



# New Hanover County Schools

New Hanover County Board of Education  
**Comprehensive Annual Financial Report**  
Fiscal Year Ended June 30, 2020  
Wilmington, North Carolina

New Hanover County  
Board of Education

**Comprehensive  
Annual Financial Report**

for the Fiscal Year Ended  
June 30, 2020  
Wilmington, North Carolina

*Prepared by the Finance Department*

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## New Hanover County Schools

*Engaging Students, Achieving Excellence*

DR. CHARLES FOUST  
*Superintendent*

MARY HAZEL M. SMALL, CPA  
*Chief Financial Officer*

### LETTER OF TRANSMITTAL

#### TO THE MEMBERS OF THE NEW HANOVER COUNTY BOARD OF EDUCATION AND CITIZENS OF NEW HANOVER COUNTY, NORTH CAROLINA

November 20, 2020

In compliance with the Public School Laws of North Carolina, the Comprehensive Annual Financial Report of the New Hanover County Board of Education (Board), operating as "New Hanover County Schools," for the fiscal year ended June 30, 2020, is herewith submitted. The accuracy, completeness and clarity of the financial report is the responsibility of the Board. This financial report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) by the Finance Department. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the Board. All disclosures necessary to enable the reader to gain an understanding of the Board's financial activities have been included.

This letter of transmittal is designed to complement Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The New Hanover County Board of Education's MD&A can be found immediately following the report of the independent auditor.

#### REPORTING ENTITY

The mission of New Hanover County Schools, in collaboration with our parents and the community, is to strive to provide children with an opportunity for a superior education in a safe and positive learning environment where they are prepared with the skills to succeed.

The Board of Education has the primary responsibility and control over all activities related to public school education in New Hanover County, North Carolina, and is required to maintain accounting records in a uniform state format established by the State's General Assembly. The seven members of the Board are elected by the public and have decision-making authority, the authority to designate management, and the ability to significantly influence operations. The state is the Board's primary source of funding which establishes programs which are supplemented by local funding. Although New Hanover County levies all local taxes used for education purposes, the Board determines how the school system will spend the funds generated for the schools. The County cannot modify the school system's budget. For these reasons, the Board is not fiscally dependent on the County and therefore is recognized as a primary government, as defined by the Governmental Accounting Standards Board. The Board receives government funding from local, state, and federal sources and must comply with established legal requirements of each funding source entity. The Board is not a component unit of any other government and has no component units of its own.

## LOCAL ECONOMIC CONDITION AND FUTURE OUTLOOK

New Hanover County, located in the tidewater section of southeastern North Carolina on the Atlantic coast, has a diverse economy containing a variety of industries, the majority of which are health care related, followed by accommodation and food services and retail trade. New Hanover County also has several large manufacturing and industrial plants. The second-smallest county in the state, New Hanover County encompasses 192 square miles, has a population of approximately 239,272. The County's unemployment rate of 7.2% in 2020 is slightly less than the State rate of 7.5%.

New Hanover County Schools is the 12th largest school system in the state. In 2019-20 it served 25,617 students from kindergarten through twelfth grade, slightly higher than the 2018-19 school year. Additionally, pre-k services were provided to 883 students in both public and private sites. Services were provided to students in 26 elementary schools, 7 middle schools, 4 high schools, 1 alternative high school/ pre-k Center, 1 K-8 alternative day treatment center, 1 alternative K-12 school, 3 early college high schools and 2 pre-k centers.

Adequate space and maintenance needs for school facilities continue to be a major budget concern. The average age of school facilities in New Hanover County is 42 years, with 7 schools exceeding 70 years.

Additionally, local funds were transferred to 11 area Charter schools and 1 Lab School serving 1,545 County residents. Local funds were also transferred to 2 Virtual Charter schools serving 66 county residents.

## MAJOR INITIATIVES

**Capital Improvements.** As required by the State Department of Public Instruction, New Hanover County Schools maintains a ten-year facilities plan that has been submitted and approved by the County Commissioners and the State Department of Public Instruction.

Work is in progress on many projects related to the Bond Referendum for Capital Improvements that the voters passed in November, 2014. A major project that was completed this year was renovations to Roland Grise Middle School.

Ongoing bond projects include:

- Additions and renovations at Wrightsville Beach Elementary school, Noble Middle, Trask Middle, and Myrtle Grove Middle schools.
- District wide technology, safety and security, building system and infrastructure improvements.

The Capital Outlay Plan developed during the 2020-21 Budget Process totaled \$6.3 million, including \$1.6 million in County funded projects, \$2.4 million in State Lottery, and \$1.4 million in State and Federal Coronavirus and CARES Act grant funds. Major projects include:

- Sea-Tech Renovations
- Safety & Security Upgrades
- Repairs at various schools
- Technology equipment replacements

## FINANCIAL SYSTEM AND BUDGETARY CONTROLS

**Accounting System.** The accounts of the Board are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts comprised of assets, liabilities, fund equity, revenues and expenditures or expenses as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**Internal Controls.** Management of the Board is responsible for establishing and maintaining internal controls designed to ensure that assets of the district are protected from loss, theft, or misuse and that adequate accounting data are compiled to allow the preparation of financial statements in conformity with generally accepted accounting principles. The controls are designed to prevent losses of public



funds arising from fraud, employee error, and misrepresentation by third parties, or imprudent actions by Board employees. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations performed by the Board occur within the above framework. We believe that the Board's internal accounting controls adequately protect assets and provide reasonable assurance of the proper recording of financial transactions.

**Funding for Public Education.** The State of North Carolina is the primary funding source for education in New Hanover County. Federal and local funds are used to supplement state funding. Most local funds are allocated by the New Hanover County Board of Commissioners. The Board of Education has no tax levying authority.

**Budgetary Controls.** North Carolina General Statutes require all governmental units to adopt a balanced budget by July 1 of each year. The Board approved a Continuing Budget Resolution in June 2019, with final budget approval in October 2019. The Board's annual budget resolution for 2019-20 authorized expenditures at function level. This method is consistent with generally accepted accounting principles. The budgetary amounts in the accompanying financial statements are presented in conformity with the legally adopted budget resolution as amended during the fiscal year. For internal management purposes, the budget is allocated to line item expenditure accounts in compliance with the uniformed budget format mandated by the School Budget and Fiscal Control Act.

No obligation shall be incurred unless the budget resolution includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year. The Board uses a purchase order encumbrance system that records encumbrances outstanding against each expenditure line item. Contracts and purchase orders are preaudited and signed by the Chief Financial Officer. All non-capital outlay outstanding encumbrances are cancelled at year-end. Capital Outlay encumbrances are carried over into the subsequent year and the corresponding budget amounts are re-appropriated.

**Investment Objectives.** Funds of the Board shall be invested in accordance with North Carolina General Statutes and this Cash Management and Investments Policy. The primary objectives, in priority order, of investment activities shall be safety, liquidity and yield.

## INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The firm of Cherry Bekaert LLP was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the federal Single Audit Act of 1984, as amended, the related *OMB's Uniform Guidance* and the North Carolina Single Audit Implementation Act, as stated before. Generally accepted auditing standards and the standards applicable to financial audits set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditor's report on the management's discussion and analysis, the basic financial statements and the combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports on internal controls and compliance with applicable laws and regulations can be found in the compliance section of this report.

## FINANCIAL REPORTING AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) and the Association of School Business Officials (ASBO) awarded Certificates of Achievement for Excellence in Financial Reporting to the Board for its comprehensive annual financial report for the year ended June 30, 2019. In order to be awarded Certificates of Achievement, the Board published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. This was the twenty fifth and twenty sixth consecutive year that the Board received the GFOA and ASBO Awards, respectively.


A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the requirements for the Certificates of Achievement, and we are submitting it to the GFOA and ASBO to determine its eligibility for another certificate.

## ACKNOWLEDGMENTS

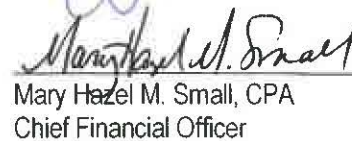
The preparation of this report would not be possible without the dedicated efforts of the staff of the Finance Department. We would like to thank all employees who assisted in the management of system resources in accordance with Board policies and procedures.

We would also like to express our appreciation to the members of the Board of Education for their interest and support in planning and conducting the financial affairs of the school system in a responsible and dedicated manner, and the members of the Board of County Commissioners for their continued support throughout the past year.

Respectfully submitted,



Dr. Charles Foust  
Superintendent



Mary Hazel M. Small, CPA  
Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**New Hanover County Schools  
North Carolina**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

**New Hanover County Schools**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2019.**

The CAFR meets the criteria established for  
ASBO International's Certificate of Excellence.



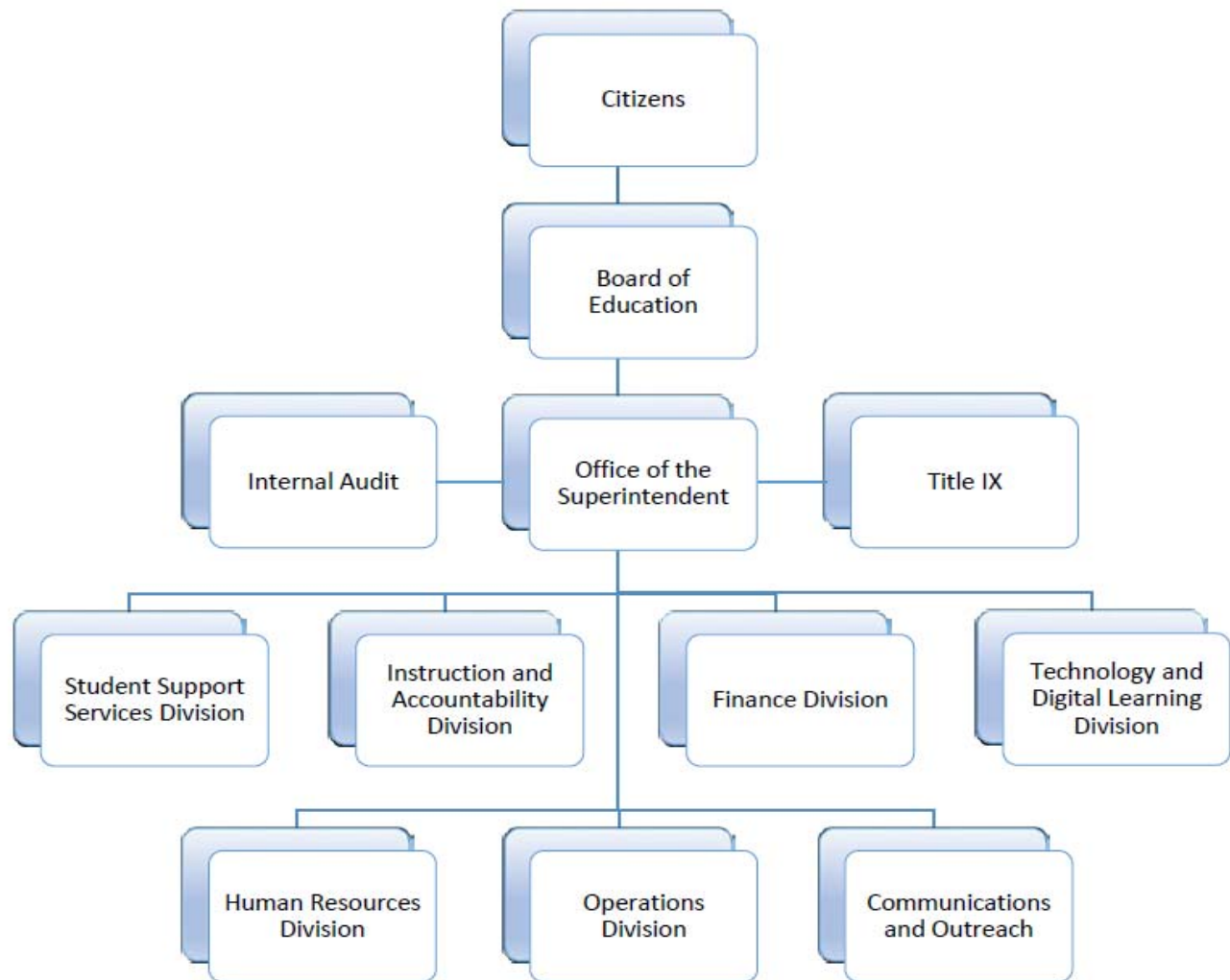
A handwritten signature in black ink, reading 'Claire Hertz'.

Claire Hertz, SFO  
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis  
Executive Director

# New Hanover County Schools Organizational Chart



NEW HANOVER COUNTY BOARD OF EDUCATION

LIST OF PRINCIPAL OFFICIALS

BOARD OF EDUCATION MEMBERS

Stephanie Adams, Chair

David L. Wortman, Vice Chair

Nelson Beaulieu

Lisa Estep

Judy Justice

Jeannette S. Nichols

Bill Rivenbark

SUPERINTENDENT OF SCHOOLS

Dr. Charles Foust, Superintendent

SENIOR ADMINISTRATION

Dr. LaChawn Smith, Deputy Superintendent

Eddie Anderson, Assistant Superintendent for Operations

Dawn Brinson, Assistant Superintendent for Technology & Digital Learning

Julie Varnam, Assistant Superintendent for Student Support Services

Ann Gibson, Chief Communications Officer

Mary Hazel M. Small, CPA, Chief Financial Officer

## **Report of Independent Auditor**

To the Board of Education  
New Hanover County Board of Education  
Wilmington, 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 New Hanover County 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 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 from 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 Board'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 Board'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, the business-type activities, each major fund, and the aggregate remaining fund information of the Board 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, the State Public School Fund, the Federal Grant Fund, and the Other Restricted 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 the management's discussion and analysis, and the required supplementary information as listed in the table of contents, 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 Board's basic financial statements. The introductory section, schedules of revenues, expenditures (expenses), and changes in fund balances (net position) budget and actual, the statistical section, and Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 schedules of revenues, expenditures (expenses), and changes in fund balances (net position) budget and actual and 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, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2020 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

*Cheryl Bekaert LLP*

Raleigh, North Carolina  
November 20, 2020



## MANAGEMENT'S DISCUSSION AND ANALYSIS

**New Hanover County Board of Education, North Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2020**

This section of New Hanover County Board of Education's (the Board) annual financial report represents our discussion and analysis of the financial performance of the Board for the fiscal year ending June 30, 2020. This information should be read in conjunction with the audited financial statements included in this report.

### **Financial Highlights**

- At year end, the Board's Governmental Funds reported combined ending fund balances of \$35,010,998, an increase of 22% over the prior year.
- The unassigned General Fund Balance increased by 80% to \$15,932,985
- The Board's total net position increased \$13,892,639, or 10%.
- K-12 student enrollment increased less than 1% from the prior year

### **Overview of the Financial Statements**

The audited financial statements of New Hanover County Board of Education consist of four components. They are as follows:

- *Report of Independent Auditor*
- *Management's discussion and analysis (required supplementary information)*
- *Basic financial statements*
- *Required supplemental section that presents Pension and OPEB Liability and Contribution Schedules.*

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

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

The basic financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports the financial statements.

Figure 1 shows how the various parts of this annual report are arranged and related to one another.

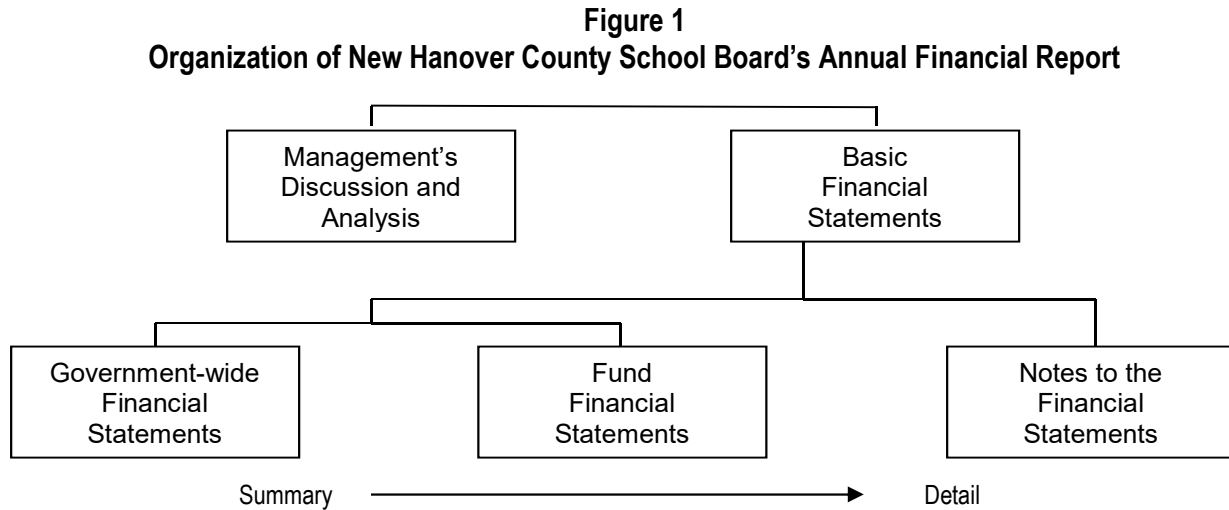


Figure 2 summarizes the major features of the Board's financial statements, including the portion of the Board's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**Figure 2**  
**Major Features of the Government-Wide and Fund Financial Statements**

	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
<b>Scope</b>	Entire Board (except fiduciary funds)	The activities of the Board that are not proprietary or fiduciary, such as special education and transportation	Activities the Board operates similar to private businesses, such as Child Nutrition
<b>Required financial statements</b>	-Statement of net position -Statement of activities	-Balance sheet -Statement of revenues, expenditures, and changes in fund balances	-Statement of net position -Statement of revenues, expenses and changes in fund net position -Statement of cash flows
<b>Accounting Basis and measurement focus</b>	Full accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Full accrual accounting and economic resources focus
<b>Type of asset, liability, deferred inflows and outflows of resources information</b>	All assets, liabilities, and deferred inflows and outflows of resources, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, liabilities, and deferred outflows & inflows of resources, both financial and capital, short-term and long-term
<b>Type of inflow/outflow information</b>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

## Government-wide Statements

The government-wide statements report information about the Board 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 inflows and outflows of resources, and liabilities. 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 total assets and deferred outflows and the total liabilities and deferred inflows of resources – is one way to measure the Board'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, one should 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 Board'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. The Board's Child Nutrition and After School Program services are included here.

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

## Fund Financial Statements

The fund financial statements provide detailed information about the Board's funds, focusing on its most significant or "major" funds. 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, such as the Federal Grants Fund, to control and manage money for a particular purpose or to show that it is properly using certain revenues.

New Hanover County Board of Education has two types of funds:

*Governmental Funds:* Most of the Board's basic services are included in the Governmental Funds, which generally focus on two things, 1) how cash and other financial assets that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. As a result of this focus, the Governmental Funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation following the Governmental Funds statements 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 Capital Outlay Fund, the Federal Grants Fund, Other Restricted Fund and the Individual Schools Fund.

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

*Proprietary Funds:* Services for which the Board charges a fee are generally reported in Proprietary Funds. The proprietary funds statements are reported on the same full accrual basis of accounting as the government-wide statements. The Board has two Proprietary Funds – both *Enterprise Funds* – the Child Nutrition services and the After School Program services.

The proprietary fund statements are Exhibits 7, 8, and 9 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 the assets and deferred outflows of resources by \$124,573,955 as of June 30, 2020. The Board's largest component of net position is net investment in capital assets, of \$301,008,433.

Following is a summary of the Statement of Net Position:

**Figure 3**  
**Condensed Statement of Net Position**  
**June 30, 2020 and 2019**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Current & other assets	\$ 55,458,932	\$ 46,562,019	\$ 4,730,638	\$ 4,178,879	\$ 60,189,570	\$ 50,740,898
Capital assets	300,997,484	287,450,931	366,375	465,149	301,363,859	287,916,080
	<u>356,456,416</u>	<u>334,012,950</u>	<u>5,097,013</u>	<u>4,644,028</u>	<u>361,553,429</u>	<u>338,656,978</u>
Deferred outflows of resources	81,460,096	86,880,726	2,049,895	2,144,572	83,509,991	89,025,298
Current liabilities	20,036,945	17,470,857	453,177	384,300	20,490,122	17,855,157
Long-term liabilities	422,059,310	397,362,385	7,752,900	7,290,179	429,812,210	404,652,564
	<u>442,096,255</u>	<u>414,833,242</u>	<u>8,206,077</u>	<u>7,674,479</u>	<u>450,302,332</u>	<u>422,507,721</u>
Deferred inflows of resources	117,548,034	141,438,466	1,787,009	2,202,683	119,335,043	143,641,149
Net investment in capital assets	300,642,058	286,982,328	366,375	465,149	301,008,433	287,447,477
Restricted:						
Stabilization by state statute	1,963,096	3,341,303	-	-	1,963,096	3,341,303
School capital outlay	1,333,498	3,157,372	-	-	1,333,498	3,157,372
DIPNC OPEB plan	410,989	294,769	5,952	3,921	416,941	298,690
Individual schools	1,933,712	2,049,009	-	-	1,933,712	2,049,009
Programs	4,217,108	3,837,537	-	-	4,217,108	3,837,537
Unrestricted	<u>(432,228,238)</u>	<u>(435,040,350)</u>	<u>(3,218,505)</u>	<u>(3,557,632)</u>	<u>(435,446,743)</u>	<u>(438,597,982)</u>
Total Net Position	<u>\$ (121,727,777)</u>	<u>\$ (135,378,032)</u>	<u>\$ (2,846,178)</u>	<u>\$ (3,088,562)</u>	<u>\$ (124,573,955)</u>	<u>\$ (138,466,594)</u>

For the Primary Government as a whole, net position increased by 10% during the year, indicating an improvement in the financial condition of the Board. The increase in net position was largely because of the increase in capital assets, primarily construction in progress. Also note that the Board carries capital assets for which New Hanover County carries the offsetting debt. New Hanover County Board of Education uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Figure 4 provides a condensed look at the more detailed Statement of Activities, highlighting program revenues. Governmental activities generated revenues of \$314,387,272 while expenses in this category totaled \$300,310,748 for the year ended June 30, 2020. Comparatively, revenues were \$318,379,346 and expenses totaled \$298,496,572 for the year ended June 30, 2019. After transfers to the business-type activities the increase in governmental net position stands at \$13,650,255 at June 30, 2020, compared to 19,827,054 in 2019. Instructional program services expenses comprised 72% of total governmental-type expenses while system-wide support services made up 22% of those expenses for 2020. County funding comprised 36% of total governmental revenue. Much of the remaining 64% of governmental revenue consisted of restricted State and Federal money. Business-type activities generated revenues of \$11,925,479 and expenses of \$12,109,364. Comparatively, revenues were \$12,425,483 and expenses totaled \$12,076,621 for the year ended June 30, 2019. Net position increased in the business-type activities by \$242,384.

