



New Hanover County Schools

New Hanover County Board of Education
Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2021
Wilmington, North Carolina

New Hanover County
Board of Education

**Annual Comprehensive
Financial Report**

for the Fiscal Year Ended
June 30, 2021
Wilmington, North Carolina

Prepared by the Finance Department

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INTRODUCTORY SECTION

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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 19, 2021

In compliance with the **Public School Laws of North Carolina**, the Annual Comprehensive Financial Report of the New Hanover County Board of Education (Board), operating as "New Hanover County Schools," for the fiscal year ended June 30, 2021, 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, including healthcare, manufacturing, pharmaceutical, education, business services and film. The second-smallest county in the state, New Hanover County encompasses 192 square miles, has a population of approximately 237,448.

The County experienced various economic impacts from the COVID virus in fiscal year 2021. Many industries saw a decreased demand and increased unemployment as lockdown measures were in place. Once lifted, the economy showed a strong recovery in many areas, especially hospitality and other services. This is reflected in a substantial decrease in the unemployment rate from 7.2% in fiscal year 2020 down to 4.4% in fiscal year 2021. The County's unemployment rate continued to be lower than the state's rate of 4.6% and significantly lower than the federal rate of 5.9% in the current year.

In 2020-21 New Hanover County Schools served 24,302 students from kindergarten through twelfth grade, 1,314 lower than the 2019-20 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. Enrollment is estimated to increase to approximately 24,500 in 2022, as we anticipate families to return from in-home and private schools in the new year.

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 43 years, with 7 schools exceeding 70 years.

Additionally, local funds were transferred to 12 area charter schools, 1 lab school, and 2 virtual charter schools serving approximately 1,900 students, or 7% of the district's student population. New Hanover County Schools transfers an equal per-pupil share of the local current expense fund to the charters with \$6.6 million appropriated for the 2021-2022 fiscal year.

MAJOR INITIATIVES

Strategic goals and initiatives. The Board of Education is currently in the process of revising the strategic goals.

The current year plan focuses on five main goals; to promote achievement by continuing to deliver high-quality education to all students in New Hanover County Schools, to provide and maintain a safe, respectful, and secure learning environment where citizenship is valued, to strengthen family, community and business partnerships through mutual collaboration and communication, to recruit and retain highly qualified employees that implement and support district goals to ensure academic excellence for all students, and to improve access to high quality and relevant Career-Technical courses, which prepares students for lifelong learning and employment through the development of adaptable skills and knowledge.

The budget for the 2021-2022 fiscal year used these goals to establish major initiatives such as funding for an increase in local teacher supplements and scholarships, and an expansion of local pre-k. Funding to address learning loss and mental health needs through local, state, and federal funding are priorities.

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 coming to completion on projects related to the Bond Referendum for Capital Improvements that the voters passed in November, 2014. Major projects completed this year were additions and renovations to Myrtle Grove, Noble, and Trask Middle Schools and Wrightsville Beach Elementary School. Available bond funding of approximately \$1 million is being used for completion of ongoing projects including district wide technology, safety and security, building system and infrastructure improvements.

The Capital Outlay Plan developed during the 2021-22 Budget Process totaled \$6.7 million, including \$3.7 million in County funded projects and \$2.3 million in State Lottery funding. Major projects include:

- 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 2020, with final budget approval on July 7, 2021. The Board's annual budget resolution for 2020-21 authorized expenditures at the purpose/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 Office of Management and Budget'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. Cherry Bekaert LLP has issued an unmodified ("clean") opinion. 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 on page 1. The auditor's reports on internal controls and compliance with applicable laws and regulations can be found beginning on page 128, 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 annual comprehensive financial report for the year ended June 30, 2020. In order to be awarded Certificates of Achievement, the Board published an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. This was the twenty sixth and twenty seventh consecutive year that the Board received the GFOA and ASBO Awards, respectively.

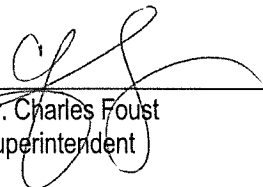
A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the requirements for the Certificates of Achievement, and we are submitting it to the GFOA and ASBO to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

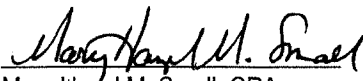
The preparation of this report would not be possible without the dedicated efforts of the staff of the Finance Department. We would like to thank all employees who assisted in the management of system resources in accordance with Board policies and procedures.

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, 2020

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
for the Fiscal Year Ended June 30, 2020.**

