.411C		327,276
Passed-through the N.C. Department of Public Instruction:			
Title I Grants to Local Education Agencies -			
Educationally Deprived Children	84.010	PRC 050, 115	4,009,369
School Improvement Grant	84.377	PRC 105	39,375
			<u>4,048,744</u>
Student Support and Academic Enrichment	84.424	PRC 108	301,163
English Language Acquisition Grant	84.365	PRC 104, 111	84,173

IREDELL-STATESVILLE BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)
For the Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures
Improving Teacher Quality State Grant	84.367	PRC 103	590,839
<u>Office of Special Education and Rehabilitative Services</u>			
Passed-through the N.C. Department of Public Instruction:			
<u>Special Education Cluster:</u>			
Individuals with Disabilities Education Act			
Education of the Handicapped	84.027	PRC 060	3,921,019
Special Needs Targeted Assistance	84.027	PRC 118	7,987
Special Education - Risk Pool	84.027	PRC 114	82,466
Preschool Handicapped	84.173	PRC 049	153,682
Preschool Grants Targeted Assistance	84.173	PRC 119	8,176
Total Special Education Cluster			4,173,330
Title VI-B, State Improvement Grant	84.323	PRC 082	20,098
Passed-through the N.C. Department of Public Instruction:			
Carl D. Perkins Vocational and Applied Technology Education Act Amendments of 1990 Basic Grants to States - Program Development			
	84.048	PRC 017	295,564
<u>Office of Postsecondary Education</u>			
Direct Program:			
Gear-Up Program	84.334		873,814
Total U. S. Department of Education			11,602,120
<u>U.S. Department of Defense</u>			
Direct Program:			
ROTC	NONE		267,463
Total federal assistance			18,625,259
State Grants:			
Cash Assistance:			
<u>N.C. Department of Public Instruction:</u>			
State COVID-19 Supplemental Funds		PRC 154	696,832
State Public School Fund			116,170,766
Driver Training - SPSF		PRC 012	416,438
School Technology Fund - SPSF		PRC 015	235,356
Vocational Education			
- State Months of Employment		PRC 013	6,723,611
- Program Support Funds		PRC 014	463,725
Total N.C. Department of Public Instruction			124,706,728
<u>Division of School Food Service:</u>			
Kindergarten Breakfast Program			13,883

IREDELL-STATESVILLE BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)
For the Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures
<u>N.C. Department of Health & Human Services</u>			
<u>Division of Public Health</u>			
Passed through Iredell County Health Department:			
School Nursing Funding Initiative			50,000
<u>NC Healthy Schools</u>			
CDC HIV Prevention Grant			3,029
Total N.C. Department of Health and Human Services			53,029
Non-Cash Assistance			
<u>N.C. Department of Public Instruction:</u>			
School buses			980,921
Total State assistance			125,754,561
Total federal and State assistance			\$ 144,379,820

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Iredell-Statesville Board of Education under the programs of the federal government and the State of NC for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of 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. Because the Schedule presents only a selected portion of the operations of Iredell-Statesville Board of Education, it is not intended to and does not present the financial position, changes in net positions or cash flows of Iredell-Statesville 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 to reimbursement.

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

Note 3: Cluster of Programs

The following are clustered by the NC Department of Public Instruction and are treated separately for state audit requirement purposes: School Nutrition Program.