**Figure 4**  
**Condensed Statement of Activities**  
**For the Years Ended June 30, 2020 and 2019**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>6/30/2020</b>	<b>6/30/2019</b>	<b>6/30/2020</b>	<b>6/30/2019</b>	<b>6/30/2020</b>	<b>6/30/2019</b>
Revenues						
<b>Program revenues</b>						
Charges for services	\$ 190,170	\$ 111,387	\$ 2,212,621	\$ 3,105,043	\$ 2,402,791	\$ 3,216,430
Operating grants and contributions	189,850,745	188,671,126	9,676,413	9,229,807	199,527,158	197,900,933
<b>General revenues (unrestricted)</b>						
County appropriations	112,589,103	118,097,677	-	-	112,589,103	118,097,677
State appropriations	3,372,209	2,290,176	-	-	3,372,209	2,290,176
Other	8,385,045	9,208,980	36,445	90,633	8,421,490	9,299,613
<b>Total revenues</b>	<b>314,387,272</b>	<b>318,379,346</b>	<b>11,925,479</b>	<b>12,425,483</b>	<b>326,312,751</b>	<b>330,804,829</b>
Expenses						
<b>Governmental activities:</b>						
Instructional services	216,127,549	205,386,511	-	-	216,127,549	205,386,511
System-wide support services	65,029,990	73,913,118	-	-	65,029,990	73,913,118
Ancillary services	475,861	779,844	-	-	475,861	779,844
Non-programmed charges	5,682,330	5,725,202	-	-	5,682,330	5,725,202
Interest on long-term debt	-	-	-	-	-	-
Unallocated depreciation	12,995,018	12,691,897	-	-	12,995,018	12,691,897
<b>Business-type activities:</b>						
Child Nutrition	-	-	11,487,580	11,472,145	11,487,580	11,472,145
After School Program	-	-	621,784	604,476	621,784	604,476
<b>Total expenses</b>	<b>300,310,748</b>	<b>298,496,572</b>	<b>12,109,364</b>	<b>12,076,621</b>	<b>312,420,112</b>	<b>310,573,193</b>
Increase (decrease) in net position before transfers	14,076,524	19,882,774	(183,885)	348,862	13,892,639	20,231,636
Transfers in (out)	(426,269)	(55,720)	426,269	55,720	-	-
Increase (decrease) in net position	13,650,255	19,827,054	242,384	404,582	13,892,639	20,231,636
Net position, beginning	(135,378,032)	(155,205,086)	(3,088,562)	(3,493,144)	(138,466,594)	(158,698,230)
Net position, ending	<u>\$ (121,727,777)</u>	<u>\$ (135,378,032)</u>	<u>\$ (2,846,178)</u>	<u>\$ (3,088,562)</u>	<u>\$ (124,573,955)</u>	<u>\$ (138,466,594)</u>

## Financial Analysis of the Board's Funds

**Governmental Funds:** The major funds represented in total Governmental Funds include General, State Public School, Federal Grant, Capital Outlay, and Other Restricted Funds. The focus of New Hanover County Board of Education's Governmental Funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing New Hanover County Board of Education's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

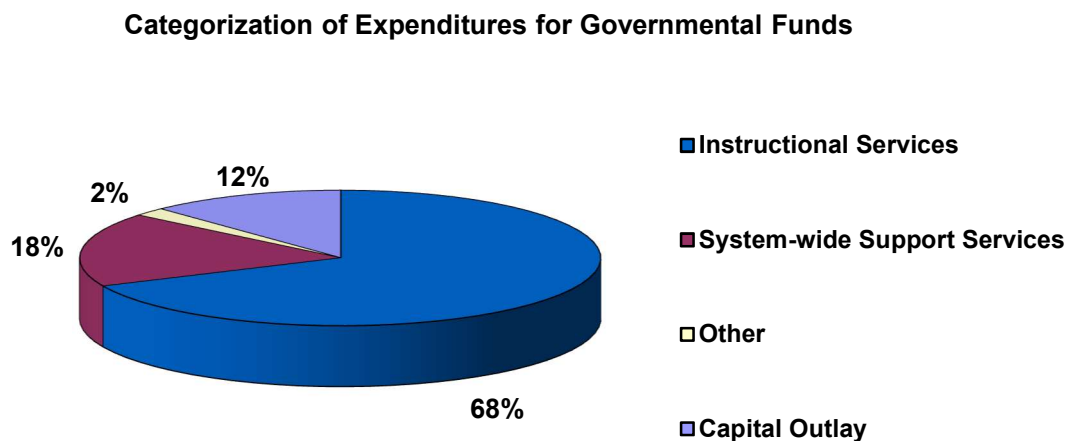
The Board's Governmental Funds reported a combined ending fund balance increase of \$6,305,934 from last year, raising the total governmental fund balance to \$35,010,998. Of the Governmental Funds combined ending fund balance, 45.5%, or \$15,932,985, is unassigned and available for spending at the Board's discretion. The unassigned amount is in the General Fund.

The General Fund total fund balance increased by \$7,865,534. The Board has established a goal of no less than 7% of budgeted operating expenditures in unassigned fund balance. During 2018-2019 the Board percentage fell below this goal to respond to the emergency repairs from Hurricane Florence. The unassigned fund balance in the General Fund increased in 2020 by 80% due to insurance and FEMA proceeds, and now represents 5.9% of total governmental expenditures, excluding Capital Outlay.

State Public School funding increased by approximately \$4.5 million (or 2.9%), while State Capital Outlay funding increased by \$506,335 (or 22.1%). County Local Current Expense funding increased by approximately \$3 million (or 3.8%), while County Capital Outlay funding decreased by approximately \$8.5 million (or 21.5%) due to fluctuations in the bond project schedule.

Governmental expenditures decreased overall by approximately \$6 million (or 7%). Capital Outlay expenditures also decreased \$4.4 million (or 10.7%).

Total governmental expenditures are categorized below:



**Proprietary Funds:** The Board's business-type funds performed reasonably well this past year despite lost operating revenue as a result of school building closures due to the coronavirus pandemic. Child Nutrition operating revenues decreased 30.2% and expenditures increased slightly, while net position increased 11.3%, primarily due to a transfer from the State Coronavirus Relief Fund. After School Program revenues decreased by 22.5% and expenditures increased by 2.9%, with 30.2% loss in net position due to program closures in March.

## General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget on several occasions. Most revisions were in response to mid-year changes in state and federal funding that impacted the General Fund budget plan, including coronavirus relief funds. General Fund revenue variances were minimal and expenditures variances were due to position vacancies, program savings, and ongoing repair projects carried forward and year-end.

## Capital Assets

Capital assets related to Governmental Activities increased \$13,546,553 (or 4.7%). The balance in Construction in progress increased 68.5% over the prior year, as several new or remodeling school projects were in progress as of June 30, 2020. Capital assets related to Business-type Activities decreased, primarily due to depreciation, by \$98,774 (or 21.2%) compared to last year. Figure 5 below is a summary of capital asset balances, net of depreciation, as of June 30, 2020:

**Figure 5**  
**Summary of Capital Assets**  
**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	\$ 12,173,407	\$ 12,173,407	\$ -	\$ -	\$ 12,173,407	\$ 12,173,407
Non-exhaustible land improvements	11,867,642	11,867,642	-	-	11,867,642	11,867,642
Construction in progress	35,744,585	21,214,437	-	-	35,744,585	21,214,437
Land improvements	3,694,428	4,336,291	-	-	3,694,428	4,336,291
Buildings and building improvements	230,197,204	230,788,437	-	-	230,197,204	230,788,437
Vehicle fleet	3,524,845	3,628,369	-	-	3,524,845	3,628,369
Furniture and equipment	3,795,373	3,442,348	366,375	465,149	4,161,748	3,907,497
<b>Total</b>	<b>\$ 300,997,484</b>	<b>\$ 287,450,931</b>	<b>\$ 366,375</b>	<b>\$ 465,149</b>	<b>\$ 301,363,859</b>	<b>\$ 287,916,080</b>

Additional information on the Board's capital assets can be found in Note 2.A.4 of the Basic Financial Statements.

## Long-Term Debt

During the year the Board's long-term debt increased by \$25,159,646, primarily due to an increase in Pension and OPEB Liabilities. Long-term obligations are discussed in Note 2.B.6 of the Basic Financial Statements. The Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose the debt can be used. The County holds all debt issued for school capital construction.

## Economic Impact of Coronavirus

During the fiscal year, the state and the nation were affected by the spread of a coronavirus. The Board's response to moderate the impact of the coronavirus included providing remote learning and working opportunities, additional cleaning and sanitizing measures in all buildings, additional technology for students and staff, extending wifi service in the community, and continued feeding in the community while schools were closed. Additional state and federal funding was received to assist in meeting these needs.



## **Budget Highlights for Fiscal Year Ending June 30, 2021**

Enrollment fell below state projections at the start of fiscal year 2020-2021, primarily due to the coronavirus pandemic. The Board anticipates enrollment to increase back to projections during the school year. State mandated class size decreases that will be fully implemented next year, and the need for more student devices for remote learning, are increasing the Board's need for additional resources for classroom space and equipment.

The beginning budget for 2020-21 is slightly less than last year's beginning budget, primarily due to State operating budget increases of 2.3% and County Operating and Capital Budget decreases of 3.1%. Operating increases are primarily used for salary and benefit cost increases. Increased state and federal funding is anticipated to help relieve the operating budget of pandemic related expenses.

### **Requests for Information**

This report is designed to provide an overview of the Board's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to:

Mary Hazel M. Small, CPA  
Chief Financial Officer  
New Hanover County Board of Education  
6410 Carolina Beach Road  
Wilmington, NC 28412  
maryhazel.small@nhcs.net

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## BASIC FINANCIAL STATEMENTS

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New Hanover County Board of Education, North Carolina  
Statement of Net Position  
June 30, 2020

Exhibit 1

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash and cash equivalents	\$ 37,616,955	\$ 3,885,515	\$ 41,502,470
Due from other governments	14,887,359	542,186	15,429,545
Accounts receivable	34,303	-	34,303
Inventories	896,205	296,985	1,193,190
Prepays	1,613,121	-	1,613,121
Net OPEB asset	410,989	5,952	416,941
<b>Capital assets:</b>			
Land, improvements and construction in progress	59,785,634	-	59,785,634
Other capital assets, net of depreciation	241,211,850	366,375	241,578,225
Total capital assets	300,997,484	366,375	301,363,859
<b>Total assets</b>	<b>356,456,416</b>	<b>5,097,013</b>	<b>361,553,429</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>81,460,096</b>	<b>2,049,895</b>	<b>83,509,991</b>
<b>Liabilities:</b>			
Accounts payable and accrued expenses	14,146,218	164,176	14,310,394
Accrued salaries and wages payable	5,824,334	42,410	5,866,744
Unearned revenue	66,393	246,591	312,984
<b>Long-term liabilities:</b>			
Due within one year	8,292,017	235,840	8,527,857
Due in more than one year:			
Net pension liability	110,458,557	2,977,723	113,436,280
Net OPEB liability	298,004,893	4,388,505	302,393,398
Long-term debt	5,303,843	150,832	5,454,675
Total long-term liabilities	422,059,310	7,752,900	429,812,210
<b>Total liabilities</b>	<b>442,096,255</b>	<b>8,206,077</b>	<b>450,302,332</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>117,548,034</b>	<b>1,787,009</b>	<b>119,335,043</b>
<b>Net Position:</b>			
Net Investment in capital assets	300,642,058	366,375	301,008,433
<b>Restricted:</b>			
Stabilization by state statute	1,963,096	-	1,963,096
School capital outlay	1,333,498	-	1,333,498
DIPNC OPEB plan	410,989	5,952	416,941
Individual schools	1,933,712	-	1,933,712
Programs	4,217,108	-	4,217,108
Unrestricted	(432,228,238)	(3,218,505)	(435,446,743)
<b>Total net position</b>	<b>\$ (121,727,777)</b>	<b>\$ (2,846,178)</b>	<b>\$ (124,573,955)</b>

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

New Hanover County Board of Education, North Carolina  
Statement of Activities  
For the Fiscal Year Ended June 30, 2020

Functions	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Governmental activities:</b>			
Instructional services:			
Regular instruction	\$ 117,992,210	\$ -	\$ 101,992,971
Special populations	38,246,775	-	33,893,675
Alternative programs	19,654,131	-	13,140,790
School leadership	17,740,499	-	9,597,389
Co-curricular	4,950,967	-	2,256,422
School-based support	17,542,967	-	9,936,699
System-wide support services:			
Support and development	2,415,559	-	412,892
Special population support and development	691,350	-	277,243
Alternative program support and development	1,579,524	-	613,346
Technology support	7,031,517	-	1,193,276
Operational support	43,148,999	190,170	12,738,358
Financial and human resource	5,936,643	-	1,396,294
Accountability	428,448	-	41,771
System-wide pupil support	556,435	-	270,507
Policy, leadership and public relations	3,241,515	-	1,244,417
Ancillary services	475,861	-	160,549
Non-programmed charges	5,682,330	-	684,146
Depreciation expense (unallocated)*	12,995,018	-	-
<b>Total governmental activities</b>	<b>300,310,748</b>	<b>190,170</b>	<b>189,850,745</b>
<b>Business-type activities:</b>			
Child nutrition	11,487,580	1,751,399	9,676,413
After school program	621,784	461,222	-
<b>Total business-type activities</b>	<b>12,109,364</b>	<b>2,212,621</b>	<b>9,676,413</b>
<b>Total</b>	<b>\$ 312,420,112</b>	<b>\$ 2,402,791</b>	<b>\$ 199,527,158</b>

General revenues:

Unrestricted county appropriations - operating  
Unrestricted county appropriations - capital  
Unrestricted state appropriation - capital  
Investment earnings, unrestricted  
Miscellaneous, unrestricted

Transfers:

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

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

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

## Exhibit 2

Net (Expenses) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (15,999,239)	\$ -	\$ (15,999,239)
(4,353,100)	-	(4,353,100)
(6,513,341)	-	(6,513,341)
(8,143,110)	-	(8,143,110)
(2,694,545)	-	(2,694,545)
(7,606,268)	-	(7,606,268)
(2,002,667)	-	(2,002,667)
(414,107)	-	(414,107)
(966,178)	-	(966,178)
(5,838,241)	-	(5,838,241)
(30,220,471)	-	(30,220,471)
(4,540,349)	-	(4,540,349)
(386,677)	-	(386,677)
(285,928)	-	(285,928)
(1,997,098)	-	(1,997,098)
(315,312)	-	(315,312)
(4,998,184)	-	(4,998,184)
(12,995,018)	-	(12,995,018)
<u>(110,269,833)</u>	<u>-</u>	<u>(110,269,833)</u>
-	(59,768)	(59,768)
-	(160,562)	(160,562)
-	(220,330)	(220,330)
<u>(110,269,833)</u>	<u>(220,330)</u>	<u>(110,490,163)</u>
81,366,950	-	81,366,950
31,222,153	-	31,222,153
3,372,209	-	3,372,209
194,475	10,085	204,560
8,190,570	26,360	8,216,930
(426,269)	426,269	-
<u>123,920,088</u>	<u>462,714</u>	<u>124,382,802</u>
13,650,255	242,384	13,892,639
(135,378,032)	(3,088,562)	(138,466,594)
<u>\$ (121,727,777)</u>	<u>\$ (2,846,178)</u>	<u>\$ (124,573,955)</u>

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

**New Hanover County Board of Education, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2020

	<b>Major Funds</b>			
	<b>General Fund</b>	<b>State Public School Fund</b>	<b>Federal Grant Fund</b>	<b>Capital Outlay Fund</b>
<b>Assets:</b>				
Cash and investments	\$ 31,774,305	\$ 131,954	\$ 5,837	\$ -
Due from other funds	1,397,449	-	-	-
Due from other governments	125,238	6,074,738	366,093	7,555,639
Accounts receivable	26,163	-	-	-
Inventories	896,205	-	-	-
Prepays	1,613,121	-	-	-
<b>Total assets</b>	<b>\$ 35,832,481</b>	<b>\$ 6,206,692</b>	<b>\$ 371,930</b>	<b>\$ 7,555,639</b>
<b>Liabilities, Deferred Inflow of Resources, and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 7,665,095	\$ 1,300,388	\$ 100,890	\$ 4,824,692
Accrued salaries and wages payable	640,706	4,895,071	242,580	-
Due to other funds	-	-	-	1,397,449
Unearned revenue	-	11,233	28,460	-
<b>Total liabilities</b>	<b>8,305,801</b>	<b>6,206,692</b>	<b>371,930</b>	<b>6,222,141</b>
Deferred inflow of resources	-	-	-	-
<b>Fund Balances:</b>				
Nonspendable:				
Inventories	896,205	-	-	-
Prepays	1,613,121	-	-	-
Restricted:				
Stabilization by state statute	1,963,096	-	-	-
School capital outlay	-	-	-	1,333,498
Individual schools	-	-	-	-
Programs	-	-	-	-
Assigned:				
Designated for subsequent year's expenditures	7,121,273	-	-	-
Unassigned:				
General fund	15,932,985	-	-	-
<b>Total fund balances</b>	<b>27,526,680</b>	<b>-</b>	<b>-</b>	<b>1,333,498</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 35,832,481</b>	<b>\$ 6,206,692</b>	<b>\$ 371,930</b>	<b>\$ 7,555,639</b>

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



### Exhibit 3

Other Restricted Fund	Non-Major Individual Schools Fund	Total Governmental Funds
\$ 3,736,711	\$ 1,968,148	\$ 37,616,955
-	-	1,397,449
765,651	-	14,887,359
7,202	938	34,303
		896,205
		1,613,121
<u>\$ 4,509,564</u>	<u>\$ 1,969,086</u>	<u>\$ 56,445,392</u>
\$ 219,779	\$ 35,374	\$ 14,146,218
45,977	-	5,824,334
-	-	1,397,449
26,700	-	66,393
<u>292,456</u>	<u>35,374</u>	<u>21,434,394</u>
-	-	-
-	-	896,205
-	-	1,613,121
-	-	1,963,096
-	-	1,333,498
-	1,933,712	1,933,712
4,217,108	-	4,217,108
-	-	7,121,273
-	-	15,932,985
<u>4,217,108</u>	<u>1,933,712</u>	<u>35,010,998</u>
<u>\$ 4,509,564</u>	<u>\$ 1,969,086</u>	

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

Net OPEB asset	410,989
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	300,997,484
Deferred outflows of resources related to pensions	43,435,079
Deferred outflows of resources related to OPEB	38,025,017
Some liabilities, including compensated absence payable, are not due and payable in the current period and are not reported in the funds	(13,595,860)
Net pension liability	(110,458,557)
Net OPEB liability	(298,004,893)
Deferred inflows of resources related to pensions	(1,721,138)
Deferred inflows of resources related to OPEB	(115,826,896)
Net position of governmental activities	<u>\$ (121,727,777)</u>

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

New Hanover County Board of Education, North Carolina  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2020

	Major Fund:			
	General Fund	State Public School Fund	Federal Grant Fund	Capital Outlay Fund
Revenues:				
State of North Carolina	\$ -	\$ 163,765,224	\$ -	\$ 2,796,511
New Hanover County				
Local current revenue	81,366,950	-	-	-
Other current revenue	-	-	-	31,222,153
U.S. Government	1,093,361	410,664	14,835,452	-
Contributions and donations	-	-	-	-
Other local revenues	5,519,199	-	-	853,743
Total revenues	87,979,510	164,175,888	14,835,452	34,872,407
Expenditures:				
Current:				
Instructional services:				
Regular instruction	20,311,624	92,469,347	667,744	-
Special populations	2,749,797	28,703,484	5,190,191	-
Alternative programs	705,455	5,865,398	7,275,392	-
School leadership	7,628,202	9,592,793	4,596	-
Co-curricular	1,955,731	-	-	-
School-based support	6,816,569	9,642,021	294,678	-
System-wide support services:				
Support and development	1,940,607	279,291	133,601	-
Special population support and development	134,673	213,338	63,905	-
Alternative program support and development	687,643	290,337	323,009	-
Technology support	4,632,677	1,193,276	-	-
Operational support	20,292,293	12,725,546	12,812	-
Financial and human resources	4,435,139	1,210,916	185,378	-
Accountability	376,779	41,771	-	-
System-wide pupil support	272,741	270,507	-	-
Policy, leadership and public relations	1,932,103	1,244,417	-	-
Ancillary services	223,931	160,549	-	-
Non-programmed charges	4,872,252	-	684,146	-
Debt service:				
Principal	-	-	-	1,264,573
Capital outlay:				
Real property and buildings	-	-	-	30,289,955
Furniture and equipment	-	-	-	5,664,351
Buses and motor vehicles	-	-	-	53,100
Total expenditures	79,968,216	163,902,991	14,835,452	37,271,979
Revenues over (under) expenditures	8,011,294	272,897	-	(2,399,572)
Other financing sources (uses):				
Installment purchase obligations issued	-	-	-	575,698
Transfer in	-	-	-	-
Transfer out	(71,224)	(272,897)	-	-
Total other financing sources (uses)	(71,224)	(272,897)	-	575,698
Net change in fund balances	7,940,070	-	-	(1,823,874)
Fund balances - beginning	19,661,146	-	-	3,157,372
Change in reserve for inventories	(74,536)	-	-	-
Fund balances - ending	\$ 27,526,680	\$ -	\$ -	\$ 1,333,498

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

# Exhibit 4

Other Restricted Fund	Non-Major Individual Schools Fund	Total Governmental Funds
\$ 3,618,531	\$ -	\$ 170,180,266
-	-	81,366,950
487,425	-	31,709,578
4,143,988	-	20,483,465
-	2,256,422	2,256,422
1,065,134	376,817	7,814,893
9,315,078	2,633,239	313,811,574
372,950	-	113,821,665
623,916	-	37,267,388
5,382,272	-	19,228,517
27,737	-	17,253,328
270,209	2,681,446	4,907,386
416,751	-	17,170,019
-	-	2,353,499
267,492	-	679,408
237,083	-	1,538,072
1,114,574	-	6,940,527
-	-	33,030,651
-	-	5,831,433
-	-	418,550
-	-	543,248
-	-	3,176,520
90,910	-	475,390
116,555	-	5,672,953
-	-	1,264,573
-	-	30,289,955
-	-	5,664,351
-	-	53,100
8,920,449	2,681,446	307,580,533
394,629	(48,207)	6,231,041
-	-	575,698
67,090	-	67,090
(82,148)	(67,090)	(493,359)
(15,058)	(67,090)	149,429
379,571	(115,297)	6,380,470
3,837,537	2,049,009	28,705,064
-	-	(74,536)
\$ 4,217,108	\$ 1,933,712	\$ 35,010,998

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

**New Hanover County Board of Education, North Carolina**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Government Funds to the Statement of Activities**  
For the Fiscal Year Ended June 30, 2020

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**Exhibit 5**

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

<b>Net change in fund balances-total governmental funds</b>	<b>\$ 6,380,470</b>
Change in fund balance due to change in reserve for inventories	(74,536)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	13,546,553
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	20,601,539
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	10,435,783
The issuance of long-term debt provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	113,177
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 the governmental funds.	
Pension expense	(39,905,451)
OPEB expense	2,136,340
Compensated absences	416,380
<b>Total changes in net position of governmental activities</b>	<b><u>\$ 13,650,255</u></b>

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

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New Hanover County Board of Education, North Carolina  
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
General and Annually Budgeted Major Special Revenue Funds  
For the Fiscal Year Ended June 30, 2020