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



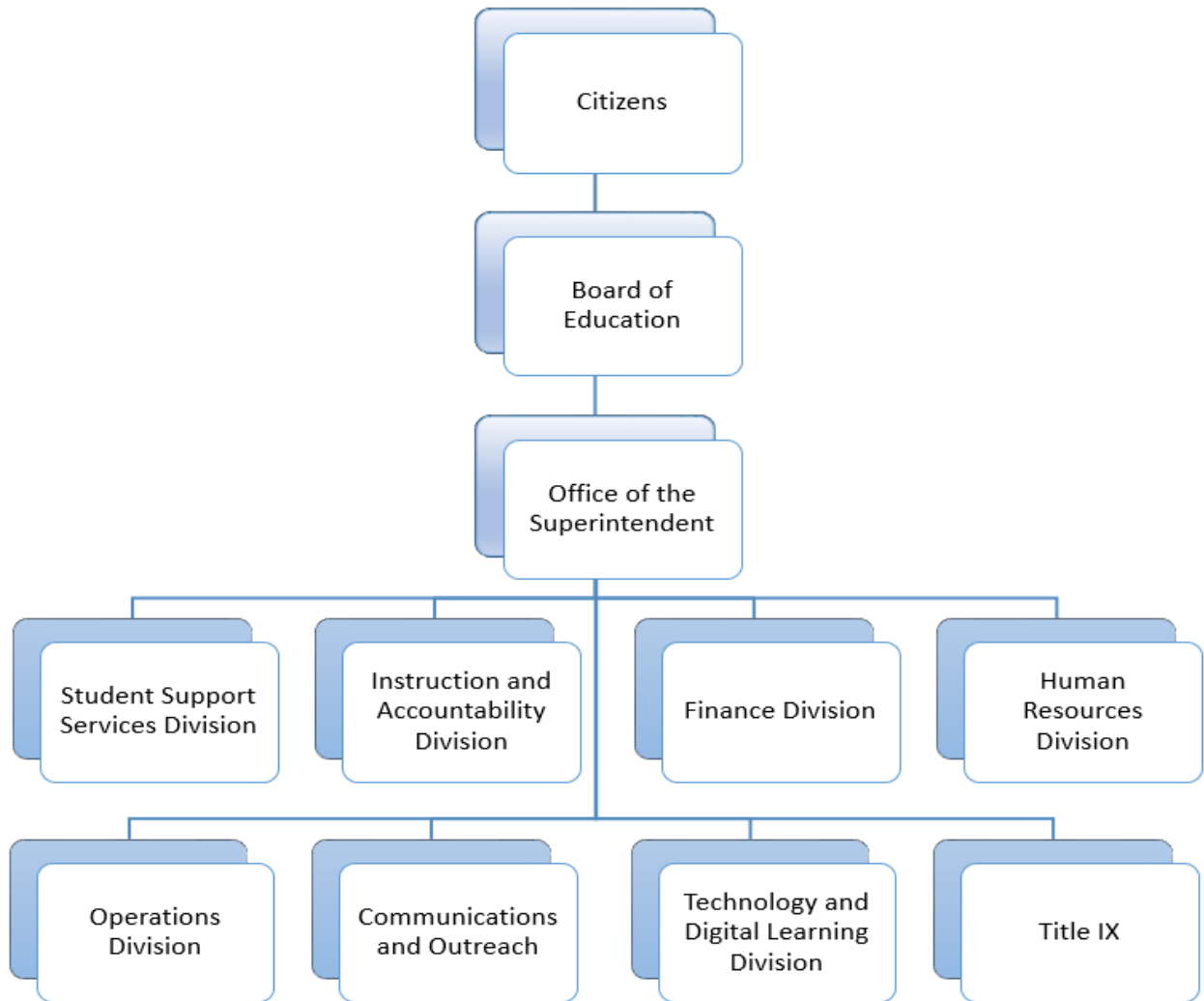
W. Edward Chabal

W. Edward Chabal
President

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

Stefanie Adams, Chair

Nelson Beaulieu, Vice Chair

Judy Justice

Stephanie Kraybill

Hugh F. McManus, III

Stephanie Walker

Peter Wildeboer

SUPERINTENDENT OF SCHOOLS

Dr. Charles Foust, Superintendent

SENIOR ADMINISTRATION

Dr. LaChawn Smith, Deputy Superintendent

Eddie Anderson, Assistant Superintendent for Operations

Dr. Christopher Barnes, Assistant Superintendent for Human Resources

Julie Varnam, Assistant Superintendent for Student Support Services

Dawn Brinson, Assistant Superintendent for Technology & Digital Learning

Mary Hazel M. Small, CPA, Chief Financial Officer

Joshua Smith, Chief Communications Officer

FINANCIAL SECTION

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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, 2021, 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 entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board as of June 30, 2021, 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 Grants 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.

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 schedule of revenues, expenditure (expenses), and changes in fund balances (net position) budget and actual, 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, and the other information, such as the introductory and statistical section 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 19, 2021 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Cheryl Bekaert LLP

Raleigh, North Carolina
November 19, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

New Hanover County Board of Education, North Carolina
Management's Discussion and Analysis
June 30, 2021

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, 2021. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- The Board had state and federal expenditures of \$6.4 million in response to COVID.
- At year end, the Board's Governmental Funds reported combined ending fund balances of \$35,063,089, an increase of .05% compared to prior year.
- The unassigned General Fund Balance decreased by 25% to \$11,963,724 due to expenditures for mid-year employee bonuses and Board appropriations for next year. These funds were used to balance the budget, offsetting increased salary and benefit costs, additional program costs related to the pandemic response and repair needs.
- The Board's total net position decreased \$606,303, or 0.5%, remaining relatively constant.
- K-12 student enrollment decreased by 1,315 students or 5.41% 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 of resources, 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.

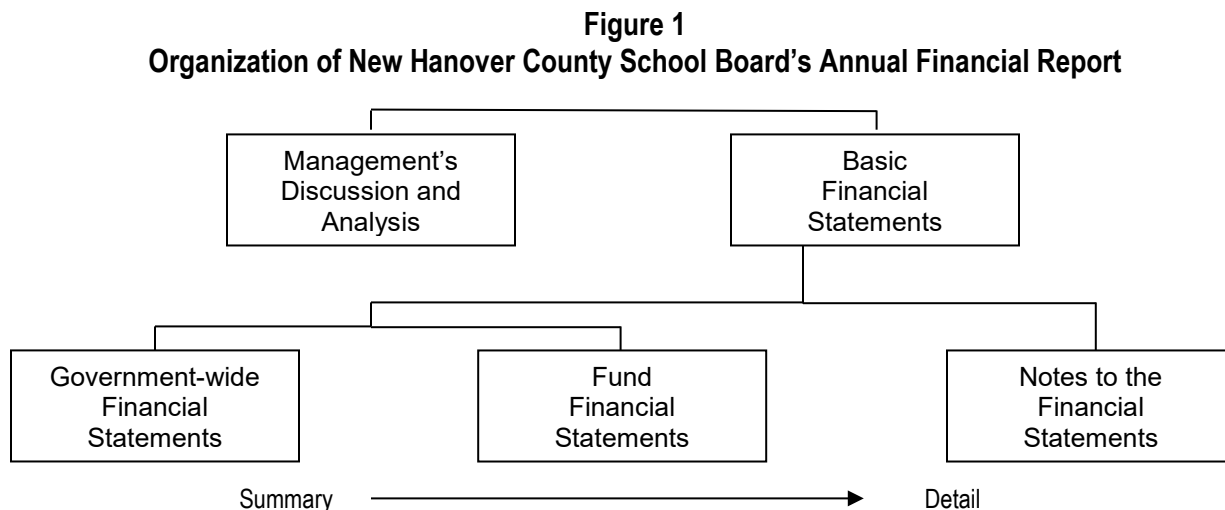


Figure 2 summarizes the major features of the Board's financial statements, including the portion of the Board's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each 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
Scope	Entire Board	The activities of the Board that are not proprietary, such as special education and transportation	Activities the Board operates similar to private businesses, such as Child Nutrition
Required financial statements	-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
Accounting Basis and measurement focus	Full accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Full accrual accounting and economic resources focus
Type of asset, liability, deferred inflows and outflows of resources information	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
Type of inflow/outflow information	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. These activities are funded primarily by County, State and Federal sources.
- *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 \$125,180,258 as of June 30, 2021. The Board's largest component of net position is net investment in capital assets, of \$290,922,063.

Following is a summary of the Statement of Net Position:

Figure 3
Condensed Statement of Net Position
June 30, 2021 and 2020

	Governmental Activities		Business-Type Activities		Total Primary Government	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Current & other assets	\$ 47,056,276	\$ 55,458,932	\$ 3,847,101	\$ 4,730,638	\$ 50,903,377	\$ 60,189,570
Capital assets	291,334,383	300,997,484	263,653	366,375	291,598,036	301,363,859
	<u>338,390,659</u>	<u>356,456,416</u>	<u>4,110,754</u>	<u>5,097,013</u>	<u>342,501,413</u>	<u>361,553,429</u>
Deferred outflows of resources	80,611,652	81,460,096	1,861,422	2,049,895	82,473,074	83,509,991
Current liabilities	11,534,694	20,036,945	402,243	453,177	11,936,937	20,490,122
Long-term liabilities	397,399,136	422,059,310	6,722,614	7,752,900	404,121,750	429,812,210
	<u>408,933,830</u>	<u>442,096,255</u>	<u>7,124,857</u>	<u>8,206,077</u>	<u>416,058,687</u>	<u>450,302,332</u>
Deferred inflows of resources	132,187,297	117,548,034	1,908,761	1,787,009	134,096,058	119,335,043
Net investment in capital assets	290,728,410	300,642,058	263,653	366,375	290,992,063	301,008,433
Restricted:						
Stabilization by state statute	532,262	1,963,096	-	-	532,262	1,963,096
School capital outlay	1,357,876	1,333,498	-	-	1,357,876	1,333,498
DIPNC OPEB plan	458,493	410,989	6,326	5,952	464,819	416,941
Individual schools	2,045,932	1,933,712	-	-	2,045,932	1,933,712
Programs	5,382,483	4,217,108	-	-	5,382,483	4,217,108
Unrestricted	<u>(422,624,272)</u>	<u>(432,228,238)</u>	<u>(3,331,421)</u>	<u>(3,218,505)</u>	<u>(425,955,693)</u>	<u>(435,446,743)</u>
Total Net Position	<u><u>\$(122,118,816)</u></u>	<u><u>\$(121,727,777)</u></u>	<u><u>\$(3,061,442)</u></u>	<u><u>\$(2,846,178)</u></u>	<u><u>\$(125,180,258)</u></u>	<u><u>\$(124,573,955)</u></u>

For Governmental Activities, net position decreased by 0.3% during the year, indicating the financial condition of the Board remained stable. The decrease in net position resulted from the combined effect of a decrease in assets due to accumulated depreciation at a slightly higher rate than the decrease in pension related liabilities. 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. Business-type activities, net position decreased by \$215,264. The change is a result of decrease in participation in the food service program.

Figure 4 provides a condensed look at the more detailed Statement of Activities, highlighting program revenues. Governmental activities generated revenues of \$292,207,469 while expenses in this category totaled \$292,245,598 for the year ended June 30, 2021. Comparatively, revenues were \$314,387,272 and expenses totaled \$300,301,748 for the year ended June 30, 2020. After transfers to the business-type activities the decrease in governmental net position was at \$391,039 at June 30, 2021, compared to an increase of \$13,650,255 in 2020. The reduction in revenues is due to decrease in insurance proceeds received in 2020 for hurricane damage from prior years.

Instructional program services expenses comprised 72% of total governmental-type expenses while system-wide support services made up 21%. The remaining 7% of expenses for 2021 were for ancillary services, non-programmed charges, and depreciation. County funding comprised 31% of total governmental revenue. Much of the remaining 69% of governmental revenue consisted of restricted State and Federal money.

Business-type activities generated revenues of \$8,309,015, and expenses of \$8,877,189. Comparatively, revenues were \$11,925,479 and expenses totaled \$12,109,364 for the year ended June 30, 2020. This was due to the decrease in participation, serving 236,094 less breakfast meals and 788,738 less lunches than in the prior year.