	General Fund			State Public School Fund		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Final		Original	Final	
Revenues:						
U.S. Government	\$ -	\$ -	\$ 1,093,361	\$ -	\$ 1,331,708	\$ 410,664
State of North Carolina	-	-	-	158,528,361	166,019,114	163,765,224
New Hanover County	81,008,530	81,366,950	81,366,950	-	-	-
Other local revenues	2,200,000	2,299,518	5,519,199	-	-	-
Total revenues	83,208,530	83,666,468	87,979,510	158,528,361	167,350,822	164,175,888
Expenditures:						
Instructional services:						
Regular instruction	22,795,531	22,915,429	20,311,624	89,793,193	93,190,069	92,469,347
Special populations	3,126,587	3,009,494	2,749,797	27,156,033	28,749,582	28,703,484
Alternative programs	752,433	838,287	705,455	5,944,400	5,878,739	5,865,398
School leadership	7,462,056	7,753,809	7,628,202	9,302,516	9,600,845	9,592,793
Co-curricular	2,069,317	2,096,355	1,955,731	-	-	-
School-based support	6,449,998	6,806,876	6,816,569	9,710,932	10,609,626	9,642,021
System-wide support services:						
Support and development	2,271,432	2,150,764	1,940,607	278,845	279,584	279,291
Special population support and development	253,934	168,067	134,673	233,450	219,628	213,338
Alternative program support and development	779,990	793,189	687,643	260,219	289,800	290,337
Technology support	5,037,979	5,222,577	4,632,677	889,080	1,655,985	1,193,276
Operational support	22,121,893	24,571,748	20,292,293	12,083,950	12,719,389	12,725,546
Financial and human resource	4,483,607	4,773,005	4,435,139	1,249,467	1,241,459	1,210,916
Accountability	352,790	401,884	376,779	64,879	41,782	41,771
System-wide pupil support	384,623	395,097	272,741	260,258	270,633	270,507
Policy, leadership and public relations	1,784,209	2,281,020	1,932,103	1,219,876	1,244,769	1,244,417
Ancillary services	215,502	218,214	223,931	81,263	1,086,035	160,549
Non-programmed charges	5,866,649	5,336,736	4,872,252	-	-	-
Total expenditures	86,208,530	89,732,551	79,968,216	158,528,361	167,077,925	163,902,991
Revenues over (under) expenditures	(3,000,000)	(6,066,083)	8,011,294	-	272,897	272,897
Other financing sources (uses):						
Fund balance appropriations	3,000,000	6,137,307	-	-	-	-
Transfer in from schools	-	-	-	-	-	-
Transfer (to) school funds	-	-	-	-	-	-
Transfer to child nutrition fund	-	(71,224)	(71,224)	-	(272,897)	(272,897)
Total other financing sources (uses)	3,000,000	6,066,083	(71,224)	-	(272,897)	(272,897)
Net change in fund balances	\$ -	\$ -	7,940,070	\$ -	\$ -	-
Fund balances - beginning			19,661,146			
Change in reserve for inventory			(74,536)			
Fund balances - ending			\$ 27,526,680			\$ -

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

Exhibit 6

Federal Grants Fund			Other Restricted Fund		
Budgeted Amounts		Actual	Budgeted Amounts		Actual
Original	Final	Amounts	Original	Final	Amounts
\$ 18,164,777	\$ 23,500,301	\$ 14,835,452	\$ 2,419,942	\$ 2,644,622	\$ 4,143,988
-	-	-	3,391,692	3,636,278	3,618,531
-	-	-	487,422	487,422	487,425
-	-	-	839,550	923,807	1,065,134
18,164,777	23,500,301	14,835,452	7,138,606	7,692,129	9,315,078
1,084,005	2,882,696	667,744	310,550	942,908	372,950
6,394,466	8,084,474	5,190,191	312,800	1,403,528	623,916
8,859,615	8,805,749	7,275,392	5,187,012	5,407,484	5,382,272
6,371	6,381	4,596	800	27,737	27,737
-	-	-	-	457,616	270,209
206,995	950,351	294,678	4,600	494,396	416,751
137,353	136,684	133,601	-	400	-
62,180	63,409	63,905	51,200	299,209	267,492
438,475	339,896	323,009	308,144	237,238	237,083
-	813,490	-	-	-	-
31,500	178,563	12,812	878,500	1,284,108	1,114,574
188,489	186,903	185,378	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	291,143	-	80,500	130,175	90,910
755,328	760,562	684,146	20,000	358,821	116,555
18,164,777	23,500,301	14,835,452	7,154,106	11,043,620	8,920,449
-	-	-	(15,500)	(3,351,491)	394,629
-	-	-	20,000	3,355,991	-
-	-	-	-	-	(82,148)
-	-	-	(4,500)	(4,500)	67,090
-	-	-	-	-	-
-	-	-	15,500	3,351,491	(15,058)
\$ -	\$ -	-	\$ -	\$ -	379,571
		-			3,837,537
		-			-
		\$ -			\$ 4,217,108

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

New Hanover County Board of Education, North Carolina  
Statement of Net Position  
Proprietary Funds  
June 30, 2020

Exhibit 7

	Enterprise Funds		
	Major Fund	Non-major Fund	
	Child	After School	
	Nutrition	Program	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 3,750,137	\$ 135,378	\$ 3,885,515
Due from other governments	542,186	-	542,186
OPEB asset	5,555	397	5,952
Inventories	296,985	-	296,985
Total current assets	4,594,863	135,775	4,730,638
Non-current assets:			
Capital assets:			
Equipment	4,877,104	-	4,877,104
Less accumulated depreciation	(4,510,729)	-	(4,510,729)
Net capital assets	366,375	-	366,375
Total non-current assets	366,375	-	366,375
Total assets	4,961,238	135,775	5,097,013
DEFERRED OUTFLOWS OF RESOURCES	1,877,066	172,829	2,049,895
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	164,176	-	164,176
Accrued Salaries and wages payable	42,410	-	42,410
Compensated absences due within one year	235,840	-	235,840
Unearned revenue	246,591	-	246,591
Total current liabilities	689,017	-	689,017
Non-current liabilities:			
Net pension liability	2,725,586	252,137	2,977,723
Net OPEB liability	4,109,924	278,581	4,388,505
Compensated absences	150,832	-	150,832
Total non-current liabilities	6,986,342	530,718	7,517,060
Total liabilities	7,675,359	530,718	8,206,077
DEFERRED INFLOWS OF RESOURCES	1,671,014	115,995	1,787,009
Net position:			
Investment in capital assets	366,375	-	366,375
Restricted:			
DIPNC OPEB plan	5,555	397	5,952
Unrestricted	(2,879,999)	(338,506)	(3,218,505)
Total net position	\$ (2,508,069)	\$ (338,109)	\$ (2,846,178)

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



New Hanover County Board of Education, North Carolina  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2020

Exhibit 8

	Enterprise Funds		Total
	Major Fund	Non-major Fund	
	Child Nutrition	After School Program	
Operating revenues:			
Food sales	\$ 1,751,399	\$ -	\$ 1,751,399
Child care fees	-	461,222	461,222
Total operating revenues	1,751,399	461,222	2,212,621
Operating expenses:			
Food costs	4,942,614	-	4,942,614
Salaries and fringe benefits	5,737,611	517,974	6,255,585
Materials and supplies	486,435	103,810	590,245
Repairs and maintenance	159,462	-	159,462
Depreciation	147,271	-	147,271
Contracted services	14,187	-	14,187
Total operating expenses	11,487,580	621,784	12,109,364
Operating gain (loss)	(9,736,181)	(160,562)	(9,896,743)
Nonoperating revenues (expenses):			
Federal reimbursements	9,662,796	-	9,662,796
State of North Carolina	13,617	-	13,617
Interest revenue	10,085	-	10,085
Other revenues	18,853	-	18,853
Gain from sale of capital assets	7,507	-	7,507
Total nonoperating revenues	9,712,858	-	9,712,858
Gain (loss) before transfers	(23,323)	(160,562)	(183,885)
Transfers:			
Transfer from general fund	71,224	-	71,224
Transfer from other restricted fund	-	82,148	82,148
Transfer from state fund	272,897	-	272,897
Total transfers	344,121	82,148	426,269
Change in net position	320,798	(78,414)	242,384
Total net position, beginning	(2,828,867)	(259,695)	(3,088,562)
Total net position, ending	\$ (2,508,069)	\$ (338,109)	\$ (2,846,178)

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

**New Hanover County Board of Education, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**  
For the Fiscal Year Ended June 30, 2020

**Exhibit 9**

	<b>Enterprise Funds</b>		
	<b>Major</b>	<b>Non-Major</b>	
	<b>Child</b>	<b>After School</b>	
	<b>Nutrition</b>	<b>Program</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 1,642,048	\$ 461,111	\$ 2,103,159
Cash paid for goods and services	(4,696,275)	(97,305)	(4,793,580)
Cash paid to employees for services	(5,737,611)	(517,974)	(6,255,585)
Net cash (used) in operating activities	(8,791,838)	(154,168)	(8,946,006)
<b>Cash flows from noncapital financing activities:</b>			
State reimbursements	13,617	-	13,617
Transfers in	344,121	82,148	426,269
Pcard rebate	18,853	-	18,853
Federal reimbursements	8,864,138	-	8,864,138
Net cash provided by noncapital financing activities	9,240,729	82,148	9,322,877
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets	(49,549)	-	(49,549)
Proceeds from sale of capital assets	7,507	-	7,507
Net cash used in capital and related financing activities	(42,042)	-	(42,042)
<b>Cash flows from investing activities:</b>			
Interest received	10,085	-	10,085
Net cash provided by investing activities	10,085	-	10,085
Net increase (decrease) in cash and cash equivalents	416,934	(72,020)	344,914
<b>Cash and cash equivalents - beginning</b>	<b>3,333,203</b>	<b>207,398</b>	<b>3,540,601</b>
<b>Cash and cash equivalents - ending</b>	<b>\$ 3,750,137</b>	<b>\$ 135,378</b>	<b>\$ 3,885,515</b>
Reconciliation of operating loss to net cash used in operating activities			
Operating (loss)	\$ (9,736,181)	\$ (160,562)	\$ (9,896,743)
Adjustments to reconcile operating gain (loss) to net cash used in operating activities			
Depreciation expense	148,323	-	148,323
Donated commodities consumed	798,658	-	798,658
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
(Increase)Decrease in accounts receivable	(107,431)	-	(107,431)
(Increase)Decrease in net OPEB asset	(1,920)	(111)	(2,031)
(Increase)Decrease in inventory	(97,383)	-	(97,383)
Increase(Decrease) in net pension liability	49,657	2,856	52,513
Increase(Decrease) in net OPEB liability	366,984	21,107	388,091
(Increase) Decrease in deferred outflows of resources for pension plan contributions in current fiscal year	89,527	5,150	94,677
Increase(Decrease) in accounts payable and accrued liabilities and compensated absences	23,244	-	23,244
Increase(Decrease) in deferred inflow of resources	(393,066)	(22,608)	(415,674)
Increase(Decrease) in unearned revenue	67,750	-	67,750
Total adjustments	944,343	6,394	950,737
Net cash used in operating activities	\$ (8,791,838)	\$ (154,168)	\$ (8,946,006)

**Noncash investing, capital and financing activities:**

The Child Nutrition Fund used donated commodities with a value of \$798,658 during the year ended June 30, 2020. This amount is reflected as an addition to Federal reimbursements and commodities on the previous page.

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

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## NOTES TO FINANCIAL STATEMENTS

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# NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

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### Note 1. Summary of Significant Accounting Policies

The accounting policies of the New Hanover County Board of Education conform to generally accepted accounting principles as applicable to governments.

#### A. Reporting Entity

The New Hanover County Board of Education (Board) is a Local Education Agency empowered by State law [Chapter 115C of the North Carolina General Statutes] with the responsibility to oversee and control all activities related to public school education in New Hanover County, North Carolina. The Board receives State, Local, and Federal government funding and must adhere to the legal requirements of each funding entity.

The Board is a primary government with an elected governing body. Because the members of the Board are elected officials of New Hanover County and have the authority to designate management, have the ability to significantly influence operations and are primarily responsible for fiscal matters, the Board is recognized as a separate governmental reporting entity under definition by the Governmental Accounting Standards Board. The Board has limited borrowing authority, cannot levy taxes and is required to maintain accounting records in a uniform state format established by the State's General Assembly.

Generally Accepted Accounting Principles (GAAP) as applied to government units require the financial statements to include those units or entities for which the Board is considered to be financially accountable, in accordance with Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity, as amended. The Board has no component units or entities for which it is considered to be financially accountable and is not itself considered to be a component unit of another government unit.

#### B. Basis of Presentation

*Government-wide Statements:* The statement of net position and the statement of activities display information about the Board. These statements include the financial activities of the overall government. Eliminations have been made to minimize the effect of internal activities on revenues and expenses, but internal services provided and used are not eliminated in the process of consolidation. 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. 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 non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with

## NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

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the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

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.

*Federal Grant Fund.* The Federal Grant Fund includes appropriations from the Department of Public Instruction for the current operating expenditures of the public school system.

*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 fiduciary funds). It is mandated by State law [G.S. 115C-426]. Capital projects are funded by New Hanover County appropriations, restricted sales tax monies, proceeds of New Hanover County bonds issued for public school construction, lottery proceeds, as well as certain State assistance.

*Other Restricted Fund.* The Other Restricted Fund is used to account for certain reimbursements and restricted revenues including: reimbursements of indirect costs, fees for actual costs, sales tax refunds, scholarship donations, gifts and grants that are restricted as to use, and direct state and federal appropriations.

The Board reports the following non-major governmental fund:

*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 behalf of various clubs and organizations, the after school care program, receipts from athletic events, and proceeds from various fund raising activities. The primary expenditures are for the after school program, athletic teams, club programs, activity buses, and instructional needs.

The Board reports the following major enterprise fund:

*Child Nutrition Fund.* The Child Nutrition Fund is used to account for the food service program within the school system and is reported as an enterprise fund.

The Board reports the following non-major enterprise fund:

*After School Program Fund.* The After School Program Fund is an enterprise fund that is used to account for after school care revenues and expenses. The Board offers after school care at 6 elementary schools.

### C. Measurement Focus and Basis of Accounting

*Government-wide and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.



## NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

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Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Board considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. These 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 are both restricted and unrestricted net position available to finance the program. It is the Board's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

#### **D. Budgetary Data**

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the Individual Schools' Funds, as required by the North Carolina General Statutes. Per State law no budget is required for individual school funds. All appropriations lapse at fiscal year-end. Year-end capital outlay project appropriations are re-appropriated in the new fiscal year and related encumbrances are carried forward to the new fiscal year. All budgets, except for the Child Nutrition Proprietary Fund, are prepared using the modified accrual basis of accounting, which is consistent with the accounting system used to record transactions. The child nutrition proprietary fund budget has been prepared under the accrual basis of accounting. A budget comparison statement is presented for Child Nutrition and the After School Program.

Budgetary control is exercised in all funds except individual school funds. Expenditures may not legally exceed appropriations at the purpose/function total level (the legal level of control) for all annually budgeted funds. A budget comparison statement is presented for the General Fund, State Public School Fund, and Federal Grants Fund which includes a comparison of original budget, final budget, and actual data. Separately, schedules are presented for Capital Outlay Fund, Enterprise Funds and Other Restricted Fund which includes a comparison of final budget and actual data.

As specified in State law [G.S. 115C-433], the Board of Education retains the authority to approve all amendments which would increase the total of any fund. The Chief Financial Officer is authorized to approve transfers within the same function or project, and transfers between functions or projects up to \$50,000 within the same fund. Transfers which change the function in excess of \$50,000 in the aggregate must be reported to the Board at its next regular meeting. Budget amendments, transfers other than the aforementioned types or transfers between funds require prior governing board approval. Amendments which alter the County appropriation or transfer monies to or from the capital project fund also require the approval of the New Hanover County Board of Commissioners. 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.

# NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

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

#### 1. Deposits and Investments

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

State law [G.S. 115C-443] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a-7) money market mutual fund; and the North Carolina State Treasurer's Short Term Investment Fund (STIF).

The STIF is managed by the staff of the Department of State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC. It consists of an internal portion and an external portion in which the Board participates. Investments are restricted to those enumerated in North Carolina General Statute 147-69.1.

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

#### 2. Cash and Cash Equivalents

The Board pools monies from several funds to facilitate disbursement and investment and maximize investment income. Therefore, all cash and investments with original maturities of three months or less are considered cash and cash equivalents.

#### 3. Inventories

Inventories of the Board are valued at cost and the Board uses the first-in, first-out (FIFO) flow assumption in determining cost. The inventories of the Board's General Fund consist of expendable materials and supplies which are recorded as expenditures when purchased. The General Fund inventories do not reflect current appropriable resources; thus, an equivalent portion of fund balance is reserved. Proprietary Fund inventories consist of food and supplies which are recorded as expenses when consumed. Also included in the inventory figures are unused commodity inventories donated by the federal government.

# NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

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### 4. Prepays

The Board uses the consumption method and recognizes expenditures proportionately over the periods that service is provided.

### 5. 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, 1996 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.

Capital assets are reported in the government-wide statement of net position and in a similar statement for proprietary funds. Capital assets are not reported in governmental funds. The capitalization levels for the different type of assets are referenced in the table below. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

New Hanover County (County) holds title to schools located at Veterans Park due to County financing agreements. These schools are reflected as capital assets in the financial statements of the Board. Agreements between the County and the Board give the schools full use of the facilities, full responsibility for maintaining and insuring the facilities, and provide that the County will convey title of the property to the Board, once all restrictions of the financing agreement have been met.

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

Item	Capitalization Level	Useful Lives
Land	All land and easements, regardless of cash value	Land is not depreciated
Land improvements	\$ 10,000	20 years
Buildings	20,000	50 years
Building improvements	20,000	20 years
Mobile classrooms	20,000	20 years
Furnishings and fixtures	5,000	10 years
Vehicles	All	6 years
Buses	All	10 years
Equipment (non-computer)	5,000	5 years
Cafeteria equipment	1,000	12 years
Computer equipment and Software	5,000	3 years

Depreciation for categories that serve multiple purposes cannot be allocated ratably and is therefore reported as "Depreciation expense (unallocated)" on the Statement of Activities.

# NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

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The Board evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. Impaired capital assets that will no longer be used by the government are reported at the lower of carrying value or fair value. Impairment losses on capital assets that will continue to be used by the government are measured using the method that best reflects the diminished service utility of the capital asset. Any insurance recoveries received as a result of impairment events or changes in circumstances resulting in impairment of a capital asset are netted against the impairment loss.

### 6. 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. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Board has two items that meet this criterion - pension and OPEB related deferrals.

### 7. 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 or business-type activities.

### 8. 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 of the current portion of compensated absences has been based on current year usage.

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.

### 9. Net Position/Fund Balances

#### 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.

# NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

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### 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:

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

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

Prepays - portion of fund balance that is not an available resource because it represents the year-end balance of prepaid expenditures, which are not spendable resources.

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

Restricted for Stabilization by State Statute - North Carolina G.S. 115C-425(a) prohibits local school administrative units from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in 1975 that were designed to improve and maintain the fiscal health of local school administrative units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 115C-425(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget year. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for School Capital Outlay - portion of fund balance that can only be used for School Capital Outlay [G.S. 159-18 through 22].

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

Restricted for Programs - revenue sources restricted in purpose and not intended for general K-12 expenditures.

**Assigned fund balance** – portion of fund balance that the Board has appropriated to use for specific purposes.

Designated for subsequent year's expenditures – portion of fund balance that has been appropriated by the Board of Education in the next year's budget, either in the budget resolution or amended budget, that is not

# NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

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already classified in restricted. The governing body approved the appropriation; however the budget ordinance authorizes the Chief Financial Officer to approve transfers between functions or projects up to \$50,000 within the same fund.

Unassigned fund balance – the portion fund balance that has not been restricted or assigned to specific purposes or other funds. The general fund is the only fund that reports a positive unassigned fund balance amount.

The Board uses resources in the following hierarchy: bond proceeds, 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.

The Board has established a goal of no less than 7% of budgeted operating expenditures in unassigned fund balance, with a preferred target of one month of budgeted operating expenditures (8%).

# NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

### 10. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental funds balance sheet includes reconciliation between total fund balance of the governmental funds and net position of the governmental activities as reported in the government-wide statement of net position. The net adjustment of \$(156,738,775) consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 500,861,373
Less Accumulated Depreciation	199,863,889
Net Capital Assets	300,997,484
Net OPEB Asset	410,989
Pension related deferred outflows of resources:	
Difference between contributions and proportional share of contributions and changes in proportion.	22,833,540
Contributions made to pension plan in the current fiscal year	20,601,539
OPEB related deferred outflows of resources	38,025,017
	81,460,096
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Compensated absences	(13,240,434)
Installment purchase - school buses	(355,426)
Net pension liability	(110,458,557)
Net OPEB liability	(298,004,893)
Deferred inflow of resources related to pension	(1,721,138)
Deferred inflow of resources related to OPEB	(115,826,896)
	(539,607,344)
Total adjustment	\$ (156,738,775)

# NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

2. 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 \$7,269,785 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 27,368,747
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.	(13,822,194)
	<u>13,546,553</u>
Principal payments on debt owed are recorded as a use of funds on the funds statements but again only affect the statement of net position in the government-wide statements:	
New Issuances	(575,698)
Current Year Debt Payments	688,875
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	20,601,539
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities.	10,435,783
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	(39,905,451)
OPEB expense	2,136,340
Compensated absences	416,380
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	(74,536)
Total adjustment	<u>\$ 7,269,785</u>



# NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

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### 11. Defined Benefit Pension Plan and OPEB Plans

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expenses, 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 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.

### Note 2. Detail Notes on All Funds

#### A. Assets

##### 1. Deposits

All of the Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits over the federal depository insurance coverage level are collateralized with securities held by the Board's agent in the Board'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 Board'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 the adequacy of their pooled collateral covering uninsured deposits to the State Treasurer. The State Treasurer does not confirm this information with the Board or 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 \$20,338,795 and with the State Treasurer of \$137,791. The bank balances with the financial institutions and the State Treasurer were \$21,924,616 and \$3,027,657, respectively. Of these balances, \$674,792 was covered by federal depository insurance and \$24,277,482 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. The Board had cash on hand of \$340 at June 30, 2020.

# NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

### 2. Investments

At June 30, 2020, the Board's investment balances were as follows:

Investment Type	Valuation	Book Value at 6/30/20	Maturity	Rating
	Measurement			
	Method			
North Carolina Capital				
Management Trust	Fair Value Level 1	\$ 17,858,532	N/A	AAAm
State Treasury Investment Fund	Fair Value Level 2	3,167,012	1.3	Unrated
Total		<u>\$ 21,025,544</u>		

All investments are measured using the market approach. Debt classified in Level 1 of the fair value hierarchy is valued using prices quoted in active markets for those securities. Investments classified in Level 2 of the fair value hierarchy are valued using prices that are either directly or indirectly observable for an asset or liability.

*Interest Rate Risk.* The Board of Education does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Department of State Treasurer Short Term Investment Fund (STIF) had a weighted average maturity of 1.3 years as of June 30, 2020.

*Credit Risk.* The Board's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard and Poor's as of June 30, 2020. The STIF is unrated and is authorized under NC General Statute 147-69.1. The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate treasuries, agencies, and money market instruments. The Board has no policy on credit risk.