Figure 4
Condensed Statement of Activities
For the Years Ended June 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Total	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Revenues						
Program revenues						
Charges for services	\$ 3,097	\$ 190,170	\$ 238,490	\$ 2,212,621	\$ 241,587	\$ 2,402,791
Operating grants and contributions	194,852,575	189,850,745	8,063,472	9,676,413	202,916,047	199,527,158
General revenues (unrestricted)						
County appropriations	90,318,246	112,589,103	-	-	90,318,246	112,589,103
State appropriations	3,430,805	3,372,209	-	-	3,430,805	3,372,209
Other	3,602,746	8,385,045	7,053	36,445	3,609,799	8,421,490
Total revenues	292,207,469	314,387,272	8,309,015	11,925,479	300,516,484	326,312,751
Expenses						
Governmental activities:						
Instructional services	210,441,844	216,127,549	-	-	210,441,844	216,127,549
System-wide support services	61,087,008	65,029,990	-	-	61,087,008	65,029,990
Ancillary services	1,352,019	475,861	-	-	1,352,019	475,861
Non-programmed charges	6,503,128	5,682,330	-	-	6,503,128	5,682,330
Interest on long-term debt	-	-	-	-	-	-
Unallocated depreciation	12,861,599	12,995,018	-	-	12,861,599	12,995,018
Business-type activities:						
Child Nutrition	-	-	8,861,154	11,487,580	8,861,154	11,487,580
After School Program	-	-	16,035	621,784	16,035	621,784
Total expenses	292,245,598	300,310,748	8,877,189	12,109,364	301,122,787	312,420,112
Increase (decrease) in net position before transfers	(38,129)	14,076,524	(568,174)	(183,885)	(606,303)	13,892,639
Transfers in (out)	(352,910)	(426,269)	352,910	426,269	-	-
Increase (decrease) in net position	(391,039)	13,650,255	(215,264)	242,384	(606,303)	13,892,639
Net position, beginning	(121,727,777)	(135,378,032)	(2,846,178)	(3,088,562)	(124,573,955)	(138,466,594)
Net position, ending	\$ (122,118,816)	\$ (121,727,777)	\$ (3,061,442)	\$ (2,846,178)	\$ (125,180,258)	\$ (124,573,955)

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 \$52,091 from last year, raising the total governmental fund balance to \$35,063,089. Of the Governmental Funds combined ending fund balance, 34.1%, or \$11,963,724, 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 decreased by \$1,249,882. The unassigned fund balance in the General Fund decreased in 2021 by 4.54% due to one-time expenses incurred by Board for employee bonuses, and now represents 4.3% of total governmental expenditures, excluding Capital Outlay.

State Public School funding increased by approximately \$4.5 million (or 2.7%) due to unrealized projected growth that was held harmless in 2021.

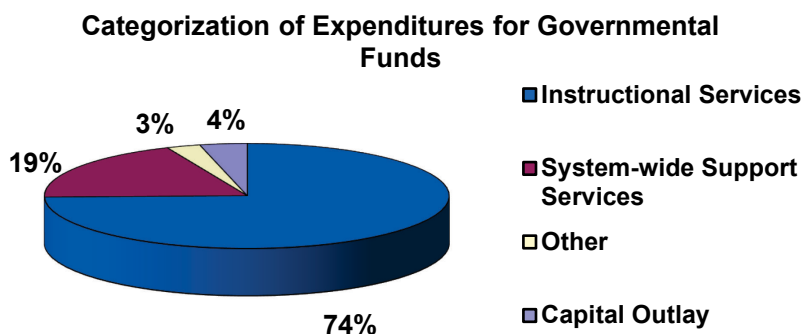
State Capital Outlay funding decreased by \$289,801 (or 10.4%) due to decrease in lottery funding projects during the year. County Capital Outlay funding decreased by approximately \$23.7million (or 76.2%) due to the ending of funding from the 2014 Bond Referendum. The Board has approximately \$1 million of bond funding available as of June 30, 2021.

Federal Grants funding increased by \$1.7 million (or 11.4 %) due to Coronavirus Aid, Relief and Economic Security Act (CARES) appropriations received in response to the pandemic. Additional recovery grants from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) and the American Recovery Plan (ARP) were appropriated and budgeted near the close of 2021, and will be used during the next 3 years for recovery and prevention initiatives.

Other Restricted Fund's fund balance increased by \$1.1 million (or 27%) primarily due to the decrease in expenditures in this fund. Services and items needed for recovery from the pandemic became priority to serve students which has allowed the Board to carryover grant funds to be used in the future.

Governmental expenditures decreased overall by approximately \$15.3 million (or 5%). Capital Outlay expenditures also decreased \$26.2 million (or 70.3%).

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 86.5% and expenditures decreased 22.9%, while net position decreased 22%, primarily due to a decrease in meals sold compared to prior year. After School Program fund was closed during the year.

General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget on several occasions to account for changes in revenue expectations and program allocations. This is due to some State and federal revenue sources being uncertain at the start of the year. 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. In addition, General Fund variances of beginning revenue budget to final budget and actuals included a County Local Current Expense funding increase of approximately \$2.7 million, to fund one-time employee bonuses paid during the year 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 decreased \$9,663,101 (or 3.2%). The balance in Construction in progress decreased 42.4% from the prior year, as several new or remodeling school projects that were in progress as of June 30, 2020 were completed in 2021. Capital assets related to Business-type Activities decreased, primarily due to depreciation, by \$102,722 (or 28%) compared to last year. Figure 5 below is a summary of capital asset balances, net of depreciation, as of June 30, 2021:

Figure 5
Summary of Capital Assets
June 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020
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	20,594,153	35,744,585	-	-	20,594,153	35,744,585
Land improvements	3,075,881	3,694,428	-	-	3,075,881	3,694,428
Buildings and building improvements	236,798,264	230,197,204	-	-	236,798,264	230,197,204
Vehicle fleet	3,687,410	3,524,845	-	-	3,687,410	3,524,845
Furniture and equipment	3,137,626	3,795,373	263,653	366,375	3,401,279	4,161,748
Total	\$ 291,334,383	\$ 300,997,484	\$ 263,653	\$ 366,375	\$ 291,598,036	\$ 301,363,859

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 decreased by \$25,690,460 primarily due to a decrease in 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 continued to be affected by the impact of the coronavirus. The Board's response to the impact of the coronavirus included remote learning and working opportunities, providing personal protective equipment, 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, 2022

Enrollment continues to be below state projections at the start of fiscal year 2021-2022. The General Fund's fund balance appropriation was increased from \$4.3 to \$8 million and will be used to help offset costs until county revenue is increased for enrollment growth, with an additional amendment appropriating an additional \$4 million.

The State Budget is still pending, although some budget items have been approved including benefit rates and COVID response funding.