### 3. Accounts Receivable

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

	Due from other Governments	Accounts Receivable
Governmental Activities:		
General Fund	\$ 125,238	\$ 26,163
Other governmental activities	14,762,121	8,140
Total	<u>\$ 14,887,359</u>	<u>\$ 34,303</u>
Business-type activities:		
Child Nutrition	<u>\$ 542,186</u>	<u>\$ -</u>

**NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS**

**For the Fiscal Year Ended June 30, 2020**

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Due from other governments consists of the following:

		Description
Governmental Activities:		
General Fund	\$ 125,238	Misc revenue from County, State and Federal sources
State Public School Fund	6,074,738	Operating funds from DPI and State sales tax refund
Federal Grant Fund	366,093	Operating funds from DPI and State sales tax refund
Capital Outlay Fund	7,555,639	Operating funds from County and State sales tax refund
Other Restricted Revenue Fund	765,651	Grant revenue from various sources & State sales tax refund
Total	<u>\$14,887,359</u>	
Business-type activities:		
Child nutrition	<u>\$ 542,186</u>	Federal funds and State sales tax refund

# NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

### 4. Capital Assets

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 12,173,407	\$ -	\$ -	\$ -	\$ 12,173,407
Non-exhaustible land improvements	11,867,642	-	-	-	11,867,642
Construction in progress	21,214,437	22,988,949	-	(8,458,801)	35,744,585
Total capital assets, not being depreciated	45,255,486	22,988,949	-	(8,458,801)	59,785,634
Capital assets, being depreciated:					
Land improvements	13,513,559	-	(43,562)	-	13,469,997
Buildings and building improvements	384,946,397	2,122,677	(242,809)	8,052,118	394,878,383
Vehicle fleet	17,391,183	711,655	(422,082)	11,997	17,692,753
Furniture and equipment	13,242,603	1,548,734	(151,417)	394,686	15,034,606
Total capital assets, being depreciated	429,093,742	4,383,066	(859,870)	8,458,801	441,075,739
Less accumulated depreciation for:					
Land improvements	9,177,268	638,596	(40,295)	-	9,775,569
Buildings and building improvements	154,157,960	10,766,027	(242,808)	-	164,681,179
Vehicle fleet	13,762,814	827,176	(422,082)	-	14,167,908
Furniture and equipment	9,800,255	1,590,395	(151,417)	-	11,239,233
Total accumulated depreciation	186,898,297	13,822,194	(856,602)	-	199,863,889
Total capital assets, being depreciated, net	242,195,445	(9,439,128)	(3,268)	8,458,801	241,211,850
Governmental activities capital assets, net	\$ 287,450,931	\$ 13,549,821	\$ (3,268)	\$ -	\$ 300,997,484
	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type activities:</b>					
Equipment	\$ 4,830,760	\$ 49,549	\$ (3,205)	\$ -	\$ 4,877,104
Less accumulated depreciation	4,365,611	148,323	(3,205)	-	4,510,729
Business-type activities capital assets, net	\$ 465,149	\$ (98,774)	\$ -	\$ -	\$ 366,375

# NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

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Depreciation expense was charged to functions of the Board as follows:

**Governmental activities:**

Pupil transportation services	\$ 827,176
Unallocated depreciation	12,995,018
<b>Total</b>	<u><u>\$ 13,822,194</u></u>

**Business-type activities:**

Child Nutrition	<u><u>\$ 148,323</u></u>
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### 5. Construction Commitments

The New Hanover County Board of Education has active construction projects as of June 30, 2020. The bond projects in process include: Noble Middle School Renovations, Trask Middle School Renovations, Myrtle Grove Middle School Renovations, Wrightsville Beach Elementary School Renovations, and Technology Security Cameras. Other capital projects include: Sea Tech School Renovations at Sidbury Road, Solar Panels at Murray Middle School, and Technology Computer Upgrades.

### 6. Financing Commitments

Legislation permits the State Board of Education to finance the purchase of replacement school buses through installment purchases. New Hanover County Board of Education has entered into an agreement to purchase 5 buses in this manner. The term of the financing cannot exceed three years and the Board must purchase the buses from vendors approved by the Department of Public Instruction. The Department of Public Instruction will make the payments to the lender on behalf of the County Board of Education out of funds allocated to the County Board of Education. Because future resources will be used to fund the payments under the installment agreement, no encumbrance of fund balance at June 30, 2020, has been recorded.

The payments due as of the fiscal year ended June 30, 2020 are as follows:

Total purchase price, 9 buses - \$924,095

Year ended June 30:	
2021	\$ 231,024
2022	231,024
2023	231,024
2024	231,023
	<u><u>\$ 924,095</u></u>

## B. Liabilities

### 1. Pension Plan and Other Postemployment Obligations

#### a. Teachers' and State Employees' Retirement System

*Plan Description.* The Board is a participating employer in the statewide Teachers' and State Employees' Retirement System (TSERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North

## NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

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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](http://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.

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 \$20,961,364 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 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

# NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

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 \$113,436,280 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, 2020 and at June 30, 2019, the Board's proportion was 1.09% and 1.11% respectively.

For the year ended June 30, 2020, the Board recognized pension expense of \$19,641,073. At June 30, 2020, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,488,814	\$ 227,092
Changes of assumptions	12,087,081	-
Net difference between projected and actual earnings on pension plan investments	2,174,414	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	189,136	1,599,284
Board contributions subsequent to the measurement date	20,961,364	-
Total	<u>\$ 44,900,809</u>	<u>\$ 1,826,376</u>

\$20,961,364 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30</b>	
2021	\$ 16,313,804
2022	3,488,841
2023	1,549,761
2024	760,663
Total	<u>\$ 22,113,069</u>

**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:

# NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

Inflation	3.0 percent
Salary increases	3.5 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2018 actuarial valuation are based on the results of an actuarial experience study 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, 2019 are summarized in the following table:

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

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



# NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

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return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 7.00%, no change from the prior year discount rate. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Board's proportionate share of the net pension 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 7.00 percent, as well as what the Board's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Board's proportionate share of the net pension liability (asset)	\$ 215,900,796	\$ 113,436,280	\$ 27,481,609

*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 Postemployment Benefits

#### 1. Healthcare Benefits

*Plan description.* The Retiree Health Benefit Fund (RHBF) has been established as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is established 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, 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 [www.osc.nc.gov/public-information/reports](http://www.osc.nc.gov/public-information/reports).

## NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

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

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

Section 35.21 (c) and (d) of Session Law 2017-57 repeals retiree medical benefits for employees first hired January 1, 2021. The new legislation amends Article 3B of Chapter 135 of the General Statutes to require that retirees must earn contributory retirement service in TSERS (or in an allowed local system unit), CJRS, or LRS prior to January 1, 2021, and not withdraw that service, in order to be eligible for retiree medical benefits under the amended law. Consequently, members first hired on and after January 1, 2021 will not be eligible to receive retiree medical benefits. RHBF's benefit and contribution provisions are established by Chapter 135-7, 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 \$10,456,440.

At June 30, 2020, Board reported a liability of \$302,393,398 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, 2020 and at June 30, 2019, the Board's proportion was .9558% and .9821% respectively.

## NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS

#### For the Fiscal Year Ended June 30, 2020

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\$10,456,440 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 outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended June 30:</b>	
2021	\$ 27,063,655
2022	27,063,655
2023	27,034,540
2024	9,543,067
2025	(696,664)
Total	<u>\$ 90,008,253</u>

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

Inflation	3.00%
Salary increases based on service	Teachers: 7.55% grading down to 3.50% Law Enforcement Officers: 8.10% grading down to 3.50% General Employees: 5.50% grading
Discount rate	3.50%
Healthcare cost trend rates:	
Medical	6.50% grading down to 5.00% by 2024 for non-MA and MA coverage
Prescription Drug	9.50% grading down to 5.00% by 2028
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 improvement using Scale MP-2015

*Discount rate.* The discount rate used to measure the total OPEB liability for the RHBF was 3.50%, down from the prior year rate of 3.87%. 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.

*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)

# NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

or 1-percentage point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability	\$ 359,354,021	\$ 302,393,398	\$ 256,786,758

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

	1% Decrease in Trend Rates	Current Trend Rates (6.5% Medical, 7.25% Rx, 3.00 Admin Expenses)	1% Increase in Trend Rates
Net OPEB liability	\$ 248,999,014	\$ 302,393,398	\$ 372,601,253

*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.

### 2. Disability Benefits

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

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

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.* 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)

## NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS

#### For the Fiscal Year Ended June 30, 2020

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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 \$161,614 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 another postemployment benefit.

#### ***OPEB Liabilities, OPEB Expense, and Deferred Outflows and Inflows of Resources of Related to OPEB***

At June 30, 2020, Board reported an OPEB asset of \$416,941 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, 2020 and at June 30, 2019, the Board's proportion was .96626% and .98331% respectively.

\$161,614 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 outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended June 30:</b>		
2021	\$	162,017
2022		117,718
2023		85,396
2024		52,524
2025		73,466
Thereafter		(409)
Total	\$	<u>490,712</u>

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

# NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

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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

*Discount rate.* The discount rate used to measure the total OPEB asset for the DIPNC was 3.75%, no change from the prior year rate. 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. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

*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 (2.75 percent) or 1-percentage point higher (4.75 percent) than the current discount rate:

	1% Decrease: 2.75%	Current Discount Rate: 3.75%	1% Increase: 4.75%
Net OPEB asset	\$ 353,139	\$ 416,941	\$ 478,936

*Common actuarial assumptions for both OPEB plans.* The total OPEB 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 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.

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:

# NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

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

### **Total OPEB Expense, OPEB Liabilities, and Deferred Outflows and Inflows of Resources Related to OPEB**

The following is information related to the proportionate share and OPEB expense:

	RHBF	DIPNC	Total
OPEB expense	\$ (13,018,577)	\$ 226,874	\$ (12,791,703)
OPEB liability (asset)	302,393,398	(416,941)	301,976,457
Proportionate share of the net OPEB liability (asset)	0.95575%	0.96626%	
Deferred outflows of resources			
Differences between expected and actual experience	-	425,937	425,937
Changes of assumptions	14,534,451	46,187	14,580,638
Net difference between projected and actual earnings on plan investments	201,370	79,417	280,787
Changes in proportion and differences between Board contributions and proportionate share of contributions	12,697,329	6,437	12,703,766
Board contributions subsequent to the measurement date	10,456,440	161,614	10,618,054
Deferred inflows of resources			
Differences between expected and actual experience	15,244,437	-	15,244,437
Changes of assumptions	90,912,709	42,776	90,955,485
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	11,284,257	24,488	11,308,745

NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

2. Accounts Payable

Accounts payable as of June 30, 2020, are as follows:

	Vendors	Salaries and Benefits	Total
Governmental Activities:			
General Fund	\$ 7,665,095	\$ 640,706	\$ 8,305,801
Other governmental activities	6,481,123	5,183,628	11,664,751
Total	<u>\$ 14,146,218</u>	<u>\$ 5,824,334</u>	<u>\$ 19,970,552</u>
Business-type activities:			
Child Nutrition	\$ 164,176	\$ 42,410	\$ 206,586
Total	<u>\$ 164,176</u>	<u>\$ 42,410</u>	<u>\$ 206,586</u>

3. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources			
	Pension	RHBF	DIPNC	Total outflows
Change in assumptions	\$ 12,087,081	\$ 14,534,451	\$ 46,187	\$ 26,667,719
Change in proportion and difference between employer contributions and proportionate share of contributions	189,136	12,697,329	6,437	12,892,902
Difference between projected and actual earnings in plan investments	2,174,414	201,370	79,417	2,455,201
Difference between expected and actual Board contributions subsequent to the measurement date	9,488,814	-	425,937	9,914,751
	20,961,364	10,456,440	161,614	31,579,418
Totals	<u>\$ 44,900,809</u>	<u>37,889,590</u>	<u>\$ 719,592</u>	<u>\$ 83,509,991</u>

	Deferred Inflows of Resources			
	Pension	RHBF	DIPNC	Total Inflows
Change in assumptions	\$ -	\$ 90,912,709	\$ 42,776	\$ 90,955,485
Change in proportion and difference between employer contributions and proportionate share of contributions	1,599,284	11,284,257	24,488	12,908,029
Difference between expected and actual experience	227,092	15,244,437	-	15,471,529
Totals	<u>\$ 1,826,376</u>	<u>117,441,403</u>	<u>\$ 67,264</u>	<u>\$ 119,335,043</u>



# NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

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### 4. 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. During fiscal year 2019-20 the Board purchased insurance through private insurers. The Board maintained Commercial General Liability coverage and Errors and Omissions coverage with a limit of \$1 million per occurrence. This policy had an annual aggregate limit for both General Liability and Errors and Omissions of \$3 million. This policy includes coverage for theft, disappearance, and destruction, as well as computer fraud coverage, forgery and alterations coverage, deception fraud coverage, funds transfer coverage, and public employee dishonesty coverage. Each of these theft and fraud related coverages have a per occurrence limit of \$250,000.00. The Board also maintains Commercial Auto coverage through a private insurer, with a \$3 million liability limit, as well as Uninsured Motorist Coverage, comprehensive and collision coverage. In addition, the Board maintains a Commercial Umbrella Liability policy with a coverage limit of \$1 million. The Board also maintained a Specialty Risk Protector policy which has Security and Privacy Liability Insurance with a coverage limit of \$1 million, Event Management insurance with a limit of \$1 million, and Cyber extortion insurance with a coverage limit of \$1 million.

Statutory workers' compensation coverage is purchased through private insurers. Coverage is provided to the extent employees are paid from federal or local funds. Workers' Compensation coverage is also provided by the State of North Carolina through a self-insured fund, to the extent employees are paid from State funds. The Board also participates in the Public School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing fund administered by the North Carolina Department of Public Insurance. The Fund insures the tangible property assets of the Board. Coverage is provided on an "all risk" perils contract. Buildings and contents are insured on a replacement cost basis. The Fund purchases excess reinsurance to protect the assets of the Fund in the event of a catastrophic event. The Fund maintains a self-insured retention of \$10 million. Excess reinsurance is purchased through commercial insurers. A limit of \$5 million per occurrence is provided on 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 96% of the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

In accordance with G.S. 115C-442, the Board provides for a blanket crime policy to cover all treasurers, officers, employees and agents who have custody of public money with a single loss limit of \$250,000. The Chief Financial Officer is bonded for \$250,000.

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

### 5. Contingent Liabilities

The Board is currently a defendant in two lawsuits with multiple claims of alleged negligence. In the opinion of the Board's management and the Board's attorney, an unfavorable monetary result is possible. Management believes the Board's insurance is adequate to cover any resulting claims and the legal matters are not expected to have a material adverse effect on the Board's financial position

# NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

### 6. Long-Term Obligations

#### a. Installment Purchase

The Board is authorized to finance the purchase of school buses under State law [G.S. 115C-528(a)]. Session law 2003-284, section 7.25 authorized the State Board of Education to allot monies for the payments on financing contracts entered into pursuant to State law [G.S. 115C-528]. The State has accepted the bid to purchase buses through a special third party financing arrangement by Banc of America Public Capital Corporation at total payments less than the purchase price. The buses are pledged as collateral for the debt while the debt is outstanding. The direct placement installment purchase contracts balance at June 30, 2020 required a principal payment of \$688,875 for the 2020 fiscal year.

The future minimum payments of the direct placement installment purchase as of June 30, 2020 are as follows:

	Governmental Activities
<b>Year ended June 30:</b>	Principal
2021	\$ 211,502
2022	143,924
Total	<u>\$ 355,426</u>

#### b. Long-Term Obligation Activity

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2020:

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion
<b>Governmental activities:</b>					
Direct Placement Installment purchases	\$ 468,603	\$ 575,698	\$ 688,875	\$ 355,426	\$ 211,502
Net pension liability	107,451,975	3,006,582	-	110,458,557	-
Net OPEB liability	275,784,993	22,219,900	-	298,004,893	-
Compensated absences	13,656,814	7,664,135	8,080,515	13,240,434	8,080,515
Total	<u>\$ 397,362,385</u>	<u>\$ 33,466,315</u>	<u>\$ 8,769,390</u>	<u>\$ 422,059,310</u>	<u>\$ 8,292,017</u>
<b>Business-type activities:</b>					
Net pension liability	\$ 2,925,210	\$ 52,513	\$ -	\$ 2,977,723	\$ -
Net OPEB liability	4,000,414	388,091	-	4,388,505	-
Compensated Absences	364,555	257,957	235,840	386,672	235,840
Total	<u>\$ 7,290,179</u>	<u>\$ 698,561</u>	<u>\$ 235,840</u>	<u>\$ 7,752,900</u>	<u>\$ 235,840</u>

# NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

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Every type of Governmental fund has been used in prior years to liquidate net pension liability, net OPEB liability, and compensated absences.

### C. Interfund Balances and Activity

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

	<u>Amount</u>
From General Fund to Capital Outlay Fund to pay for capital expenses reimbursable by County not yet received	\$ 1,397,449

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

From Individual Schools Fund to Other Restricted Fund for driver's education fee charged to students	\$ 67,090
From Other Restricted Fund to After School Fund for salary costs	\$ 82,148
From General Fund to Child Nutrition Fund to cover loss on uncollectible accounts	\$ 71,224
From State Fund to Child Nutrition Fund to cover lost revenue	\$ 272,897

### D. Fund Balance

The Board has a revenue spending policy that provides a policy for programs with multiple revenue sources. The Chief Financial Officer will use resources in the following hierarchy: federal funds, state funds, local 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 Chief Financial Officer has the authority to deviate from this policy if it is in the best interest of the Board.

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

**NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA****NOTES TO FINANCIAL STATEMENTS****For the Fiscal Year Ended June 30, 2020**

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Total fund balance - General Fund	\$ 27,526,680
Less:	
Inventories	896,205
Prepays	1,613,121
Stabilization by State Statute	1,963,096
Appropriated fund balance in 2021 budget	7,121,273
Remaining fund balance	\$ 15,932,985

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year end.

General Fund	Capital Outlay Fund	Non-Major Funds
\$ 414,246	\$ 12,335,259	\$ -

**Note 3. Jointly Governed Organization**

The Board of Trustees of Cape Fear Community College is comprised of thirteen members. New Hanover County Board of Education appoints four trustees, the Board of County Commissioners appoints four trustees, the Governor appoints four trustees, and the President of the student body is an ex officio nonvoting member of the Board.

**Note 4. Summary Disclosure of Significant Commitments and Contingencies****A. 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 statement for the refund of grant moneys.

**B. Economic Contingencies**

During 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result of the spread of COVID-19, economic uncertainties have arisen that could negatively impact the revenue and operations for an indeterminable period of time. Other financial impacts could occur that are unknown at this time.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**SCHEDULE OF PROPORTIONATE SHARE OF  
NET PENSION LIABILITY  
SCHEDULE OF CONTRIBUTIONS**

New Hanover County Board of Education, North Carolina  
Schedules of Required Supplementary Information  
Schedule of the Board's Proportionate Share of the Net Pension Liability  
Teachers' and State Employees' Retirement System  
Last Seven Fiscal Years \*  
June 30, 2020

	Fiscal Year		
	2020	2019	2018
Board's proportion of the net pension liability (asset)	1.09%	1.11%	1.10%
Board's proportionate share of the net pension liability (asset)	\$ 113,436,280	\$ 110,377,185	\$ 87,097,946
Board's covered payroll	\$ 160,370,503	\$ 155,524,703	\$ 150,594,149
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	70.73%	70.97%	57.84%
Plan fiduciary net position as a percentage of the total pension liability	87.56%	87.61%	89.51%

	Fiscal Year			
	2017	2016	2015	2014
Board's proportion of the net pension liability (asset)	1.07%	1.05%	1.02%	1.00%
Board's proportionate share of the net pension liability (asset)	\$ 98,394,604	\$ 38,600,965	\$ 12,015,205	\$ 11,636,083
Board's covered payroll	\$ 141,295,463	\$ 142,551,650	\$ 134,685,791	\$ 130,444,388
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	69.64%	27.08%	8.92%	8.92%
Plan fiduciary net position as a percentage of the total pension liability	87.32%	94.64%	98.24%	90.60%

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

\* Information is not required to be presented retroactively. This schedule will not present 10 years' worth of information until fiscal year 2023.

New Hanover County Board of Education, North Carolina  
Schedule of Board Contributions  
Teachers' and State Employees' Retirement System  
Last Seven Fiscal Years  
June 30, 2020

	Fiscal Year		
	2020	2019	2018
Contractually required contribution	\$ 20,961,364	\$ 19,709,535	\$ 16,791,180
Contributions in relation to the contractually required contribution	20,961,364	19,709,535	16,791,180
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 161,614,215	\$ 160,370,503	\$ 155,524,703
Contributions as a percentage of covered payroll	12.97%	12.29%	10.80%

	Fiscal Year			
	2017	2016	2015	2014
Contractually required contribution	\$ 15,063,570	\$ 12,965,164	\$ 12,901,153	\$ 11,636,083
Contributions in relation to the contractually required contribution	15,063,570	12,965,164	12,901,153	11,636,083
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 150,594,149	\$ 141,295,563	\$ 142,551,650	\$ 134,685,791
Contributions as a percentage of covered payroll	10.00%	9.18%	9.05%	8.64%

\* Information is not required to be presented retroactively. This schedule will not present 10 years' worth of information until fiscal year 2023.

New Hanover County Board of Education, North Carolina  
Schedule of Required Supplementary Information  
Schedule of the Board's Proportionate Share of Net OPEB Liability  
Retiree Health Benefit Fund  
Last Four Fiscal Years \*  
June 30, 2020

	Fiscal Years			
	2020	2019	2018	2017
Board's proportion of the net OPEB liability (asset)	0.9558%	0.9821%	0.9858%	0.9260%
Board's proportionate share of the net OPEB liability (asset)	\$ 302,393,398	\$ 279,785,407	\$ 323,208,169	\$ 402,845,548
Board's covered payroll	\$ 160,370,503	\$ 155,524,703	\$ 150,594,149	\$ 141,295,463
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	188.56%	179.90%	214.62%	285.11%
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.

\* Information is not required to be presented retroactively. This schedule will not present 10 years' worth of information until fiscal year 2026.



New Hanover County Board of Education, North Carolina  
Schedule of Board Contributions  
Retiree Health Benefit Fund  
Last Ten Fiscal Years  
June 30, 2020

	Fiscal Year				
	2020	2019	2018	2017	2016
Contractually required contribution	\$ 10,456,440	\$ 10,055,231	\$ 9,409,245	\$ 8,749,520	\$ 7,912,546
Contributions in relation to the contractually required contribution	10,456,440	10,055,231	9,409,245	8,749,520	7,912,546
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 161,614,215	\$ 160,370,503	\$ 155,524,703	\$ 150,594,149	\$ 141,295,563
Contributions as a percentage of the covered payroll	6.47%	6.27%	6.05%	5.81%	5.60%

	Fiscal Year				
	2015	2014	2013	2012	2011
Contractually required contribution	\$ 7,826,086	\$ 7,273,033	\$ 6,281,745	\$ 5,215,034	\$ 4,497,445
Contributions in relation to the contractually required contribution	7,826,086	7,273,033	6,281,745	5,215,034	4,497,445
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 142,551,650	\$ 134,685,791	\$ 118,523,496	\$ 104,300,677	\$ 91,784,595
Contributions as a percentage of the covered payroll	5.49%	5.40%	5.30%	5.00%	4.90%

New Hanover County Board of Education, North Carolina  
Schedule of Required Supplementary Information  
Schedule of Proportionate Share of Net OPEB Asset  
Disability Income Plan of North Carolina  
Last Four Fiscal Years \*  
June 30, 2020

	Fiscal Years			
	2020	2019	2018	2017
Board's proportion of the net OPEB asset	0.96626%	0.98331%	0.97397%	0.95696%
Board's proportionate share of the net OPEB asset	\$ 416,941	\$ 298,690	\$ 595,290	\$ 594,272
Board's covered payroll	\$ 160,370,503	\$ 155,524,703	\$ 150,594,149	\$ 141,295,463
Board's proportionate share of the net OPEB asset as a percentage of its covered payroll	0.2600%	0.1921%	0.3953%	0.4206%
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.