New Hanover County appropriations totaled \$90,892,112 for Operations, \$3,696,000 for Capital Outlay and \$974,844 for Pre-K. The Operating appropriation increased per pupil funding from \$2,907 to \$3,434 (18.2%) to increase the teacher supplement to an average of \$9,000. Additionally, the County Budget includes \$24,959,792 of debt service related to New Hanover County Schools.

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, 2021

Exhibit 1

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash, cash equivalents, and investments	\$ 41,633,055	\$ 3,384,217	\$ 45,017,272
Due from other governments	3,543,164	277,541	3,820,705
Accounts receivable	35,239	1,101	36,340
Inventories	899,151	177,916	1,077,067
Prepays	487,174	-	487,174
Net OPEB asset	458,493	6,326	464,819
Capital assets:			
Land, land improvements and construction in progress	44,635,202	-	44,635,202
Other capital assets, net of depreciation	246,699,181	263,653	246,962,834
Total capital assets	<u>291,334,383</u>	<u>263,653</u>	<u>291,598,036</u>
Total assets	<u>338,390,659</u>	<u>4,110,754</u>	<u>342,501,413</u>
Deferred Outflows of Resources	<u>80,611,652</u>	<u>1,861,422</u>	<u>82,473,074</u>
Liabilities:			
Accounts payable and accrued expenses	10,882,621	131,684	11,014,305
Accrued salaries and wages payable	549,955	43,893	593,848
Unearned revenue	102,118	226,666	328,784
Long-term liabilities:			
Due within one year	8,641,731	291,668	8,933,399
Due in more than one year:			
Net pension liability	127,623,274	3,002,447	130,625,721
Net OPEB liability	256,657,349	3,428,499	260,085,848
Long-term debt	4,476,782	-	4,476,782
Total long-term liabilities	<u>397,399,136</u>	<u>6,722,614</u>	<u>404,121,750</u>
Total liabilities	<u>408,933,830</u>	<u>7,124,857</u>	<u>416,058,687</u>
Deferred Inflows of Resources	<u>132,187,297</u>	<u>1,908,761</u>	<u>134,096,058</u>
Net Position:			
Net Investment in capital assets	290,728,410	263,653	290,992,063
Restricted:			
Stabilization by state statute	532,262	-	532,262
School capital outlay	1,357,876	-	1,357,876
DIPNC OPEB plan	458,493	6,326	464,819
Individual schools	2,045,932	-	2,045,932
Programs	5,382,483	-	5,382,483
Unrestricted	<u>(422,624,272)</u>	<u>(3,331,421)</u>	<u>(425,955,693)</u>
Total net position	<u>\$ (122,118,816)</u>	<u>\$ (3,061,442)</u>	<u>\$ (125,180,258)</u>

The notes to the basic 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, 2021

Exhibit 2

Functions	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities:			
Instructional services:			
Regular instruction	\$ 112,333,311	\$ -	\$ 103,706,394
Special populations	37,212,979	-	35,012,348
Alternative programs	21,031,140	-	14,358,225
School leadership	17,167,692	-	10,056,048
Co-curricular	3,229,135	-	1,181,131
School-based support	19,467,587	-	12,518,787
System-wide support services:			
Support and development	2,457,744	-	495,449
Special population support and development	623,365	-	243,283
Alternative program support and development	1,373,500	-	585,444
Technology support	6,766,557	-	849,946
Operational support	39,686,527	3,097	12,085,595
Financial and human resource	6,309,292	-	1,431,136
Accountability	376,656	-	-
System-wide pupil support	526,122	-	301,345
Policy, leadership and public relations	2,967,245	-	1,271,869
Ancillary services	1,352,019	-	410,944
Non-programmed charges	6,503,128	-	344,631
Depreciation expense (unallocated)*	12,861,599	-	-
Total governmental activities	292,245,598	3,097	194,852,575
Business-type activities:			
Child nutrition	8,861,154	237,126	8,063,472
After school program	16,035	1,364	-
Total business-type activities	8,877,189	238,490	8,063,472
Total	\$ 301,122,787	\$ 241,587	\$ 202,916,047

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

The notes to the basic 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, 2021

Exhibit 2 (cont)

Functions	Net (Expenses) Revenue and Changes in Net Position		
	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Governmental activities:			
Instructional services:			
Regular instruction	\$ (8,626,917)	\$ -	\$ (8,626,917)
Special populations	(2,200,631)	-	(2,200,631)
Alternative programs	(6,672,915)	-	(6,672,915)
School leadership	(7,111,644)	-	(7,111,644)
Co-curricular	(2,048,004)	-	(2,048,004)
School-based support	(6,948,800)	-	(6,948,800)
System-wide support services:			
Support and development	(1,962,295)	-	(1,962,295)
Special population support and development	(380,082)	-	(380,082)
Alternative program support and development	(788,056)	-	(788,056)
Technology support	(5,916,611)	-	(5,916,611)
Operational support	(27,597,835)	-	(27,597,835)
Financial and human resource	(4,878,156)	-	(4,878,156)
Accountability	(376,656)	-	(376,656)
System-wide pupil support	(224,777)	-	(224,777)
Policy, leadership and public relations	(1,695,376)	-	(1,695,376)
Ancillary services	(941,075)	-	(941,075)
Non-programmed charges	(6,158,497)	-	(6,158,497)
Depreciation expense (unallocated)*	(12,861,599)	-	(12,861,599)
Total governmental activities	(97,389,926)	-	(97,389,926)
Business-type activities:			
Child nutrition	-	(560,556)	(560,556)
After school program	-	(14,671)	(14,671)
Total business-type activities	-	(575,227)	(575,227)
Total	(97,389,926)	(575,227)	(97,965,153)
General revenues:			
Unrestricted county appropriations - operating	82,887,553	-	82,887,553
Unrestricted county appropriations - capital	7,430,693	-	7,430,693
Unrestricted state appropriations - capital	3,430,805	-	3,430,805
Investment earnings, unrestricted	31,813	1,603	33,416
Miscellaneous, unrestricted	3,570,933	5,450	3,576,383
Transfers:	(352,910)	352,910	-
Total general revenues and transfers	96,998,887	359,963	97,358,850
Change in net position	(391,039)	(215,264)	(606,303)
Net position, beginning	(121,727,777)	(2,846,178)	(124,573,955)
Net position, ending	\$ (122,118,816)	\$ (3,061,442)	\$ (125,180,258)

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

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

New Hanover County Board of Education, North Carolina
Balance Sheet
Governmental Funds
June 30, 2021

Exhibit 3

	Major Funds			
	General Fund	State Public School Fund	Federal Grants Fund	Capital Outlay Fund
Assets:				
Cash and investments	\$ 33,489,846	\$ 110,106	\$ 5,210	\$ 775,792
Due from other governments	174,106	1,502,018	179,293	1,360,591
Accounts receivable	35,233	-	-	-
Inventories	899,151	-	-	-
Prepays	487,174	-	-	-
Total assets	\$ 35,085,510	\$ 1,612,124	\$ 184,503	\$ 2,136,383
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 8,653,646	\$ 1,234,572	\$ 92,548	\$ 778,507
Accrued salaries and wages payable	153,626	377,274	19,055	-
Unearned revenue	1,440	278	72,900	-
Total liabilities	8,808,712	1,612,124	184,503	778,507
Fund Balances:				
Nonspendable:				
Inventories	899,151	-	-	-
Prepays	487,174	-	-	-
Restricted:				
Stabilization by state statute	532,262	-	-	-
School capital outlay	-	-	-	1,357,876
Individual schools	-	-	-	-
Programs	-	-	-	-
Assigned:				
Designated for subsequent year's expenditures	12,394,487	-	-	-
Unassigned:				
General fund	11,963,724	-	-	-
Total fund balances	26,276,798	-	-	1,357,876
Total liabilities and fund balances	\$ 35,085,510	\$ 1,612,124	\$ 184,503	\$ 2,136,383

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

New Hanover County Board of Education, North Carolina
Balance Sheet
Governmental Funds
June 30, 2021

Exhibit 3 (cont)

	<u>Major Funds</u> <u>Other</u> <u>Restricted</u> <u>Fund</u>	<u>Non-Major</u> <u>Individual</u> <u>Schools</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Assets:			
Cash and investments	\$ 5,205,127	\$ 2,046,974	\$ 41,633,055
Due from other governments	327,156	-	3,543,164
Accounts receivable	-	6	35,239
Inventories	-	-	899,151
Prepays	-	-	487,174
Total assets	\$ 5,532,283	\$ 2,046,980	\$ 46,597,783
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 122,300	\$ 1,048	\$ 10,882,621
Accrued salaries and wages payable	-	-	549,955
Unearned revenue	27,500	-	102,118
Total liabilities	149,800	1,048	11,534,694
Fund Balances:			
Nonspendable:			
Inventories	-	-	899,151
Prepays	-	-	487,174
Restricted:			
Stabilization by state statute	-	-	532,262
School capital outlay	-	-	1,357,876
Individual schools	-	2,045,932	2,045,932
Programs	5,382,483	-	5,382,483
Assigned:			
Designated for subsequent year's expenditures	-	-	12,394,487
Unassigned:			
General fund	-	-	11,963,724
Total fund balances	5,382,483	2,045,932	35,063,089
Total liabilities and fund balances	\$ 5,532,283	\$ 2,046,980	

Net OPEB asset	458,493
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	291,334,383
Deferred outflows of resources related to pensions	48,904,467
Deferred outflows of resources related to OPEB	31,707,185
Some liabilities, including compensated absence payable, are not due and payable in the current period and are not reported in the funds	(13,118,513)
Net pension liability	(127,623,274)
Net OPEB liability	(256,657,349)
Deferred inflows of resources related to pensions	(2,565,118)
Deferred inflows of resources related to OPEB	(129,622,179)
	\$ (122,118,816)

The notes to the basic 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, 2021

Exhibit 4

	Major Funds			
	General Fund	State Public School Fund	Federal Grants Fund	Capital Outlay Fund
Revenues:				
State of North Carolina	\$ -	\$ 164,409,314	\$ -	\$ 2,506,710
New Hanover County				
Local current revenue	82,887,553	-	-	-
Other current revenue	-	-	-	7,430,693
U.S. Government	224,919	4,255,895	16,530,678	-
Contributions and donations	-	-	-	-
Other local revenues	2,119,457	-	-	206,609
Total revenues	85,231,929	168,665,209	16,530,678	10,144,012
Expenditures:				
Current:				
Instructional services:				
Regular instruction	20,590,067	93,805,945	1,424,892	-
Special populations	3,548,613	30,057,922	4,954,426	-
Alternative programs	1,408,995	6,656,494	7,701,731	-
School leadership	7,860,040	10,054,488	1,560	-
Co-curricular	1,962,999	-	-	-
School-based support	7,397,247	12,080,521	438,266	-
System-wide support services:				
Support and development	2,058,059	357,437	138,012	-
Special population support and development	123,017	178,985	64,298	-
Alternative program support and development	620,607	312,564	272,880	-
Technology support	5,185,884	417,713	432,233	-
Operational support	21,250,020	11,705,664	379,931	-
Financial and human resources	5,047,054	1,245,703	185,433	-
Accountability	390,596	-	-	-
System-wide pupil support	245,564	301,345	-	-
Policy, leadership and public relations	1,783,914	1,271,869	-	-
Ancillary services	922,962	218,559	192,385	-
Non-programmed charges	6,088,989	-	344,631	-
Debt service:				
Principal	-	-	-	673,548
Capital outlay:				
Real property and buildings	-	-	-	6,936,269
Furniture and equipment	-	-	-	2,509,817
Buses and motor vehicles	-	-	-	924,095
Total expenditures	86,484,627	168,665,209	16,530,678	11,043,729
Revenues over (under) expenditures	(1,252,698)	-	-	(899,717)
Other financing sources (uses):				
Installment purchase obligations issued	-	-	-	924,095
Transfer in	-	-	-	-
Transfer out	(130)	-	-	-
Total other financing sources (uses)	(130)	-	-	924,095
Net change in fund balances	(1,252,828)	-	-	24,378
Fund balances - beginning	27,526,680	-	-	1,333,498
Change in reserve for inventories	2,946	-	-	-
Fund balances - ending	\$ 26,276,798	\$ -	\$ -	\$ 1,357,876