\* Information is not required to be presented retroactively. This schedule will not present 10 years' worth of information until fiscal year 2026.

New Hanover County Board of Education, North Carolina  
Schedule of Contributions  
Disability Income Plan of North Carolina  
Last Ten Fiscal Years  
June 30, 2020

	Fiscal Year				
	2020	2019	2018	2017	2016
Contractually required contribution	\$ 161,164	\$ 224,519	\$ 217,735	\$ 572,250	\$ 579,311
Contributions in relation to the contractually required contribution	161,164	224,519	217,735	572,250	579,311
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 161,614,215	\$ 160,370,503	\$ 155,524,703	\$ 150,594,149	\$ 141,295,563
Contributions as a percentage of the covered payroll	0.10%	0.14%	0.14%	0.38%	0.41%

	Fiscal Year				
	2015	2014	2013	2012	2011
Contractually required contribution	\$ 584,462	\$ 592,617	\$ 574,839	\$ 658,974	\$ 639,205
Contributions in relation to the contractually required contribution	584,462	592,617	574,839	658,974	639,205
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 142,551,650	\$ 134,685,791	\$ 118,523,496	\$ 104,300,677	\$ 91,784,595
Contributions as a percentage of the covered payroll	0.41%	0.44%	0.49%	0.63%	0.70%

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## **THE GENERAL FUND**

The General Fund accounts for all financial resources except those that are required to be accounted for in another fund.

New Hanover County Board of Education, North Carolina  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
*General Fund*  
For the Fiscal Year Ended June 30, 2020

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	Budget	Actual	Variance Over (Under)
Revenues:			
New Hanover County:			
Appropriations from general revenues	\$ 81,366,950	\$ 81,366,950	\$ -
Other local revenues:			
Fines and forfeitures	1,900,000	1,579,374	(320,626)
Interest earned on investments	185,000	194,475	9,475
Rental of school property	-	110,557	110,557
Disposition of school property	-	2,750	2,750
Insurance Proceeds	52,807	3,447,862	3,395,055
Miscellaneous revenue	161,711	184,181	22,470
Total other local revenue	2,299,518	5,519,199	3,219,681
U.S. Government:			
Impact area grants	-	10,145	10,145
FEMA revenue	-	1,083,216	1,083,216
Total U.S. Government	-	1,093,361	1,093,361
Total revenues	83,666,468	87,979,510	4,313,042

New Hanover County Board of Education, North Carolina  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
*General Fund*  
For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Over (Under)
Expenditures:			
Instructional services:			
Regular instruction	\$ 22,915,429	\$ 20,311,624	\$ 2,603,805
Special populations	3,009,494	2,749,797	259,697
Alternative programs	838,287	705,455	132,832
School leadership	7,753,809	7,628,202	125,607
Co-curricular	2,096,355	1,955,731	140,624
School-based support	6,806,876	6,816,569	(9,693)
System-wide support services:			
Support and development	2,150,764	1,940,607	210,157
Special population support and development	168,067	134,673	33,394
Alternative program support and development	793,189	687,643	105,546
Technology support	5,222,577	4,632,677	589,900
Operational support	24,571,748	20,292,293	4,279,455
Financial and human resources	4,773,005	4,435,139	337,866
Accountability	401,884	376,779	25,105
System-wide pupil support	395,097	272,741	122,356
Policy, leadership and public relations	2,281,020	1,932,103	348,917
Ancillary services	218,214	223,931	(5,717)
Non-programmed charges	5,336,736	4,872,252	464,484
Total expenditures	89,732,551	79,968,216	9,764,335
Revenues over (under) expenditures	(6,066,083)	8,011,294	14,077,377
Other financing sources (uses):			
Fund balance appropriations	6,137,307	-	(6,137,307)
Transfer out to child nutrition fund	(71,224)	(71,224)	-
Total other financing sources (uses)	6,066,083	(71,224)	(6,137,307)
Net change in fund balances	\$ -	7,940,070	\$ 7,940,070
Fund balances - beginning		19,661,146	
Change in reserve for inventory		(74,536)	
Fund balances - ending		\$ 27,526,680	

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## **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

### Budgeted Individual Fund Descriptions

The Federal Grants Fund accounts for funds received from various federal grant programs which pass through the Department of Public Instruction and must also be accounted for according to the provisions of G. S. 115C-438.

The Other Restricted Fund accounts for funds received for specific purposes as authorized by G.S. 115C-426.

New Hanover County Board of Education, North Carolina  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
*Federal Grants Fund*  
For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Over (Under)
Revenues:			
U.S. Government	\$ 23,500,301	\$ 14,835,452	\$ (8,664,849)
Total revenues	<u>23,500,301</u>	<u>14,835,452</u>	<u>(8,664,849)</u>
Expenditures:			
Instructional services:			
Regular instruction	2,882,696	667,744	2,214,952
Special populations	8,084,474	5,190,191	2,894,283
Alternative programs	8,805,749	7,275,392	1,530,357
School leadership services	6,381	4,596	1,785
School-based support	950,351	294,678	655,673
System-wide support services:			
Support and development	136,684	133,601	3,083
Special population support and development	63,409	63,905	(496)
Alternative program support and development	339,896	323,009	16,887
Technology support	813,490	-	813,490
Operational support	178,563	12,812	165,751
Financial and human resource	186,903	185,378	1,525
Ancillary services	291,143	-	291,143
Non-programmed charges	760,562	684,146	76,416
Total expenditures	<u>23,500,301</u>	<u>14,835,452</u>	<u>8,664,849</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning		-	
Fund balances - ending		<u>\$ -</u>	

New Hanover County Board of Education, North Carolina  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
*Other Restricted Fund*  
For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Over (Under)
Revenues:			
U.S. Government	2,644,622	4,143,988	1,499,366
State of North Carolina	\$ 3,636,278	\$ 3,618,531	\$ (17,747)
New Hanover County	487,422	487,425	3
Other local revenues	923,807	1,065,134	141,327
Total revenues	<u>7,692,129</u>	<u>9,315,078</u>	<u>1,622,949</u>
Expenditures:			
Instructional services:			
Regular instruction	942,908	372,950	569,958
Special populations	1,403,528	623,916	779,612
Alternative programs	5,407,484	5,382,272	25,212
School leadership	27,737	27,737	-
Co-curricular	457,616	270,209	187,407
School-based support	494,396	416,751	77,645
System-wide support services:			
Support and development	400	-	400
Special population support and development	299,209	267,492	31,717
Alternative program support and development	237,238	237,083	155
Operational support	1,284,108	1,114,574	169,534
Ancillary services	130,175	90,910	39,265
Non-programmed charges	358,821	116,555	242,266
Total expenditures	<u>11,043,620</u>	<u>8,920,449</u>	<u>2,123,171</u>
Revenues over (under) expenditures	(3,351,491)	394,629	3,746,120
Other financing sources:			
Fund balance appropriations	3,355,991	-	(3,355,991)
Transfer (to) from After School Program Fund	-	(82,148)	(82,148)
Transfer (to) from School Funds	(4,500)	67,090	71,590
Total other financing sources	<u>3,351,491</u>	<u>(15,058)</u>	<u>(3,366,549)</u>
Net change in fund balances	<u>\$ -</u>	<u>379,571</u>	<u>\$ 379,571</u>
Fund balances - beginning		<u>3,837,537</u>	
Fund balances - ending		<u>\$ 4,217,108</u>	

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## **THE CAPITAL OUTLAY FUND**

The Capital Outlay Fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary and trust funds.

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New Hanover County Board of Education, North Carolina  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
*Capital Outlay Fund*  
For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Over (Under)
Revenues:			
State of North Carolina:			
Public school capital fund - lottery	\$ 4,028,372	\$ 2,107,636	\$ (1,920,736)
DPI bus leases	1,968,395	688,875	(1,279,520)
Total State of North Carolina	5,996,767	2,796,511	(3,200,256)
New Hanover County:			
Appropriations from county	3,696,000	2,240,421	(1,455,579)
2014 county bond	40,160,379	28,981,732	(11,178,647)
Total New Hanover County	43,856,379	31,222,153	(12,634,226)
Other local revenues:			
Sales tax refund	854,954	600,144	(254,810)
Miscellaneous revenue	194,000	253,599	59,599
Total other local revenues	1,048,954	853,743	(195,211)
Total revenues	50,902,100	34,872,407	(16,029,693)
Expenditures:			
Capital outlay:			
Real property and buildings	42,881,047	30,289,955	12,591,092
Furniture and equipment	8,773,919	5,664,351	3,109,568
Buses and motor vehicles	53,100	53,100	-
Debt service: principal	1,968,395	1,264,573	703,822
Total expenditures	53,676,461	37,271,979	16,404,482
Revenues over (under) expenditures	(2,774,361)	(2,399,572)	374,789
Other financing sources (uses):			
Fund balance appropriations	2,774,361	-	2,774,361
Installment purchase obligations issued	-	575,698	(575,698)
Total other financing sources (uses)	2,774,361	575,698	2,198,663
Net change in fund balances	\$ -	(1,823,874)	\$ (1,823,874)
Fund balances - beginning		3,157,372	
Fund balances - ending		\$ 1,333,498	

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## **ENTERPRISE FUND**

The Enterprise fund is used to account for the Board's child nutrition operations and after school program.

New Hanover County Board of Education, North Carolina  
Schedule of Revenues, Expenses and Changes in Net Position - Budget (Accrual Basis) and Actual  
*Enterprise Fund - Child Nutrition*  
For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Over (Under)
Operating revenues:			
Food sales	\$ 2,448,800	\$ 1,751,399	\$ (697,401)
Operating expenses:			
Food costs	5,873,287	4,942,614	930,673
Salaries and fringe benefits	5,870,159	5,737,611	132,548
Materials and supplies	589,100	486,435	102,665
Repairs and maintenance	170,000	159,462	10,538
Depreciation	165,000	147,271	17,729
Contracted services	49,300	14,187	35,113
Total operating expenses	12,716,846	11,487,580	1,229,266
Revenues under expenses	(10,268,046)	(9,736,181)	531,865
Nonoperating revenues (expenses):			
Federal reimbursements	9,212,132	9,662,796	450,664
State of North Carolina	13,700	13,617	(83)
Interest revenue	10,000	10,085	85
Other revenues	97,214	18,853	(78,361)
Gain on disposal of capital assets	9,000	7,507	(1,493)
Total nonoperating revenues	9,342,046	9,712,858	370,812
Loss before transfers	(926,000)	(23,323)	902,677
Appropriation and transfer:			
Net position appropriation	856,000	-	(856,000)
Transfer from general fund	70,000	71,224	1,224
Transfer from state fund	-	272,897	272,897
Total appropriation and transfer	926,000	344,121	(581,879)
Change in net position	\$ -	\$ 320,798	\$ 320,798

**New Hanover County Board of Education, North Carolina**  
**Schedule of Revenues, Expenses and Changes in Net Position - Budget (Accrual Basis) and Actual**  
**Enterprise Fund - After School Program**  
For the Fiscal Year Ended June 30, 2020

	<b>Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>Operating revenues:</b>			
Child care fees	\$ 500,000	\$ 461,222	\$ (38,778)
<b>Operating expenses:</b>			
Salaries and fringe benefits	284,000	517,974	(233,974)
Materials and supplies	166,000	103,810	62,190
Indirect costs paid	50,000	-	50,000
<b>Total operating expenses</b>	<b>500,000</b>	<b>621,784</b>	<b>(121,784)</b>
<b>Revenues over (under) expenses</b>	<b>-</b>	<b>(160,562)</b>	<b>(160,562)</b>
Gain (loss) before transfers	-	(160,562)	(160,562)
<b>Transfers:</b>			
Transfer from Other Restricted Fund	-	82,148	(82,148)
<b>Total transfers</b>	<b>-</b>	<b>82,148</b>	<b>(82,148)</b>
<b>Change in net position</b>	<b>\$ -</b>	<b>\$ (78,414)</b>	<b>\$ (78,414)</b>

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## STATISTICAL SECTION

This part of the Board's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Board's overall financial health.

### Financial Trends

These schedules contain trend information to help the reader understand how the Board's financial performance and well-being have changed over time.

### Revenue Capacity

These schedules contain trend information to help the reader assess the Board's most significant local revenue source, New Hanover County property and sales tax.

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### Debt Capacity

Since the Board's construction funding is primarily provided by New Hanover County, these schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the Board's ability to issue additional debt in the future.

### Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Board's financial activities take place.

### Operating Information

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**New Hanover County Board of Education, North Carolina**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	Fiscal Year				
	2011	2012	2013	2014	2015
Governmental activities:					
Net investment in capital assets	\$ 242,870,060	\$ 236,374,198	\$ 229,120,122	\$ 221,027,615	\$ 218,292,760
Restricted:					
Stabilization by state statute	239,575	171,781	709,816	656,370	762,877
School capital outlay	2,661,293	2,635,363	1,934,072	2,447,748	1,431,940
DIPNC OPEB plan	-	-	-	-	-
Individual schools	1,148,300	1,287,706	1,283,546	1,435,666	1,508,408
Programs	1,611,729	2,424,032	3,210,203	3,195,447	4,095,893
Unrestricted	11,767,802	16,330,052	16,056,297	14,405,674	(25,652,960)
<b>Total governmental activities net position</b>	<b>\$ 260,298,759</b>	<b>\$ 259,223,132</b>	<b>\$ 252,314,056</b>	<b>\$ 243,168,520</b>	<b>\$ 200,438,918</b>
Business-type activities:					
Net investment in capital assets	\$ 1,665,243	\$ 1,464,251	\$ 1,252,624	\$ 1,138,900	\$ 1,042,417
Restricted:					
DIPNC OPEB plan	-	-	-	-	-
Unrestricted	1,886,986	1,895,873	1,901,078	1,809,817	437,583
<b>Total business-type activities net position</b>	<b>\$ 3,552,229</b>	<b>\$ 3,360,124</b>	<b>\$ 3,153,702</b>	<b>\$ 2,948,717</b>	<b>\$ 1,480,000</b>
Primary government:					
Net investment in capital assets	\$ 244,535,303	\$ 237,838,449	\$ 230,372,746	\$ 222,166,515	\$ 219,335,177
Restricted:					
Stabilization by state statute	239,575	171,781	709,816	656,370	762,877
School capital outlay	2,661,293	2,635,363	1,934,072	2,447,748	1,431,940
DIPNC OPEB plan	-	-	-	-	-
Individual schools	1,148,300	1,287,706	1,283,546	1,435,666	1,508,408
Programs	1,611,729	2,424,032	3,210,203	3,195,447	4,095,893
Unrestricted	13,654,788	18,225,925	17,957,375	16,215,491	(25,215,377)
<b>Total primary government net position</b>	<b>\$ 263,850,988</b>	<b>\$ 262,583,256</b>	<b>\$ 255,467,758</b>	<b>\$ 246,117,237</b>	<b>\$ 201,918,918</b>



**New Hanover County Board of Education, North Carolina**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	Fiscal Year				
	2016	2017	2018	2019	2020
Governmental activities:					
Net investment in capital assets	\$ 220,096,542	\$ 249,726,226	\$ 269,442,267	\$ 286,982,328	\$ 300,642,058
Restricted:					
Stabilization by state statute	671,486	583,255	852,127	3,341,303	1,963,096
School capital outlay	1,695,237	1,939,664	1,335,361	3,157,372	1,333,498
DIPNC OPEB plan	-	-	586,650	294,769	410,989
Individual schools	1,632,435	1,665,324	1,890,348	2,049,009	1,933,712
Programs	4,534,057	4,421,300	3,350,865	3,837,537	4,217,108
Unrestricted	(15,252,285)	(23,014,789)	(432,751,896)	(435,040,350)	(432,228,238)
<b>Total governmental activities net position</b>	<b>\$ 213,377,472</b>	<b>\$ 235,320,980</b>	<b>\$ (155,294,278)</b>	<b>\$ (135,378,032)</b>	<b>\$ (121,727,777)</b>
Business-type activities:					
Net investment in capital assets	\$ 902,387	\$ 735,006	\$ 585,152	\$ 465,149	\$ 366,375
Restricted:					
DIPNC OPEB plan	-	-	8,640	3,921	5,952
Unrestricted	600,161	1,336,046	(4,086,936)	(3,557,632)	(3,218,505)
<b>Total business-type activities net position</b>	<b>\$ 1,502,548</b>	<b>\$ 2,071,052</b>	<b>\$ (3,493,144)</b>	<b>\$ (3,088,562)</b>	<b>\$ (2,846,178)</b>
Primary government:					
Net investment in capital assets	\$ 220,998,929	\$ 250,461,232	\$ 270,027,419	\$ 287,447,477	\$ 301,008,433
Restricted:					
Stabilization by state statute	671,486	583,255	852,127	3,341,303	1,963,096
School capital outlay	1,695,237	1,939,664	1,335,361	3,157,372	1,333,498
DIPNC OPEB plan	-	-	595,290	298,690	416,941
Individual schools	1,632,435	1,665,324	1,890,348	2,049,009	1,933,712
Programs	4,534,057	4,421,300	3,350,865	3,837,537	4,217,108
Unrestricted	(14,652,124)	(21,678,743)	(436,838,832)	(438,597,982)	(435,446,743)
<b>Total primary government net position</b>	<b>\$ 214,880,020</b>	<b>\$ 237,392,032</b>	<b>\$ (158,787,422)</b>	<b>\$ (138,466,594)</b>	<b>\$ (124,573,955)</b>

New Hanover County Board of Education, North Carolina  
Expenses, Program Revenues, and Net (Expenses) Revenue  
Last Ten Fiscal Years  
(Unaudited)

	Fiscal Year				
	2011	2012	2013	2014	2015
Expenses:					
Governmental activities:					
Instructional services:					
Regular instruction	\$ 84,988,304	\$ 86,928,600	\$ 92,101,076	\$ 93,000,559	\$ 93,677,375
Special populations	29,324,468	28,053,651	29,107,523	29,941,941	29,628,721
Alternative programs	15,702,861	12,733,769	15,529,556	15,103,691	17,451,628
School leadership	11,983,290	11,698,445	12,725,768	13,110,930	12,627,664
Co-curricular	5,171,842	5,188,769	5,666,883	5,356,770	5,275,895
School-based support	13,875,224	13,264,180	14,261,727	14,575,323	15,218,280
System-wide support services:					
Support and development	1,953,418	2,100,143	1,921,265	2,159,468	2,182,721
Special population support and development	553,873	642,854	824,746	609,143	711,487
Alternative program support and development	871,889	794,599	972,761	1,007,099	1,207,014
Technology support	3,576,818	4,226,644	5,323,190	4,794,404	4,059,913
Operational support	37,999,779	36,683,442	34,270,021	36,109,631	36,926,556
Financial and human resources	4,585,161	4,582,451	4,451,951	4,946,271	4,452,985
Accountability	108,697	182,168	186,139	207,485	212,847
System-wide pupil support	466,983	429,542	454,775	592,869	506,342
Policy, leadership and public relations	2,149,882	2,039,191	2,250,535	2,297,121	2,249,654
Ancillary services	261,248	277,394	339,947	323,794	316,782
Non-programmed charges	1,149,297	1,614,397	1,703,644	2,302,626	2,809,760
Interest on long-term debt	2,119	8,146	9,253	5,657	112
Depreciation expense (unallocated)	10,150,133	9,353,815	10,345,777	10,104,185	9,602,233
Total governmental activities expenses	224,875,286	220,802,200	232,446,537	236,548,967	239,117,969
Business-type activities:					
Child nutrition	10,198,486	11,151,568	11,529,555	11,442,334	11,814,476
After school program	433,136	482,098	492,098	571,525	591,685
Total business-type activities expenses	10,631,622	11,633,666	12,021,653	12,013,859	12,406,161
Total primary government expenses	\$ 235,506,908	\$ 232,435,866	\$ 244,468,190	\$ 248,562,826	\$ 251,524,130

New Hanover County Board of Education, North Carolina  
Expenses, Program Revenues, and Net (Expenses) Revenue  
Last Ten Fiscal Years  
(Unaudited)

	Fiscal Year				
	2016	2017	2018	2019	2020
Expenses:					
Governmental activities:					
Instructional services:					
Regular instruction	\$ 94,723,498	\$ 108,069,162	\$ 116,745,120	\$ 109,620,605	\$ 117,992,210
Special populations	30,377,607	34,901,684	39,079,959	37,513,231	38,246,775
Alternative programs	16,811,698	17,729,373	19,908,577	19,975,014	19,654,131
School leadership	13,354,379	15,043,364	16,921,552	16,235,470	17,740,499
Co-curricular	5,497,985	5,434,759	5,590,369	5,033,973	4,950,967
School-based support	15,666,386	18,252,310	18,729,223	17,008,218	17,542,967
System-wide support services:					
Support and development	2,209,390	2,590,993	2,710,074	2,495,101	2,415,559
Special population support and development	855,641	864,298	734,542	838,967	691,350
Alternative program support and development	1,130,736	1,393,456	1,551,305	1,567,941	1,579,524
Technology support	3,944,068	8,385,166	6,057,938	5,443,827	7,031,517
Operational support	37,837,934	36,874,380	40,826,969	54,314,413	43,148,999
Financial and human resources	5,078,348	5,101,332	5,644,006	5,543,886	5,936,643
Accountability	330,680	385,340	407,052	388,467	428,448
System-wide pupil support	528,526	602,189	584,240	580,119	556,435
Policy, leadership and public relations	2,223,137	2,432,736	2,554,852	2,740,397	3,241,515
Ancillary services	293,841	401,715	408,756	779,844	475,861
Non-programmed charges	2,790,652	3,588,767	4,809,144	5,725,202	5,682,330
Interest on long-term debt	3,083	-	-	-	-
Depreciation expense (unallocated)	9,772,312	9,998,140	11,591,715	12,691,897	12,995,018
Total governmental activities expenses	243,429,901	272,049,164	294,855,393	298,496,572	300,310,748
Business-type activities:					
Child nutrition	12,045,125	11,648,400	12,052,622	11,472,145	11,487,580
After school program	644,066	629,756	669,826	604,476	621,784
Total business-type activities expenses	12,689,191	12,278,156	12,722,448	12,076,621	12,109,364
Total primary government expenses	\$ 256,119,092	\$ 284,327,320	\$ 307,577,841	\$ 310,573,193	\$ 312,420,112

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New Hanover County Board of Education, North Carolina  
Expenses, Program Revenues, and Net (Expenses) Revenue  
Last Ten Fiscal Years  
(Unaudited)

	Fiscal Year				
	2011	2012	2013	2014	2015
<b>Program Revenues:</b>					
<b>Governmental activities:</b>					
Charges for service:					
Regular instruction	\$ 31,170	\$ 60,040	\$ -	\$ -	\$ -
Co-curricular	-	-	-	-	-
Technology support	-	-	-	-	-
Ancillary services	221,069	303,147	-	-	-
Operational support	-	-	123,112	162,486	262,972
Operating grants and contributions:					
Regular instruction	78,066,448	78,272,854	74,196,692	76,901,576	85,262,553
Special populations	23,672,278	24,365,152	25,526,308	27,064,157	27,272,416
Alternative programs	14,917,075	10,943,600	14,651,711	10,966,685	11,138,717
School leadership	7,545,506	5,167,658	5,382,903	7,929,859	8,012,176
Co-curricular	-	-	-	2,819,178	2,414,534
School-based support	10,365,282	9,348,250	11,720,718	9,389,354	8,886,046
Support and development	824,219	982,552	764,111	638,621	623,904
Special population support and development	4,860	111,650	218,929	64,888	137,868
Alternative program support and development	586,817	511,957	594,850	733,747	814,150
Technology support	1,251,735	1,068,117	1,745,192	697,291	712,993
Operational support	11,449,941	10,895,998	13,312,904	14,329,382	15,399,292
Financial and human resources	121,072	194,395	206,643	412,201	362,673
Accountability	-	-	-	-	-
System-wide pupil support	2,000	1,000	-	-	-
Policy, leadership and public relations	573,136	538,896	576,780	742,617	705,643
Ancillary services	117,386	165,297	178,942	91,480	74,098
Non-programmed charges	1,027,778	426,926	499,583	492,816	790,759
Capital grants and contributions:					
Co-curricular	-	-	2,876,596	-	-
Operational support	474,011	156,246	1,920,025	-	-
<b>Total governmental activities program revenues</b>	<b>151,251,783</b>	<b>143,513,735</b>	<b>154,495,999</b>	<b>153,436,338</b>	<b>162,870,794</b>
<b>Business-type activities:</b>					
Charges for service:					
Child nutrition	4,239,848	3,954,476	3,722,067	3,558,541	2,834,072
After school program	501,167	522,636	614,912	622,991	688,072
Operating grants and contributions:					
Child nutrition	6,348,796	6,788,139	7,270,807	7,508,882	8,749,403
<b>Total business-type activities program revenues</b>	<b>11,089,811</b>	<b>11,265,251</b>	<b>11,607,786</b>	<b>11,690,414</b>	<b>12,271,547</b>
<b>Total primary government program revenues</b>	<b>\$ 162,341,594</b>	<b>\$ 154,778,986</b>	<b>\$ 166,103,785</b>	<b>\$ 165,126,752</b>	<b>\$ 175,142,341</b>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (73,623,503)	\$ (77,288,465)	\$ (77,950,538)	\$ (82,939,213)	\$ (76,247,175)
Business-type activities	458,189	(368,415)	(413,867)	(317,790)	(134,614)
<b>Total primary government net expense</b>	<b>\$ (73,165,314)</b>	<b>\$ (77,656,880)</b>	<b>\$ (78,364,405)</b>	<b>\$ (83,257,003)</b>	<b>\$ (76,381,789)</b>

New Hanover County Board of Education, North Carolina  
Expenses, Program Revenues, and Net (Expenses) Revenue  
Last Ten Fiscal Years  
(Unaudited)

	Fiscal Year				
	2016	2017	2018	2019	2020
Program Revenues:					
Governmental activities:					
Charges for service:					
Regular instruction	\$ -	\$ -	\$ -	\$ -	\$ -
Co-curricular	-	-	-	-	-
Technology support	-	-	-	-	-
Ancillary services	-	-	-	-	-
Operational support	247,761	185,123	134,892	111,387	190,170
Operating grants and contributions:					
Regular instruction	84,760,062	89,999,827	91,801,067	100,869,718	101,992,971
Special populations	29,599,114	31,589,176	32,439,648	33,368,556	33,893,675
Alternative programs	10,936,005	10,727,401	11,175,131	12,360,499	13,140,790
School leadership	8,381,476	8,497,034	8,765,130	9,017,785	9,597,389
Co-curricular	2,405,002	2,863,731	2,998,831	2,682,373	2,256,422
School-based support	7,866,894	8,749,923	9,139,697	9,151,945	9,936,699
Support and development	506,935	388,729	256,323	257,484	412,892
Special population support and development	468,590	411,723	376,698	337,489	277,243
Alternative program support and development	637,821	594,859	591,020	674,551	613,346
Technology support	707,106	1,273,212	810,526	688,499	1,193,276
Operational support	15,126,281	15,008,641	15,747,194	16,792,164	12,738,358
Financial and human resources	443,034	435,858	416,027	352,508	1,396,294
Accountability	-	-	-	-	41,771
System-wide pupil support	-	-	-	-	270,507
Policy, leadership and public relations	730,674	750,940	733,912	919,526	1,244,417
Ancillary services	87,261	75,962	85,052	287,995	160,549
Non-programmed charges	635,896	445,586	508,470	910,034	684,146
Capital grants and contributions:					
Co-curricular	-	-	-	-	-
Operational support	-	-	-	-	-
Total governmental activities program revenues	163,539,912	171,997,725	175,979,618	188,782,513	190,040,915
Business-type activities:					
Charges for service:					
Child nutrition	2,766,576	2,816,031	2,889,354	2,509,705	1,751,399
After school program	724,990	699,937	626,378	595,338	461,222
Operating grants and contributions:					
Child nutrition	9,078,798	9,248,540	9,276,337	9,229,807	9,676,413
Total business-type activities program revenues	12,570,364	12,764,508	12,792,069	12,334,850	11,889,034
Total primary government program revenues	\$ 176,110,276	\$ 184,762,233	\$ 188,771,687	\$ 201,117,363	\$ 201,929,949
Net (Expense)/Revenue					
Governmental activities	\$ (79,889,989)	\$ (100,051,439)	\$ (118,875,775)	\$ (109,714,059)	\$ (110,269,833)
Business-type activities	(118,826)	486,352	69,621	258,229	(220,330)
Total primary government net expense	\$ (80,008,815)	\$ (99,565,087)	\$ (118,806,154)	\$ (109,455,830)	\$ (110,490,163)

New Hanover County Board of Education, North Carolina  
General Revenues and Total Change in Net Position  
Last Ten Fiscal Years  
(Unaudited)

	Fiscal Year				
	2011	2012	2013	2014	2015
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (73,623,503)	\$ (77,288,465)	\$ (77,950,538)	\$ (82,939,213)	\$ (76,247,175)
Business-type activities	458,189	(368,415)	(413,867)	(317,790)	(134,614)
Total primary government net expense	<u>\$ (73,165,314)</u>	<u>\$ (77,656,880)</u>	<u>\$ (78,364,405)</u>	<u>\$ (83,257,003)</u>	<u>\$ (76,381,789)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Unrestricted county appropriations - operating	\$ 63,715,103	\$ 63,834,031	\$ 61,437,450	\$ 64,740,640	\$ 67,879,109
Unrestricted county appropriations - capita	5,948,073	6,179,420	1,832,027	2,339,262	5,278,660
Unrestricted state appropriations - capita	855,082	2,148,360	3,230,310	2,254,749	3,689,539
Investment earnings, unrestricted	267,755	120,429	75,311	70,580	79,936
Miscellaneous, unrestricted	3,808,753	3,976,989	4,551,853	4,394,789	3,962,671
Transfers	(84,866)	(46,391)	(85,489)	(6,343)	(2,063)
Total governmental activities	<u>74,509,900</u>	<u>76,212,838</u>	<u>71,041,462</u>	<u>73,793,677</u>	<u>80,887,852</u>
Business-type activities:					
Investment earnings, unrestricted	-	-	-	3,488	2,863
Miscellaneous, unrestricted	73,099	129,919	121,956	102,974	55,177
Transfers	84,866	46,391	85,489	6,343	2,063
Total business-type activities	<u>157,965</u>	<u>176,310</u>	<u>207,445</u>	<u>112,805</u>	<u>60,103</u>
Total primary government	<u>\$ 74,667,865</u>	<u>\$ 76,389,148</u>	<u>\$ 71,248,907</u>	<u>\$ 73,906,482</u>	<u>\$ 80,947,955</u>
<b>Change in Net Position</b>					
Governmental activities	\$ 886,397	\$ (1,075,627)	\$ (6,909,076)	\$ (9,145,536)	\$ 4,640,677
Business-type activities	616,154	(192,105)	(206,422)	(204,985)	(74,511)
Total primary government	<u>\$ 1,502,551</u>	<u>\$ (1,267,732)</u>	<u>\$ (7,115,498)</u>	<u>\$ (9,350,521)</u>	<u>\$ 4,566,166</u>

New Hanover County Board of Education, North Carolina  
General Revenues and Total Change in Net Position  
Last Ten Fiscal Years  
(Unaudited)

	Fiscal Year				
	2016	2017	2018	2019	2020
<b>Net (expense)/revenue</b>					
Governmental activities	\$ (79,889,989)	\$ (100,051,439)	\$ (118,875,775)	\$ (109,714,059)	\$ (110,269,833)
Business-type activities	(118,826)	486,352	69,621	258,229	(220,330)
Total primary government net expense	<u>\$ (80,008,815)</u>	<u>\$ (99,565,087)</u>	<u>\$ (118,806,154)</u>	<u>\$ (109,455,830)</u>	<u>\$ (110,490,163)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Unrestricted county appropriations - operating	\$ 70,610,100	\$ 72,855,604	\$ 75,141,652	\$ 78,338,270	\$ 81,366,950
Unrestricted county appropriations - capita	16,365,003	40,188,543	33,815,148	39,759,407	31,222,153
Unrestricted state appropriations - capita	1,452,061	4,531,585	2,495,521	2,290,176	3,372,209
Investment earnings, unrestricted	130,749	212,981	299,796	329,177	194,475
Miscellaneous, unrestricted	4,319,503	4,236,516	3,771,059	8,879,803	8,190,570
Transfers	(48,873)	(30,282)	(38,246)	(55,720)	(426,269)
Total governmental activities	<u>92,828,543</u>	<u>121,994,947</u>	<u>115,484,930</u>	<u>129,541,113</u>	<u>123,920,088</u>
Business-type activities:					
Investment earnings, unrestricted	3,775	20,267	7,078	10,904	10,085
Miscellaneous, unrestricted	88,726	31,603	24,087	79,729	26,360
Transfers	48,873	30,282	38,246	55,720	426,269
Total business-type activities	<u>141,374</u>	<u>82,152</u>	<u>69,411</u>	<u>146,353</u>	<u>462,714</u>
Total primary government	<u>\$ 92,969,917</u>	<u>\$ 122,077,099</u>	<u>\$ 115,554,341</u>	<u>\$ 129,687,466</u>	<u>\$ 124,382,802</u>
<b>Change in Net Position</b>					
Governmental activities	\$ 12,938,554	\$ 21,943,508	\$ (3,390,845)	\$ 19,827,054	\$ 13,650,255
Business-type activities	22,548	568,504	139,032	404,582	242,384
Total primary government	<u>\$ 12,961,102</u>	<u>\$ 22,512,012</u>	<u>\$ (3,251,813)</u>	<u>\$ 20,231,636</u>	<u>\$ 13,892,639</u>

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New Hanover County Board of Education, North Carolina  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(Unaudited)

	Fiscal Year				
	2011	2012	2013	2014	2015
General Fund:					
Nonspendable	\$ 1,408,189	\$ 1,212,182	\$ 1,564,576	\$ 2,352,136	\$ 2,027,473
Restricted	239,575	171,781	709,816	656,370	762,877
Assigned	5,656,244	3,454,516	7,922,486	8,162,046	2,670,235
Unassigned	14,429,504	21,242,780	17,939,095	15,971,003	21,556,429
Total general fund	<u>\$ 21,733,512</u>	<u>\$ 26,081,259</u>	<u>\$ 28,135,973</u>	<u>\$ 27,141,555</u>	<u>\$ 27,017,014</u>
All Other Governmental Funds:					
Restricted:					
Capital outlay fund	\$ 2,661,293	\$ 2,635,363	\$ 1,934,072	\$ 2,447,748	\$ 1,431,940
Individual schools	1,148,300	1,287,706	1,283,546	1,435,666	1,508,408
Programs	1,611,729	2,424,032	3,210,203	3,195,447	4,095,893
Total all other governmental funds	<u>\$ 5,421,322</u>	<u>\$ 6,347,101</u>	<u>\$ 6,427,821</u>	<u>\$ 7,078,861</u>	<u>\$ 7,036,241</u>

	Fiscal Year				
	2016	2017	2018	2019	2020
General Fund:					
Nonspendable	\$ 2,106,782	\$ 2,154,751	\$ 1,310,712	\$ 1,332,590	\$ 2,509,326
Restricted	671,486	583,255	852,127	3,341,303	1,963,096
Assigned	8,295,872	6,395,837	13,464,339	6,137,307	7,121,273
Unassigned	17,223,140	15,509,260	7,034,835	8,849,946	15,932,985
Total general fund	<u>\$ 28,297,280</u>	<u>\$ 24,643,103</u>	<u>\$ 22,662,013</u>	<u>\$ 19,661,146</u>	<u>\$ 27,526,680</u>
All Other Governmental Funds:					
Restricted:					
Capital outlay fund	\$ 1,695,237	\$ 1,939,664	\$ 1,335,361	\$ 3,157,372	\$ 1,333,498
Individual schools	1,632,435	1,665,324	1,890,348	2,049,009	1,933,712
Programs	4,534,057	4,421,300	3,350,865	3,837,537	4,217,108
Total all other governmental funds	<u>\$ 7,861,729</u>	<u>\$ 8,026,288</u>	<u>\$ 6,576,574</u>	<u>\$ 9,043,918</u>	<u>\$ 7,484,318</u>

New Hanover County Board of Education, North Carolina  
Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(Unaudited)

	Fiscal Year				
	2011	2012	2013	2014	2015
<b>Revenues:</b>					
State of North Carolina	\$ 122,452,657	\$ 129,351,126	\$ 135,062,379	\$ 135,907,704	\$ 144,089,539
New Hanover County	67,756,513	67,987,860	63,269,477	67,079,902	73,157,769
U.S. Government	28,260,232	13,984,950	17,744,197	16,801,719	19,793,288
Contributions and donations	3,030,860	2,944,493	2,876,596	2,819,178	2,414,534
Other revenues	5,496,207	6,056,249	4,750,276	4,801,271	4,305,579
<b>Total revenues</b>	<b>226,996,469</b>	<b>220,324,678</b>	<b>223,702,925</b>	<b>227,409,774</b>	<b>243,760,709</b>
<b>Expenditures:</b>					
Instructional services:					
Regular instruction	85,148,210	87,100,957	89,639,407	92,670,423	96,637,463
Special populations	29,327,684	28,062,422	28,843,825	29,837,495	30,719,796
Alternative programs	15,700,678	12,742,185	15,410,133	15,055,950	18,027,682
School leadership	11,981,264	11,708,350	12,605,070	13,063,375	13,117,450
Co-curricular	5,171,616	5,189,940	5,649,479	5,349,826	5,352,754
School-based support	13,873,388	13,273,018	14,152,118	14,533,852	15,678,176
System-wide support services:					
Support and development	1,953,096	2,101,897	1,903,714	2,151,843	2,261,923
Special population support and development	553,805	643,165	820,774	607,891	725,256
Alternative program support and development	871,742	795,268	963,536	1,003,479	1,249,735
Technology support	3,566,052	3,441,193	5,305,245	4,787,031	4,141,184
Operational support	32,028,385	31,302,951	30,814,869	32,199,105	31,236,516
Financial and human resources	4,584,552	4,585,209	4,420,090	4,932,425	4,580,757
Accountability	108,687	182,249	185,195	207,072	217,160
System-wide pupil support	466,916	429,844	451,206	591,369	522,760
Policy, leadership and public relations	2,149,597	2,040,615	2,233,312	2,290,059	2,322,868
Ancillary services	261,204	277,600	287,477	304,032	326,896
Non-programmed charges	2,209,522	2,047,024	1,703,644	2,302,625	3,005,201
Debt service:					
Principal	528,940	239,219	1,215,808	583,158	820,261
Interest and other charges	2,119	8,146	9,253	5,657	112
Capital outlay:					
Real property and buildings	6,952,716	7,651,735	3,540,625	3,678,757	10,903,989
Furniture and equipment	401,988	1,271,839	1,446,774	1,449,124	1,726,512
Buses and motor vehicles	858,799	141,717	2,090,041	165,408	245,655
<b>Total expenditures</b>	<b>218,700,960</b>	<b>215,236,543</b>	<b>223,691,595</b>	<b>227,769,956</b>	<b>243,820,106</b>
<b>Excess of revenues over (under) expenditures</b>	<b>8,295,509</b>	<b>5,088,135</b>	<b>11,330</b>	<b>(360,182)</b>	<b>(59,397)</b>
<b>Other financing sources (uses):</b>					
Capital lease debt issued	-	369,004	-	-	-
Installment purchase obligations issued	624,978	-	1,920,025	-	-
Transfers in	267,013	45,281	40,555	1,619,331	3,640,762
Transfers out	(351,879)	(91,672)	(126,044)	(1,625,674)	(3,642,825)
<b>Total other financing sources (uses)</b>	<b>540,112</b>	<b>322,613</b>	<b>1,834,536</b>	<b>(6,343)</b>	<b>(2,063)</b>
<b>Change in fund balance</b>	<b>\$ 8,835,621</b>	<b>\$ 5,410,748</b>	<b>\$ 1,845,866</b>	<b>\$ (366,525)</b>	<b>\$ (61,460)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>0.25%</b>	<b>0.12%</b>	<b>0.57%</b>	<b>0.26%</b>	<b>0.36%</b>

New Hanover County Board of Education, North Carolina  
Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(Unaudited)

	Fiscal Year				
	2016	2017	2018	2019	2020
<b>Revenues:</b>					
State of North Carolina	\$ 145,161,504	\$ 154,648,099	\$ 156,609,373	\$ 169,372,329	\$ 170,590,930
New Hanover County	86,975,103	113,044,147	108,956,800	118,585,099	113,076,528
U.S. Government	16,895,445	17,319,224	18,461,738	18,906,600	20,072,801
Contributions and donations	2,405,002	2,863,731	2,998,831	2,682,373	2,256,422
Other revenues	4,698,015	4,634,620	4,205,747	8,832,945	7,814,893
<b>Total revenues</b>	<b>256,135,069</b>	<b>292,509,821</b>	<b>291,232,489</b>	<b>318,379,346</b>	<b>313,811,574</b>
<b>Expenditures:</b>					
Instructional services:					
Regular instruction	98,614,636	104,626,101	107,199,301	110,975,868	113,821,665
Special populations	31,700,964	34,265,338	36,048,174	37,980,035	37,267,388
Alternative programs	17,456,658	17,443,820	18,562,388	20,191,041	19,228,517
School leadership	13,959,896	14,760,522	15,570,694	16,443,876	17,253,328
Co-curricular	5,589,566	5,396,498	5,408,634	5,060,332	4,907,386
School-based support	16,209,128	17,984,500	17,556,592	17,177,386	17,170,019
System-wide support services:					
Support and development	2,303,852	2,544,689	2,511,291	2,524,934	2,353,499
Special population support and development	874,220	855,731	698,684	845,655	679,408
Alternative program support and development	1,181,255	1,367,464	1,430,032	1,587,460	1,538,072
Technology support	4,037,815	8,340,926	5,799,729	5,483,033	6,940,527
Operational support	32,222,739	32,236,439	33,733,854	43,220,934	33,030,651
Financial and human resources	5,254,553	5,027,233	5,295,121	5,597,891	5,831,433
Accountability	341,563	379,825	380,740	392,546	418,550
System-wide pupil support	548,840	592,862	544,623	586,634	543,248
Policy, leadership and public relations	2,312,138	2,392,392	2,372,676	2,770,572	3,176,520
Ancillary services	309,273	394,976	321,145	780,097	475,390
Non-programmed charges	3,010,997	3,477,328	4,341,842	5,734,030	5,672,953
Debt service:					
Principal	139,244	708,022	785,225	514,920	1,264,573
Interest and other charges	3,083	-	-	-	-
Capital outlay:					
Real property and buildings	16,134,963	42,866,218	35,223,059	39,221,252	30,289,955
Furniture and equipment	1,597,114	18,501	984,675	1,922,322	5,664,351
Buses and motor vehicles	500,267	1,565,817	53,023	55,569	53,100
<b>Total expenditures</b>	<b>254,302,764</b>	<b>297,245,202</b>	<b>294,821,502</b>	<b>319,066,387</b>	<b>307,580,533</b>
<b>Excess of revenues over (under) expenditures</b>	<b>1,832,305</b>	<b>(4,735,381)</b>	<b>(3,589,013)</b>	<b>(687,041)</b>	<b>6,231,041</b>
<b>Other financing sources (uses):</b>					
Capital lease debt issued	-	-	-	-	-
Installment purchase obligations issued	282,261	1,513,133	270,305	-	-
Transfers in	714,795	123,753	60,997	13,701	67,090
Transfers out	(763,668)	(154,035)	(99,243)	(69,421)	(493,359)
<b>Total other financing sources (uses)</b>	<b>233,388</b>	<b>1,482,851</b>	<b>232,059</b>	<b>(55,720)</b>	<b>149,429</b>
<b>Change in fund balance</b>	<b>\$ 2,065,693</b>	<b>\$ (3,252,530)</b>	<b>\$ (3,356,954)</b>	<b>\$ (742,761)</b>	<b>\$ 6,380,470</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>0.06%</b>	<b>0.28%</b>	<b>0.30%</b>	<b>0.19%</b>	<b>0.47%</b>

New Hanover County Board of Education, North Carolina  
Revenue Capacity - Proprietary Funds  
Last Ten Fiscal Years  
(Unaudited)

	Fiscal Year				
	2011	2012	2013	2014	2015
Business-type activities:					
Operating revenues					
Food sales	\$ 4,239,848	\$ 3,954,476	\$ 3,722,067	\$ 3,558,541	\$ 2,834,072
Child care fees	501,167	522,636	614,912	622,991	688,072
Total operating revenues	<u>\$ 4,741,015</u>	<u>\$ 4,477,112</u>	<u>\$ 4,336,979</u>	<u>\$ 4,181,532</u>	<u>\$ 3,522,144</u>

	Fiscal Year				
	2016	2017	2018	2019	2020
Business-type activities:					
Operating revenues					
Food sales	\$ 2,766,576	\$ 2,816,031	\$ 2,889,354	\$ 2,509,705	\$ 1,751,399
Child care fees	724,990	699,937	626,378	595,338	461,222
Total operating revenues	<u>\$ 3,491,566</u>	<u>\$ 3,515,968</u>	<u>\$ 3,515,732</u>	<u>\$ 3,105,043</u>	<u>\$ 2,212,621</u>

New Hanover County Board of Education, North Carolina  
Property Tax Rates-Direct and All Overlapping Governments of New Hanover County  
Last Ten Fiscal Years  
(Per \$100.00 of Assessed Value)  
(Unaudited)

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Fiscal Year Ended June 30	New Hanover County	Special Fire District	City of Wilmington	Wrightsville Beach	Carolina Beach	Kure Beach
2011	0.466	0.060	0.370	0.099	0.175	0.135
2012	0.466	0.068	0.370	0.099	0.175	0.163
2013	0.554	0.079	0.450	0.133	0.235	0.262
2014	0.554	0.079	0.450	0.133	0.235	0.262
2015	0.554	0.079	0.460	0.133	0.235	0.262
2016	0.574	0.070	0.485	0.133	0.235	0.262
2017	0.623	0.070	0.485	0.133	0.235	0.285
2018	0.570	0.078	0.483	0.128	0.225	0.285
2019	0.555	0.078	0.498	0.128	0.225	0.330
2020	0.555	0.078	0.498	0.128	0.245	0.340

Source: New Hanover County, North Carolina, Annual Financial Report for year ended June 30, 2020.