The notes to the basic 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, 2021

Exhibit 4 (cont)

	<u>Major Funds</u>	<u>Non-Major</u>	<u>Total</u>
	<u>Other</u>	<u>Individual</u>	<u>Governmental</u>
	<u>Restricted</u>	<u>Schools</u>	<u>Funds</u>
	<u>Fund</u>	<u>Fund</u>	
Revenues:			
State of North Carolina	\$ 4,017,626	\$ -	\$ 170,933,650
New Hanover County			
Local current revenue	-	-	82,887,553
Other current revenue	487,422	-	7,918,115
U.S. Government	4,233,012	-	25,244,504
Contributions and donations	-	1,181,131	1,181,131
Other local revenues	621,941	170,414	3,118,421
Total revenues	<u>9,360,001</u>	<u>1,351,545</u>	<u>291,283,374</u>
Expenditures:			
Current:			
Instructional services:			
Regular instruction	367,369	-	116,188,273
Special populations	209,890	-	38,770,851
Alternative programs	5,979,702	-	21,746,922
School leadership	11,159	-	17,927,247
Co-curricular	20,095	1,308,684	3,291,778
School-based support	185,352	-	20,101,386
System-wide support services:			
Support and development	-	-	2,553,508
Special population support and development	273,266	-	639,566
Alternative program support and development	225,898	-	1,431,949
Technology support	863,720	-	6,899,550
Operational support	-	-	33,335,615
Financial and human resources	-	-	6,478,190
Accountability	-	-	390,596
System-wide pupil support	-	-	546,909
Policy, leadership and public relations	7,331	-	3,063,114
Ancillary services	26,347	-	1,360,253
Non-programmed charges	75,845	-	6,509,465
Debt service:			
Principal	-	-	673,548
Capital outlay:			
Real property and buildings	-	-	6,936,269
Furniture and equipment	-	-	2,509,817
Buses and motor vehicles	-	-	924,095
Total expenditures	<u>8,245,974</u>	<u>1,308,684</u>	<u>292,278,901</u>
Revenues over (under) expenditures	<u>1,114,027</u>	<u>42,861</u>	<u>(995,527)</u>
Other financing sources (uses):			
Installment purchase obligations issued	-	-	924,095
Transfer in	66,563	135,922	202,485
Transfer out	(15,215)	(66,563)	(81,908)
Total other financing sources (uses)	<u>51,348</u>	<u>69,359</u>	<u>1,044,672</u>
Net change in fund balances	1,165,375	112,220	49,145
Fund balances - beginning	4,217,108	1,933,712	35,010,998
Change in reserve for inventories	-	-	2,946
Fund balances - ending	<u>\$ 5,382,483</u>	<u>\$ 2,045,932</u>	<u>\$ 35,063,089</u>

The notes to the basic 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, 2021

Exhibit 5

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

Net change in fund balances-total governmental funds	\$ 49,145
Change in fund balance due to change in reserve for inventories	2,946
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 as well as any gains or losses on disposal of capital assets.	(9,663,101)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	23,859,103
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	15,382,903
Conveyance of Pension & OPEB from After School Fund to General Fund do not require the use of current financial resources and, therefore, are not reported as a conveyance in the governmental funds.	(473,487)
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.	(250,547)
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	(36,272,823)
OPEB expense	6,246,928
Compensated absences	727,894
Total changes in net position of governmental activities	<u>\$ (391,039)</u>

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

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Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

General Fund and Annually Budgeted Major Special Revenue Funds

For the Fiscal Year Ended June 30, 2021

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
U.S. Government	\$ -	\$ -	\$ 224,919	\$ 224,919
State of North Carolina	-	-	-	-
New Hanover County	80,131,551	82,887,553	82,887,553	-
Other local revenues	2,210,003	2,411,786	2,119,457	(292,329)
Total revenues	82,341,554	85,299,339	85,231,929	(67,410)
Expenditures:				
Instructional services:				
Regular instruction	20,364,066	22,603,150	20,590,067	2,013,083
Special populations	3,077,513	3,735,541	3,548,613	186,928
Alternative programs	803,667	1,534,174	1,408,995	125,179
School leadership	7,570,171	8,080,574	7,860,040	220,534
Co-curricular	2,172,802	2,148,020	1,962,999	185,021
School-based support	8,824,927	7,851,897	7,397,247	454,650
System-wide support services:				
Support and development	2,130,552	2,164,546	2,058,059	106,487
Special population support and development	130,989	146,203	123,017	23,186
Alternative program support and development	857,494	721,880	620,607	101,273
Technology support	5,237,982	5,678,179	5,185,884	492,295
Operational support	22,495,182	22,434,236	21,250,020	1,184,216
Financial and human resource	5,302,050	5,371,421	5,047,054	324,367
Accountability	356,649	414,851	390,596	24,255
System-wide pupil support	360,474	368,873	245,564	123,309
Policy, leadership and public relations	1,831,378	2,051,028	1,783,914	267,114
Ancillary services	264,079	925,114	922,962	2,152
Non-programmed charges	4,820,000	6,138,800	6,088,989	49,811
Total expenditures	86,599,975	92,368,487	86,484,627	5,883,860
Revenues over (under) expenditures	(4,258,421)	(7,069,148)	(1,252,698)	5,816,450
Other financing sources (uses):				
Fund balance appropriations	4,258,421	7,069,148	-	(7,069,148)
Transfer from (to) After School Program	-	-	-	-
Transfer from (to) Individual School Fund	-	-	-	-
Transfer from (to) Child Nutrition Fund	-	-	(130)	(130)
Total other financing sources (uses)	4,258,421	7,069,148	(130)	(7,069,278)
Net change in fund balances	\$ -	\$ -	(1,252,828)	\$ (1,252,828)
Fund balances - beginning			27,526,680	
Change in reserve for inventory			2,946	
Fund balances - ending			\$ 26,276,798	