New Hanover County Board of Education, North Carolina  
Principal Property Taxpayers of New Hanover County  
Current Year and Ten Years Ago  
(Unaudited)

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Duke Energy Progress, Inc.	\$ 502,378,024	1	1.43%	\$ 268,847,860	1	0.80%
Corning, Inc.	261,606,881	2	0.74%	208,791,834	3	0.62%
General Electric Company	221,424,347	3	0.63%	247,908,705	2	0.73%
Bedrock Holdings II LLC	98,565,300	4	0.28%	--	--	--
Live Oak Bank	88,359,238	5	0.25%	--	--	--
Fortron Industries	87,129,012	6	0.25%	--	--	--
River Ventures	74,933,400	7	0.21%	45,889,678	9	0.14%
Mayfaire Town Center LP	69,712,613	8	0.20%	--	--	--
GF Management Company	64,491,012	9	0.18%	--	--	--
RSE Independence	63,255,800	10	0.18%	--	--	--
Celanese Corporation	--	--	--	82,052,900	4	0.24%
Bell South	--	--	--	69,556,925	5	0.21%
Arteva Specialities	--	--	--	61,449,671	6	0.18%
Centro Independence LLC	--	--	--	50,436,737	7	0.15%
Wal Mart	--	--	--	49,306,319	8	0.15%
Global Nuclear Fuel Americas	--	--	--	41,351,413	10	--
<b>Total</b>	<u>\$ 1,531,855,627</u>		<u>4.36%</u>	<u>\$ 1,125,592,042</u>		<u>3.33%</u>
Total taxable assessed value	<u>\$ 35,138,609,531</u>			<u>\$ 33,806,058,072</u>		

Source: New Hanover County, North Carolina, Annual Financial Report for year ended June 30, 2020.

New Hanover County Board of Education, North Carolina  
Property Tax Levies and Collections of New Hanover County  
Last Ten Fiscal Years  
(Unaudited)

Fiscal Year Ended June 30	Property Taxes Levied for the Fiscal Year	Property Taxes Collected Within the Fiscal Year of the Levy		Property Tax Collections In Subsequent Years	Property Tax Total Collections to Date	
			Percentage			Percentage
		Amount	of Levy		Amount	of Levy
2011	158,470,084	155,710,692	98.25%	1,566,776	157,277,468	99.25%
2012	159,752,984	157,409,935	98.53%	2,451,860	159,861,795	100.07%
2013	159,719,773	157,265,840	98.47%	1,817,256	159,083,096	99.60%
2014	164,878,765	162,687,043	98.68%	2,136,274	164,823,317	99.97%
2015	165,254,585	163,605,339	99.00%	1,147,072	164,752,411	99.70%
2016	173,584,355	171,936,776	99.05%	1,220,012	173,156,787	99.75%
2017	192,309,354	191,650,934	99.15%	856,676	192,507,610	100.10%
2018	193,338,644	191,954,631	99.28%	865,621	192,820,252	99.73%
2019	192,254,086	191,022,582	99.36%	979,685	192,002,267	99.87%
2020	195,335,328	193,576,815	99.10%	850,627	194,427,442	99.54%

Source: New Hanover County, North Carolina, Annual Financial Report for year ended June 30, 2020.

New Hanover County Board of Education, North Carolina  
Assessed Value and Actual Value of Taxable Property of New Hanover County  
Last Ten Fiscal Years  
(Unaudited)

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Fiscal Year Ended June 30	Real Property	Personal Property	Public Service Companies	Total Taxable Assessed Property	Total Direct Tax Rate
2011	30,261,859,704	3,114,706,992	429,491,376	33,806,058,072	0.466
2012	30,442,282,655	3,313,128,898	435,115,395	34,190,526,948	0.466
2013	24,960,307,036	3,408,471,354	510,818,217	28,879,596,607	0.554
2014	25,182,059,055	4,074,186,222	458,389,351	29,714,634,628	0.554
2015	25,492,331,491	3,672,975,235	580,429,717	29,745,736,443	0.554
2016	25,904,897,551	3,652,542,644	639,868,628	30,197,308,823	0.574
2017	26,319,887,074	3,858,561,067	638,149,144	30,816,597,285	0.623
2018	28,921,465,616	4,141,051,570	673,709,962	33,736,227,148	0.570
2019	29,446,336,633	4,426,560,993	682,196,043	34,555,093,669	0.056
2020	29,873,800,932	4,570,434,528	694,374,071	35,138,609,531	0.555

Source: New Hanover County, North Carolina, Annual Financial Report for year ended June 30, 2020.



New Hanover County Board of Education, North Carolina  
 Outstanding Debt by Type  
 Last Ten Fiscal Years  
 (Unaudited)

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Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita
	Capital Leases	Installment Purchase			
2011	-	312,487	312,487	0.0042%	1.51
2012	286,031	156,241	442,272	0.0059%	2.11
2013	186,476	960,013	1,146,489	0.0147%	5.40
2014	83,324	480,007	563,331	0.0067%	2.61
2015	114,617	165,393	280,010	0.0032%	1.28
2016	58,069	364,958	423,027	0.0045%	1.89
2017	-	1,228,138	1,228,138	0.0123%	5.42
2018	-	983,523	983,523	0.0094%	4.26
2019	-	468,603	468,603	N/A	1.97
2020	-	355,426	355,426	N/A	1.49

(1) N/A = Information not available from New Hanover County

New Hanover County Board of Education, North Carolina  
Ratios of Outstanding Debt by Type for New Hanover County  
Last Ten Fiscal Years  
(Unaudited)

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	Certificates of Participation	Other Installment Debt	General Obligation Bonds	Certificates of Participation	Other Installment Debt			
2011	315,039,997	56,820,000	50,443,221	-	215,000	899,921	423,418,139	5.71%	2,050.90
2012	292,639,997	50,697,400	45,899,037	-	187,600	1,716,322	391,140,356	5.19%	1,867.30
2013	340,716,687	27,012,659	62,229,209	-	151,071	1,218,679	431,328,305	5.52%	2,054.30
2014	308,179,997	22,505,400	70,512,563	-	129,600	1,836,370	403,163,930	4.77%	1,870.86
2015	283,589,997	17,741,000	66,813,433	-	99,000	1,136,410	369,379,840	4.14%	1,690.45
2016	337,694,997	12,932,700	70,451,886	-	67,300	681,632	421,828,515	4.47%	1,889.40
2017	332,733,063	8,053,896	69,428,987	-	34,300	230,879	410,481,125	4.08%	1,813.00
2018	337,428,140	3,151,949	73,127,948	-	-	172,813	413,880,850	3.93%	1,792.00
2019	375,266,069	-	70,722,172	-	-	116,204	446,104,445	N/A	1,877.00
2020	341,622,496	-	101,507,634	-	-	870,308	444,000,438	N/A	1,855.63

Source: New Hanover County, North Carolina, Annual Financial Report for the year ended June 30, 2020.

New Hanover County Board of Education, North Carolina  
 Ratios of General Bond Debt Outstanding for New Hanover County  
 Last Ten Fiscal Years  
 (Unaudited)

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property*	Per Capita**
2011	315,039,997	0.93%	1,525.95
2012	292,639,997	0.86%	1,397.06
2013	340,716,687	1.18%	1,622.74
2014	308,179,997	1.04%	1,430.09
2015	283,589,997	0.95%	1,297.84
2016	337,694,997	1.12%	1,512.56
2017	332,733,063	1.08%	1,469.60
2018	337,428,140	1.00%	1,461.24
2019	375,266,069	1.09%	1,578.81
2020	341,622,496	0.98%	1,427.76

Source: New Hanover County, North Carolina, Annual Financial Report for the year ended June 30, 2020.

New Hanover County Board of Education, North Carolina  
Direct and Overlapping Governmental Activities Debt for New Hanover County  
As of June 30, 2020  
(Unaudited)

(Note 1)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County direct debt	\$ 414,902,410	100.00%	\$ 414,902,410
City of Wilmington debt	192,095,250	100.00%	192,095,250
Town of Wrightsville Beach debt	1,714,286	100.00%	1,714,286
Town of Carolina Beach debt	4,547,197	100.00%	4,547,197
Town of Kure Beach debt	5,126,080	100.00%	5,126,080
<b>Subtotal, overlapping debt</b>			<b>203,482,813</b>
<b>Total direct and overlapping debt:</b>			<b>\$ 618,385,223</b>

Source: New Hanover County, City of Wilmington, Town of Wrightsville Beach, Town of Carolina Beach, Town of Kure Beach, and NC Department of State Treasurer (LGC)

Note 1: Schools in North Carolina are not allowed to issue debt. We rely upon the County for debt issuance and therefore, this schedule is representative of the debt that the County holds and not New Hanover County Schools.

New Hanover County Board of Education, North Carolina  
Legal Debt Margin Information for New Hanover County  
Last Ten Fiscal Years  
(Unaudited)

	Fiscal Year				
	2011	2012	2013	2014	2015
Debt limit	\$ 2,704,484,646	\$ 2,735,242,156	\$ 2,310,367,729	\$ 2,377,170,770	\$ 2,379,658,915
Total net debt applicable to limit	476,879,881	437,524,997	392,163,053	385,619,330	350,107,072
Legal debt margin	<u>\$ 2,227,604,765</u>	<u>\$ 2,297,717,159</u>	<u>\$ 1,918,204,676</u>	<u>\$ 1,991,551,440</u>	<u>\$ 2,029,551,843</u>
Total net debt applicable to the limit as a percentage of debt limit	17.63%	16.00%	16.97%	16.22%	14.71%

	Fiscal Year				
	2016	2017	2018	2019	2020
Debt limit	\$ 2,415,784,706	\$ 2,465,327,783	\$ 2,698,898,172	\$ 2,764,407,494	\$ 2,811,088,762
Total net debt applicable to limit	408,148,717	371,926,370	378,307,851	410,571,726	442,219,550
Legal debt margin	<u>\$ 2,007,635,989</u>	<u>\$ 2,093,401,413</u>	<u>\$ 2,320,590,321</u>	<u>\$ 2,353,835,768</u>	<u>\$ 2,368,869,212</u>
Total net debt applicable to the limit as a percentage of debt limit	16.90%	15.09%	14.02%	14.85%	15.73%

Legal Debt Margin Calculation for June 30, 2020	
Total assessed value	\$ 35,138,609,531
Debt limit (8% of assessed value)	<u>2,811,088,762</u>
Debt applicable to limit:	
General obligation bonds	320,054,997
Certificates of participation	-
Installment	95,604,553
Authorized but unissued debt	9,405,000
Less:	
Water Sewer	7,750,000
Authorized but unissued debt	<u>9,405,000</u>
Total net applicable to limit	<u>442,219,550</u>
Legal debt margin	<u><u>\$ 2,368,869,212</u></u>

Source: New Hanover County, North Carolina, Annual Financial Report for year ended June 30, 2020.

New Hanover County Board of Education, North Carolina  
Demographic Statistics  
Last Ten Fiscal Years  
(Unaudited)

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Fiscal Year Ended June 30	Population	Personal Income (000's) (1)	Per Capita Personal Income (1)	Median Age	School Enrollment (2)	Unemployment Rate
2011	206,455	7,419,000	36,020	37.5	24,060	9.9%
2012	209,468	7,543,199	36,054	37.6	24,464	9.2%
2013	212,484	7,819,052	36,653	37.8	25,088	8.3%
2014	215,497	8,454,467	39,035	38.1	25,299	6.0%
2015	218,510	8,921,731	40,487	38.2	25,667	5.3%
2016	223,260	9,444,753	42,262	38.4	25,901	4.7%
2017	226,410	10,050,351	44,236	38.8	26,096	3.9%
2018	230,919	10,519,705	45,290	39.0	25,994	3.6%
2019	237,689	N/A	N/A	39.2	25,512	4.1%
2020	239,272	N/A	N/A	39.8	25,617	7.2%

(1) N/A = Information not available from New Hanover County

(2) School enrollment numbers are based on Final Average and Last Day Membership as published by DPI

Source: New Hanover County, North Carolina, Annual Financial Report for year ended June 30, 2020.

New Hanover County Board of Education, North Carolina  
Principal Employers in New Hanover County  
Current Year and Nine Years Ago  
(Unaudited)

Employer (Top Ten)	2020			2011		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
New Hanover Regional Medical Center	7,500	1	6.73%	4,738	1	5.10%
New Hanover County Schools	4,211	2	3.78%	3,666	2	3.95%
Wal-Mart Stores	2,857	3	2.56%	2,592	3	2.79%
General Electric Company	2,800	4	2.51%	2,100	4	2.26%
University of NC at Wilmington	2,409	5	2.16%	1,898	5	2.04%
New Hanover County Government	1,813	6	1.63%	1,571	6	1.69%
PPD, Inc.	1,500	7	1.35%	1,500	7	1.61%
Duke Energy Progress	1,136	8	1.02%	--	--	--
City of Wilmington	1,000	9	0.90%	981	10	1.06%
Wilmington Health	917	10	0.82%	--	--	--
Verizon Wireless	--	--	--	1,346	8	1.45%
Corning, Inc.	--	--	--	1,000	9	1.08%
Total New Hanover County Employment	<u>111,465</u>			<u>92,927</u>		

Sources: Greater Wilmington Business Journal 2020 Book on Business, NC State Demographics Web Site, and New Hanover County

New Hanover County Board of Education, North Carolina  
Full-Time Equivalent District, Employees by Function/Program  
Last Ten Fiscal Years  
(Unaudited)

	Fiscal Year				
	2011	2012	2013	2014	2015
Instructional programs:					
Regular instruction	1,431.6	1,495.0	1,540.0	1,561.5	1,541.5
Special populations	545.3	520.5	523.5	526.0	526.0
Alternative programs	245.8	203.3	196.3	267.3	295.8
School leadership	185.0	181.0	182.0	183.5	188.0
Co-curricular	27.7	28.7	28.7	28.7	30.0
School-based support	179.0	178.5	181.5	190.0	205.1
Total instructional programs	2,614.4	2,607.0	2,652.0	2,757.0	2,786.4
Support services:					
Support and development	23.9	21.8	21.8	22.1	23.9
Special population support and development	6.5	5.0	5.0	5.0	5.0
Alternative program support and development	15.9	12.6	12.1	14.1	15.6
Technology support	27.5	26.5	26.5	29.5	30.5
Operational support	492.2	508.5	509.5	517.5	522.5
Financial and human resources	53.0	39.0	39.0	42.0	43.0
Accountability	3.0	2.0	2.0	2.0	2.0
System-wide pupil support	6.5	5.5	5.5	5.5	8.0
Policy, leadership and public relations	15.0	15.0	15.0	17.0	16.0
Nutrition	180.0	216.0	232.5	233.5	238.5
Program Management	-	-	-	-	-
Total support services	823.5	851.9	868.9	888.2	905.0
Total	3,437.9	3,458.9	3,520.9	3,645.2	3,691.4

Source: New Hanover County Schools Annual Budget.

2012 - 2020 includes Part-time and Full-time positions.



New Hanover County Board of Education, North Carolina  
Full-Time Equivalent District, Employees by Function/Program  
Last Ten Fiscal Years  
(Unaudited)

	Fiscal Year				
	2016	2017	2018	2019	2020
Instructional programs:					
Regular instruction	1,519.4	1,540.0	1,535.5	1,532.5	1,549.0
Special populations	550.0	596.5	623.2	624.6	547.6
Alternative programs	293.5	282.1	301.0	282.9	241.0
School leadership	190.5	196.5	200.0	198.5	199.5
Co-curricular	37.0	38.0	37.0	37.0	37.0
School-based support	207.6	227.1	211.9	193.4	179.5
Total instructional programs	2,798.0	2,880.2	2,908.5	2,868.9	2,753.6
Support services:					
Support and development	24.7	25.2	27.2	23.2	23.2
Special population support and development	6.0	6.0	6.0	7.0	7.0
Alternative program support and development	15.8	17.2	17.2	17.8	19.8
Technology support	30.5	31.5	42.5	42.5	42.5
Operational support	532.5	527.5	522.5	512.5	480.6
Financial and human resources	45.0	45.0	45.0	45.0	45.1
Accountability	3.0	4.0	4.0	4.0	4.0
System-wide pupil support	7.0	7.0	7.0	7.0	7.0
Policy, leadership and public relations	15.8	15.8	16.3	17.3	18.3
Nutrition	238.5	235.5	231.5	227.5	172.1
Program Management	2.0	3.0	3.0	3.0	2.0
Total support services	920.8	917.7	922.2	906.8	821.6
Total	3,718.8	3,797.9	3,830.7	3,775.7	3,575.2

Source: New Hanover County Schools Annual Budget.

2012 - 2020 includes Part-time and Full-time positions.

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New Hanover County Board of Education, North Carolina  
Operating Statistics  
Last Ten Fiscal Years  
(Unaudited)

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Fiscal Year	Enrollment	Fund Operating Expenditures (1)	Cost per Pupil	Percentage Change	Statement of Activities Expenses	Cost per Pupil	Percentage Change	*Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced Price Meals
2010	23,722	\$ 207,526,074	\$ 8,748	-3.783%	\$ 221,513,537	\$ 9,338	-1.906%	1,633	15	52.90%
2011	24,060	208,853,962	8,681	-0.774%	224,875,286	9,346	0.091%	1,600	15	46.85%
2012	24,464	204,394,908	8,355	-3.751%	220,802,200	9,026	-3.433%	1,632	15	51.60%
2013	25,088	214,320,049	8,543	2.248%	232,446,537	9,265	2.655%	1,671	15	51.13%
2014	25,299	220,186,852	8,703	1.881%	236,375,551	9,343	0.842%	1,712	15	50.02%
2015	25,667	228,240,712	8,892	2.172%	239,117,969	9,316	-0.290%	1,690	15	45.58%
2016	25,901	233,673,066	9,022	1.455%	243,429,901	9,398	0.884%	1,727	15	44.01%
2017	26,096	249,179,456	9,549	5.839%	272,049,164	10,425	10.922%	1,748	15	44.52%
2018	25,994	254,067,414	9,774	2.362%	294,855,393	11,343	8.808%	1,762	15	40.50%
2019	25,512	272,668,810	10,688	9.349%	298,496,572	11,700	3.148%	1,731	15	40.71%
2020	25,617	265,551,802	10,366	-3.009%	300,310,748	11,723.1	0.195%	1,716	15	36.69%

Notes:

- (1) Fund Operating Expenditures included General Fund, State Public School Fund, Federal Grants Fund, Other Restricted Fund, Individual School Fund and excludes funds distributed to Charter Schools.

Source: North Carolina Department of Public Instruction final average daily membership.

New Hanover County Board of Education, North Carolina  
School Building Information  
Last Ten Fiscal Years  
(Unaudited)

School	Fiscal Year				
	2011	2012	2013	2014	2015
Elementary:					
Alderman (year built 1963)					
Square feet	37,640	37,640	37,640	37,640	37,640
Capacity	372	372	292	292	317
Enrollment	276	281	276	259	262
Anderson (year built 2006)					
Square feet	69,372	69,372	69,372	69,372	69,372
Capacity	585	585	585	585	610
Enrollment	639	652	681	651	650
Bellamy (year built 1984)					
Square feet	47,926	47,926	47,926	47,926	47,926
Capacity	589	589	589	589	589
Enrollment	636	642	671	698	608
College Road Early Childhood Center (Purchased 2006) <sup>1</sup>					
Square feet	12,133	12,133	12,133	12,133	12,133
Capacity	180	180	180	180	146
Enrollment	-	-	-	-	103
Blair (year built 2019) <sup>2</sup>					
Square feet (1969-2017)	48,936	48,936	48,936	48,936	48,936
Square feet (temp. location at Porters Neck)	-	-	-	-	-
Square feet (2020-current)	-	-	-	-	-
Capacity	580	580	580	580	555
Enrollment	612	608	592	558	575
Bradley Creek (year built 1985)					
Square feet	51,545	51,545	51,545	51,545	51,545
Capacity	360	340	365	365	380
Enrollment	395	425	439	465	448
Carolina Beach (year built 1938)					
Square feet	43,431	43,431	43,431	43,431	43,431
Capacity	378	378	378	378	403
Enrollment	447	480	467	441	442
Castle Hayne (year built 2009)					
Square feet	84,023	84,023	84,023	84,023	84,023
Capacity	585	585	585	535	535
Enrollment	459	482	503	496	522
Codington (year built 1996)					
Square feet	60,395	60,395	60,395	60,395	60,395
Capacity	501	501	501	501	526
Enrollment	514	532	538	551	573
College Park (year built 2019) <sup>3</sup>					
Square feet (1964-2017)	48,598	48,598	48,598	48,598	48,598
Square feet (temporary location at Sidbury Rd)	-	-	-	-	-
Square feet (2020-present)	-	-	-	-	-
Capacity	484	484	484	484	459
Enrollment	453	520	553	480	493
Eaton (year built 1996)					
Square feet	60,395	60,395	60,395	60,395	60,395
Capacity	501	501	501	501	526
Enrollment	581	566	568	564	572

New Hanover County Board of Education, North Carolina  
School Building Information  
Last Ten Fiscal Years  
(Unaudited)

School	Fiscal Year				
	2016	2017	2018	2019	2020
<b>Elementary:</b>					
Alderman (year built 1963)					
Square feet	37,640	37,640	37,640	37,640	37,640
Capacity	317	278	278	302	278
Enrollment	263	298	290	282	279
Anderson (year built 2006)					
Square feet	69,372	69,372	69,372	69,372	69,372
Capacity	610	559	559	563	563
Enrollment	651	656	687	667	684
Bellamy (year built 1984)					
Square feet	47,926	47,926	47,926	47,926	47,926
Capacity	589	524	524	516	499
Enrollment	632	650	660	606	626
College Road Early Childhood Center (Purchased 2006) <sup>1</sup>					
Square feet	12,133	12,133	12,133	12,133	12,133
Capacity	130	115	115	108	93
Enrollment	126	116	121	125	100
Blair (year built 2019) <sup>2</sup>					
Square feet (1969-2017)	48,936	48,936	-	-	-
Square feet (temp. location at Porters Neck)	-	-	81,201	81,201	-
Square feet (2020-current)	-	-	-	-	85,799
Capacity	555	529	559	549	554
Enrollment	555	571	575	576	584
Bradley Creek (year built 1985)					
Square feet	51,545	51,545	51,545	51,545	51,545
Capacity	380	338	338	398	408
Enrollment	446	430	420	404	428
Carolina Beach (year built 1938)					
Square feet	43,431	43,431	43,431	43,431	43,431
Capacity	403	367	367	382	373
Enrollment	469	447	456	458	446
Castle Hayne (year built 2008)					
Square feet	84,023	84,023	84,023	84,023	84,023
Capacity	535	509	509	517	529
Enrollment	598	591	569	542	533
Codington (year built 1996)					
Square feet	60,395	60,395	60,395	60,395	60,395
Capacity	526	481	481	474	447
Enrollment	571	592	545	526	493
College Park (year built 2019) <sup>3</sup>					
Square feet (1964-2017)	48,598	48,598	-	-	-
Square feet (temporary location at Sidbury Rd)	-	-	49,058	49,058	-
Square feet (2020-present)	-	-	-	-	80,349
Capacity	459	411	411	501	492
Enrollment	485	484	430	447	511
Eaton (year built 1996)					
Square feet	60,395	60,395	60,395	60,395	60,395
Capacity	526	466	466	489	477
Enrollment	577	563	539	522	506

continued on following page

New Hanover County Board of Education, North Carolina  
School Building Information  
Last Ten Fiscal Years  
(Unaudited)

School	Fiscal Year				
	2011	2012	2013	2014	2015
Elementary: (continued)					
Forest Hills (year built 1936)					
Square feet	60,430	60,430	60,430	60,430	60,430
Capacity	443	443	443	443	468
Enrollment	459	441	465	446	459
Freeman (year built 1999)					
Square feet	62,844	62,844	62,844	62,844	62,844
Capacity	466	476	476	416	441
Enrollment	326	316	300	377	368
Gregory (year built 1937)					
Square feet	103,056	103,056	103,056	103,056	103,056
Capacity	681	681	681	681	706
Enrollment	409	367	370	391	410
Holly Tree (year built 1998)					
Square feet	64,488	64,488	64,488	64,488	64,488
Capacity	441	441	441	441	466
Enrollment	491	495	508	510	528
Lake Forest Academy (year built 2007)					
Square feet	15,699	15,699	15,699	15,699	15,699
Capacity	56	88	88	88	88
Enrollment	54	50	50	44	48
Murrayville (year built 2005)					
Square feet	69,372	69,372	69,372	69,372	69,372
Capacity	585	585	585	585	650
Enrollment	624	639	676	719	705
Ogden (year built 2007)					
Square feet	76,009	76,009	76,009	76,009	76,009
Capacity	645	645	625	645	650
Enrollment	675	664	692	683	694
Parsley (year built 2001)					
Square feet	68,508	68,508	68,508	68,508	68,508
Capacity	566	566	566	566	591
Enrollment	596	561	579	588	628
Pine Valley (year built 1969)					
Square feet	42,436	42,436	42,436	42,436	42,436
Capacity	561	561	561	561	536
Enrollment	553	522	548	556	548
Snipes (year built 2010)					
Square feet	89,055	89,055	89,055	89,055	89,055
Capacity	585	564	564	564	589
Enrollment	478	506	516	485	473
Sunset Park (year built 1954)					
Square feet	51,865	51,865	51,865	51,865	51,865
Capacity	345	345	345	345	360
Enrollment	335	363	423	462	458
Williams (year built 1976)					
Square feet	41,493	41,493	41,493	41,493	41,493
Capacity	479	479	439	429	404
Enrollment	421	433	438	449	462

New Hanover County Board of Education, North Carolina  
School Building Information  
Last Ten Fiscal Years  
(Unaudited)

School	Fiscal Year				
	2016	2017	2018	2019	2020
Elementary: (continued)					
Forest Hills (year built 1936)					
Square feet	60,430	60,430	60,430	60,430	60,430
Capacity	468	432	432	486	475
Enrollment	510	339	406	372	351
Freeman (year built 1999)					
Square feet	62,844	62,844	62,844	62,884	62,884
Capacity	441	396	396	389	377
Enrollment	343	278	255	251	255
Gregory (year built 1937)					
Square feet	103,056	103,056	103,056	103,056	103,056
Capacity	649	649	720	720	706
Enrollment	544	498	502	502	508
Holly Tree (year built 1998)					
Square feet	64,488	64,488	64,488	64,488	64,488
Capacity	466	421	421	429	417
Enrollment	513	523	534	509	511
Lake Forest Academy (year built 2007)					
Square feet	15,699	15,699	15,699	15,699	15,699
Capacity	88	88	88	65	65
Enrollment	33	33	50	41	47
Murrayville (year built 2005)					
Square feet	69,372	69,372	69,372	69,372	69,372
Capacity	650	619	619	678	643
Enrollment	705	743	691	663	655
Ogden (year built 2007)					
Square feet	76,009	76,009	76,009	76,009	76,009
Capacity	650	599	599	592	579
Enrollment	695	709	698	694	720
Parsley (year built 2001)					
Square feet	68,508	68,508	68,508	68,508	68,508
Capacity	591	546	546	579	547
Enrollment	665	696	706	679	652
Pine Valley (year built 1969)					
Square feet	42,436	42,436	42,436	42,436	42,436
Capacity	536	507	507	500	501
Enrollment	589	593	612	598	586
Snipes (year built 2010)					
Square feet	89,055	89,055	89,055	89,055	89,055
Capacity	589	541	541	544	502
Enrollment	467	409	403	405	394
Sunset Park (year built 1954)					
Square feet	51,865	51,865	51,865	51,865	51,865
Capacity	360	471	471	511	484
Enrollment	392	395	411	350	344
Williams (year built 1976)					
Square feet	41,493	41,493	41,493	41,493	41,493
Capacity	454	406	406	409	412
Enrollment	491	486	475	454	474

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New Hanover County Board of Education, North Carolina  
School Building Information  
Last Ten Fiscal Years  
(Unaudited)

School	Fiscal Year				
	2011	2012	2013	2014	2015
<b>Elementary: (continued)</b>					
Winter Park (year built 1912)					
Square feet	36,944	36,944	36,944	36,944	36,944
Capacity	369	369	369	369	344
Enrollment	356	381	361	368	351
Wrightsboro (year built 1926)					
Square feet	65,110	65,110	65,110	65,110	65,110
Capacity	599	599	599	549	549
Enrollment	465	474	489	518	521
Wrightsville Beach (year built 1953)					
Square feet	13,800	13,800	13,800	13,800	13,800
Capacity	247	247	247	247	312
Enrollment	307	318	349	349	349
<b>Middle:</b>					
Holly Shelter (year built 2010)					
Square feet	139,176	139,176	139,176	139,176	139,176
Capacity	918	918	918	918	944
Enrollment	601	693	727	754	725
Murray (year built 2001)					
Square feet	120,948	120,948	120,948	120,948	120,948
Capacity	752	752	752	752	778
Enrollment	799	801	857	849	892
Myrtle Grove (year built 1988)					
Square feet	90,742	90,742	90,742	90,742	90,742
Capacity	674	674	674	674	674
Enrollment	758	785	765	819	797
Noble (year built 1970)					
Square feet	86,111	86,111	86,111	86,111	86,111
Capacity	640	640	640	640	666
Enrollment	650	718	766	786	776
Roland Grise (year built 1960)					
Square feet	92,315	92,315	92,315	92,315	92,315
Capacity	789	769	769	769	769
Enrollment	854	862	860	831	802
Trask (year built 1976)					
Square feet	100,095	100,095	100,095	100,095	100,095
Capacity	662	662	662	662	688
Enrollment	683	833	803	780	728
Virgo (year built 1964) <sup>4</sup>					
Square feet	79,514	79,514	79,514	79,514	79,514
Capacity	499	-	499	499	525
Enrollment	189	-	117	218	256
Williston (year built 1937)					
Square feet	130,543	130,543	130,543	130,543	130,543
Capacity	814	736	736	736	736
Enrollment	737	784	798	754	724
<b>High:</b>					
Ashley (year built 2001)					
Square feet	265,073	265,073	265,073	265,073	265,073
Capacity	1,540	1,540	1,540	1,540	1,540
Enrollment	1,621	1,690	1,702	1,715	1,789



New Hanover County Board of Education, North Carolina  
School Building Information  
Last Ten Fiscal Years  
(Unaudited)

School	Fiscal Year				
	2016	2017	2018	2019	2020
<b>Elementary: (continued)</b>					
Winter Park (year built 1912)					
Square feet	36,944	36,944	36,944	36,944	36,944
Capacity	344	364	364	357	349
Enrollment	371	340	328	303	294
Wrightsboro (year built 1926)					
Square feet	65,110	65,110	65,110	65,110	65,110
Capacity	549	526	526	577	564
Enrollment	545	558	576	558	557
Wrightsville Beach (year built 1953)					
Square feet	13,800	13,800	13,800	13,800	42,755
Capacity	312	282	282	306	252
Enrollment	357	356	336	311	308
<b>Middle:</b>					
Holly Shelter (year built 2010)					
Square feet	139,176	139,176	139,176	139,176	139,176
Capacity	944	918	918	918	934
Enrollment	675	652	627	693	693
Murray (year built 2001)					
Square feet	120,948	120,948	120,948	120,948	120,948
Capacity	778	752	752	768	848
Enrollment	849	890	958	1,091	1,021
Myrtle Grove (year built 1988)					
Square feet	90,742	90,742	90,742	90,742	90,742
Capacity	674	674	738	738	738
Enrollment	756	736	718	726	747
Noble (year built 1970)					
Square feet	86,111	86,111	86,111	86,111	86,111
Capacity	666	640	640	680	664
Enrollment	819	858	884	922	862
Roland Grise (year built 1960)					
Square feet	92,315	92,315	92,315	92,315	92,315
Capacity	769	785	785	810	802
Enrollment	794	836	836	899	866
Trask (year built 1976)					
Square feet	100,095	100,095	100,829	100,095	100,095
Capacity	688	662	662	662	662
Enrollment	726	744	731	754	757
Virgo (year built 1964) <sup>4</sup>					
Square feet	79,514	79,514	79,514	79,514	79,514
Capacity	525	499	499	525	525
Enrollment	183	169	147	-	-
Williston (year built 1937)					
Square feet	130,543	130,543	130,543	130,543	130,543
Capacity	736	736	736	736	688
Enrollment	709	657	653	660	730
<b>High:</b>					
Ashley (year built 2001)					
Square feet	265,073	265,073	265,073	265,073	265,073
Capacity	1,540	1,786	1,786	1,786	1,776
Enrollment	1,881	1,906	1,933	1,855	1,769

continued on following page

New Hanover County Board of Education, North Carolina  
School Building Information  
Last Ten Fiscal Years  
(Unaudited)

School	Fiscal Year				
	2011	2012	2013	2014	2015
High (continued):					
J. C. Roe Center (year built 1955) <sup>5</sup>					
Square feet	23,237	23,237	23,237	23,237	23,237
Capacity	239	239	239	239	239
Enrollment	-	-	-	-	-
Hoggard (year built 1967)					
Square feet	188,836	188,836	188,836	188,836	188,836
Capacity	1,590	1,610	1,590	1,590	1,590
Enrollment	1,741	1,658	1,594	1,608	1,737
Isaac Bear Early College High School					
*(Housed within UNCW Campus)					
Square feet	-	-	-	-	-
Capacity	258	230	230	230	230
Enrollment	223	217	236	232	228
Laney (year built 1976)					
Square feet	182,584	182,584	182,584	182,584	182,584
Capacity	1,495	1,495	1,495	1,495	1,495
Enrollment	1,792	1,841	1,926	1,939	2,086
Mosley (year built 1951) <sup>5</sup>					
Square feet	30,122	30,122	30,122	30,122	30,122
Capacity	164	300	320	320	340
Enrollment	128	150	135	111	104
New Hanover (year built 1920)					
Square feet	341,414	341,414	341,414	341,414	341,414
Capacity	1,450	1,450	1,450	1,450	1,450
Enrollment	1,540	1,505	1,556	1,595	1,586
SEA-Tech (year built 2002)					
(Housed within CFCC Campus through 2019)					
Square feet	-	-	-	-	-
Capacity	-	-	-	-	-
Enrollment	-	-	-	-	-
Wilmington Early College High School					
*(Housed within CFCC Campus)					
Square feet	-	-	-	-	-
Capacity	141	190	190	190	190
Enrollment	183	209	194	200	187

New Hanover County Board of Education, North Carolina  
School Building Information  
Last Ten Fiscal Years  
(Unaudited)

School	Fiscal Year				
	2016	2017	2018	2019	2020
High (continued):					
J. C. Roe Center (year built 1955) <sup>5</sup>					
Square feet	23,237	23,237	23,237	23,237	23,237
Capacity	239	183	183	241	241
Enrollment	-	83	49	57	55
Hoggard (year built 1967)					
Square feet	188,836	188,836	227,036	227,036	227,036
Capacity	1,590	1,834	1,834	1,882	1,882
Enrollment	1,746	1,811	1,810	1,831	2,044
Isaac Bear Early College High School					
*(Housed within UNCW Campus)					
Square feet	-	-	-	-	-
Capacity	230	270	270	270	270
Enrollment	222	226	224	231	235
Laney (year built 1976)					
Square feet	182,584	182,584	214,144	214,144	214,144
Capacity	1,495	1,733	1,733	1,923	1,903
Enrollment	2,180	2,229	2,260	2,116	2,045
Mosley (year built 1951) <sup>5</sup>					
Square feet	30,122	30,122	30,122	30,122	30,122
Capacity	340	197	197	292	322
Enrollment	115	82	106	111	106
New Hanover (year built 1920)					
Square feet	341,414	341,414	341,414	341,414	341,414
Capacity	1,450	1,688	1,688	1,688	1,648
Enrollment	1,614	1,589	1,501	1,396	1,448
SEA-Tech					
(Housed within CFCC Campus through 2019)					
Square feet	-	-	-	-	49,058
Capacity	-	-	-	96	240
Enrollment	-	-	44	81	137
Wilmington Early College High School					
*(Housed within CFCC Campus)					
Square feet	-	-	-	-	-
Capacity	190	222	222	222	222
Enrollment	197	228	242	244	256

New Hanover County Board of Education, North Carolina  
School Building Information  
Last Ten Fiscal Years  
(Unaudited)

School	Fiscal Year				
	2011	2012	2013	2014	2015
Pre-K:					
Howe Pre-K Center (year built 1963)					
Square feet	27,924	27,924	27,924	27,924	27,924
Capacity	216	216	216	216	216
**Enrollment	-	-	-	-	-
Johnson Pre-K Center (year built 1955)					
Square feet	51,545	51,545	51,545	51,545	51,545
Capacity	379	379	379	379	379
**Enrollment	-	-	-	-	-

School	Fiscal Year				
	2016	2017	2018	2019	2020
Pre-K:					
Howe Pre-K Center (year built 1963)					
Square feet	27,924	27,924	27,924	27,924	27,924
Capacity	216	216	216	216	216
**Enrollment	-	-	-	-	-
Johnson Pre-K Center (year built 1955)					
Square feet	51,545	51,545	51,545	51,545	51,545
Capacity	379	379	379	379	379
**Enrollment	-	-	-	-	-

Notes:

(1) Enrollment numbers are based on ADM & MLD by school - final report, as published by DPI.

<sup>1</sup> College Road Early Childhood Center is the kindergarten for Bellamy Elementary

<sup>2</sup> Blair Elem: Originally built 1969. Demolished 2017, rebuilt in 2019.

Enrollment/capacity under temp. location at Porters Neck Elem. 2018 and 2019.

<sup>3</sup> College Park: Originally built 1967. Demolished 2017, rebuilt in 2019.

Temporary location at Sidbury Rd. (Sea Tech) building during 2018 and 2019

<sup>4</sup> Virgo Middle School was closed in 2012, reopened in 2013 as K-8 school through 2018.

2019 became a Lab School run by UNCW. Building maintained by NHCS, but enrollment is under UNCW

<sup>5</sup> Mosley High School PLC and Lakeside Alternative High School were located in same facility and relocated in 2010.

Beginning in the 2016-2017 school year, only Mosley resides in this facility. Lakeside is now J.C. Roe Center

\* New Hanover County Schools does not own this building

\*\* Pre-K enrollment numbers are not included in ADM published by DPI.

Source: New Hanover County Schools Board of Education Operations Department Building Design Report for year ended June 30, 2020

**Report of Independent Auditor 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  
New Hanover County Board of Education  
Wilmington, 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 accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Hanover County 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 November 20, 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 Board'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 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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 Board'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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Raleigh, North Carolina

November 20, 2020

**Report of Independent Auditor 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  
New Hanover County Board of Education  
Wilmington, North Carolina

**Report on Compliance for Each Major Federal Program**

We have audited the New Hanover County 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 the requirements of laws, regulations, contracts, and grants 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 on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.

## **Purpose of this Report**

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.

*Cherry Bekaert LLP*

Raleigh, North Carolina  
November 20, 2020



**Report of Independent Auditor 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  
New Hanover County Board of Education  
Wilmington, North Carolina

**Report on Compliance for Each Major State Program**

We have audited the New Hanover County 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 the requirements of laws, regulations, contracts, and grants 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 on 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 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 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.

### **Purpose of this Report**

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

*Cheryl Bekaert LLP*

Raleigh, North Carolina  
November 20, 2020

**NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

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**Section I - Summary of Auditor's Results**

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*Financial Statements*

Type of report the auditor issued on whether the financial statements are prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ☐ yes ☒ no

*Federal Awards*

Internal control over major federal programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) ☐ yes ☒ no

Identification of major federal programs:

CFDA Numbers

10.553-CL  
97.036  
21.019

Names of Federal Program or Cluster

Child Nutrition Cluster  
Disaster Grants – Public Assistance  
Coronavirus Relief Funds – School Nutrition

**NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

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

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Dollar threshold used to distinguish  
between Type A and Type B Programs \$849,998

Auditee qualified as low-risk auditee?   X   yes        no

State Awards

Internal control over major state programs:

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

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

Any audit findings disclosed that are required  
to be reported in accordance with the state  
Single Audit Implementation Act        yes   X   no

Identification of major state programs:

Program Name

State Public School Fund  
School Technology Fund - SPSF  
School Buses Appropriation  
COVID-19 Supplemental Funds

**NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

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**Section II – Financial Statement Findings**

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None reported

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**Section III – Federal Award Findings and Questioned Costs**

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None reported

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**Section IV – State Award Findings and Questioned Costs**

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None reported

**NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

*FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

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**Section II – Financial Statement Findings**

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None reported

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**Section III – Federal Award Findings and Questioned Costs**

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None reported

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**Section IV – State Award Findings and Questioned Costs**

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None reported

**New Hanover County Board of Education**  
**Schedule of Expenditures for Federal and State Awards**  
**For the Year Ended June 30, 2020**

Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	State Pass-through/ Entity Identifying Number	Expenditures
<b>Federal Grants:</b>			
Cash Assistance:			
<u>U.S. Department of Treasurer</u>			
Passed-through the N.C. Department of Public Instruction:			
Coronavirus Relief Fund			
- School Nutrition	21.019	125	410,664
 <u>U.S. Department of Education</u>			
Passed-through the N.C. Department of Public Instruction:			
Special Education Cluster:			
Individual with Disabilities Education Act (IDEA)			
- Title VI-B Handicapped State Grants	84.027A	60	\$ 4,353,491
- Children With Disabilities - Risk Pool	84.027A	114	196,409
- IDEA VI-B Targeted Assistance	84.027A	118	9,977
- IDEA VI-B Preschool Targeted Assistance	84.173A	119	1,595
- IDEA Title VI-B Preschool	84.173A	49	129,183
- Coordinated Early Intervening Services (CEIS)	84.173A	70	856,746
Total Special Education Cluster			5,547,401
 Title I, Grants to Local Educational Agencies:			
- ESEA Title I	84.010A	50	7,072,531
- ESEA Title I - School Improvement	84.010A	105	108,668
- ESEA Title I	84.010A	115	180,654
Total Title I Cluster			7,361,853
 Career and Technical Education Grants - Basic Grants to States			
	84.048A	17	412,013
 Education for Homeless Children and Youth			
	84.196A	26	62,229
 Educational Technology State Grants - Cluster			
	84.318	108	657,374
 IDEA VI-B State Improvement - Special Education - State Personnel Development			
Improving America School Act of 1994 (IASA)	84.323A	82	11,683
Supporting Effective Instruction State Grants	84.367A	103	632,065
English Language Acquisition State Grants	84.365A	104 & 111	150,834
 Direct Federal Grants:			
Impact Aid	84.041	308	10,145
Total U.S. Department of Education			14,845,597

(Continued)

**New Hanover County Board of Education**  
**Schedule of Expenditures for Federal and State Awards**  
**For the Year Ended June 30, 2020**

Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	State Pass-through/ Entity Identifying Number	Expenditures
<u>U.S. Department of Agriculture</u>			
School Nutrition Program (Note 3)			
<u>Child Nutrition Cluster:</u>			
Non-Cash Assistance (Commodities)			
Passed-through the N.C. Department of Agriculture:			
National School Lunch Program	10.555	35	\$ 798,653
Non-Cash Assistance			798,653
Cash Assistance			
Passed-through the N.C. Department of Public Instruction:			
School Breakfast Program	10.553	35	1,366,887
National School Lunch Program	10.555	35	4,846,236
Summer Food Service Program for Children	10.559	35	2,443,294
Total Cash Assistance			8,656,417
Total Child Nutrition Cluster:			9,455,070
Child Nutrition Discretionary Grants Limited Availability			
Fresh Fruit & Vegetable Program	10.582	35	207,726
Total U.S. Department of Agriculture - Child Nutrition			9,662,796
Other Federal Cash Assistance:			
<u>U.S. Department of Education</u>			
Passed-through Harvard University:			
Education Research Development & Dissemination	84.305	342	-
<u>U.S. Department of Defense</u>			
Direct Program:			
ROTC Program	12.XXX	301	261,873
<u>U.S. Department of Homeland Security</u>			
Disaster Grants - Public Assistance	97.036	318	\$1,083,216
Federal Non-Cash Assistance:			
<u>U.S. Department of Health &amp; Human Services</u>			
Head Start	93.600	309	2,069,121
Total Federal Assistance			\$ 28,333,267

(Continued)



**New Hanover County Board of Education  
Schedule of Expenditures for Federal and State Awards  
For the Year Ended June 30, 2020**

Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	State Pass-through/ Entity Identifying Number	Expenditures
<b>State Grants:</b>			
Cash Assistance:			
<u>N.C. Department of Public Instruction</u>			
State COVID-19 Supplemental Funds		154	560,880
State Public School Fund		Various	\$151,703,133
Driver Training - SPSF		12	452,792
School Technology Fund - SPSF		15	523,047
Vocational Education			
- State Months of Employment		13	7,851,186
- Program Support Funds		14	883,061
Passed-through New Hanover County:			
Public School Building Capital Fund-Lottery		76	2,107,636
<u>N. C. Department of Health and Human Services:</u>			
Division of Child Development and Early Education:			
Smart Start		401	36,960
NC Pre-Kindergarten Program		413	3,359,445
<u>U.S. Department of Agriculture</u>			
Passed-through the N. C. Department of Public Instruction			
- Kindergarten Grant		35	4,723
<u>N.C. Office of State Budget and Management</u>			
LEA System Modernization		153	391,756
<b>Non-Cash State Assistance:</b>			
<u>N.C. Department of Public Instruction</u>			
School Buses Appropriation		120	688,875
Textbooks		130	-
Textbooks & Digital Supplies		131	1,399,368
Total State Assistance			<u><u>169,962,862</u></u>

## **New Hanover County Board of Education**

### **Notes to the Schedule of Expenditures of Federal and State Awards For the Year Ended June 30, 2020**

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#### **Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal and State Awards (the "Schedule") represents the activity of all federal and state award programs of New Hanover County Board of Education (the "Board"), North Carolina. All federal and state awards received directly or indirectly (flow through) from federal and state awarding agencies are included on the Schedule. The information in the Schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 220, 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 New Hanover County Schools, it is not intended to and does not present the financial position, changes in net position, or cash flows of New Hanover County Schools.

#### **Note 2. Summary of Significant Accounting Policies**

The accompanying Schedule has been prepared on the modified accrual basis. Under this method of accounting, revenues are recognized in the accounting period in which they become measurable and available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which a fund liability is incurred. The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance and the State Single Audit Implementation Act.

#### **Note 3. Relationship to Basic Financial Statements – Fund Statements**

Amounts reported in the accompanying schedule for the U.S. Department of Agriculture are accounted for in the Board's Child Nutrition Enterprise Fund. All other federal and state financial award programs are accounted for in the Board's Governmental Funds.

#### **Note 4. 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.