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

New Hanover County Board of Education, North Carolina

Exhibit 6 (cont)

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

General Fund and Annually Budgeted Major Special Revenue Funds

For the Fiscal Year Ended June 30, 2021

	State Public School Fund			
	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
U.S. Government	\$ -	\$ 4,263,896	\$ 4,255,895	\$ (8,001)
State of North Carolina	162,246,939	166,871,198	164,409,314	(2,461,884)
New Hanover County	-	-	-	-
Other local revenues	-	-	-	-
Total revenues	162,246,939	171,135,094	168,665,209	(2,469,885)
Expenditures:				
Instructional services:				
Regular instruction	91,720,358	94,590,632	93,805,945	784,687
Special populations	28,395,619	29,913,182	30,057,922	(144,740)
Alternative programs	5,798,430	7,125,741	6,656,494	469,247
School leadership	9,802,827	10,023,396	10,054,488	(31,092)
Co-curricular	-	-	-	-
School-based support	10,066,455	12,121,867	12,080,521	41,346
System-wide support services:				
Support and development	332,779	358,174	357,437	737
Special population support and development	186,099	179,887	178,985	902
Alternative program support and development	304,405	314,336	312,564	1,772
Technology support	240,332	806,793	417,713	389,080
Operational support	12,505,928	12,666,887	11,705,664	961,223
Financial and human resource	1,248,499	1,238,652	1,245,703	(7,051)
Accountability	-	-	-	-
System-wide pupil support	287,391	300,134	301,345	(1,211)
Policy, leadership and public relations	1,302,475	1,276,899	1,271,869	5,030
Ancillary services	55,342	218,514	218,559	(45)
Non-programmed charges	-	-	-	-
Total expenditures	162,246,939	171,135,094	168,665,209	2,469,885
Revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Fund balance appropriations	-	-	-	-
Transfer from (to) After School Program	-	-	-	-
Transfer from (to) Individual School Fund	-	-	-	-
Transfer from (to) Child Nutrition Fund	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ -	\$ -	-	\$ -
Fund balances - beginning			-	
Change in reserve for inventory			-	
Fund balances - ending			\$ -	

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

New Hanover County Board of Education, North Carolina

Exhibit 6 (cont)

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

General Fund and Annually Budgeted Major Special Revenue Funds

For the Fiscal Year Ended June 30, 2021

	Federal Grants Fund			
	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
U.S. Government	\$ 108,807,195	\$ 109,161,005	\$ 16,530,678	\$ (92,630,327)
State of North Carolina	-	-	-	-
New Hanover County	-	-	-	-
Other local revenues	-	-	-	-
Total revenues	<u>108,807,195</u>	<u>109,161,005</u>	<u>16,530,678</u>	<u>(92,630,327)</u>
Expenditures:				
Instructional services:				
Regular instruction	10,220,652	8,906,083	1,424,892	7,481,191
Special populations	8,946,888	7,009,280	4,954,426	2,054,854
Alternative programs	20,784,182	21,008,194	7,701,731	13,306,463
School leadership	12,692	12,715	1,560	11,155
Co-curricular	-	-	-	-
School-based support	3,554,336	3,571,048	438,266	3,132,782
System-wide support services:				
Support and development	469,154	466,555	138,012	328,543
Special population support and development	66,974	66,764	64,298	2,466
Alternative program support and development	409,332	368,537	272,880	95,657
Technology support	7,072,068	9,263,935	432,233	8,831,702
Operational support	1,764,744	2,935,464	379,931	2,555,533
Financial and human resource	188,226	193,219	185,433	7,786
Accountability	-	-	-	-
System-wide pupil support	-	-	-	-
Policy, leadership and public relations	-	-	-	-
Ancillary services	891,143	797,503	192,385	605,118
Non-programmed charges	54,426,804	54,561,708	344,631	54,217,077
Total expenditures	<u>108,807,195</u>	<u>109,161,005</u>	<u>16,530,678</u>	<u>92,630,327</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Fund balance appropriations	-	-	-	-
Transfer from (to) After School Program	-	-	-	-
Transfer from (to) Individual School Fund	-	-	-	-
Transfer from (to) Child Nutrition Fund	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning			-	
Change in reserve for inventory			-	
Fund balances - ending			<u>\$ -</u>	

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

New Hanover County Board of Education, North Carolina

Exhibit 6 (cont)

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

General Fund and Annually Budgeted Major Special Revenue Funds

For the Fiscal Year Ended June 30, 2021

	Other Restricted Fund			
	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
U.S. Government	\$ 2,415,202	\$ 3,027,727	\$ 4,233,012	\$ 1,205,285
State of North Carolina	3,399,318	3,976,982	4,017,626	40,644
New Hanover County	487,422	487,422	487,422	-
Other local revenues	683,050	1,384,460	621,941	(762,519)
Total revenues	6,984,992	8,876,591	9,360,001	483,410
Expenditures:				
Instructional services:				
Regular instruction	338,048	967,017	367,369	599,648
Special populations	350,000	1,580,520	209,890	1,370,630
Alternative programs	5,200,829	6,119,216	5,979,702	139,514
School leadership	800	11,457	11,159	298
Co-curricular	-	177,407	20,095	157,312
School-based support	143,341	725,725	185,352	540,373
System-wide support services:				
Support and development	-	400	-	400
Special population support and development	-	300,459	273,266	27,193
Alternative program support and development	285,755	241,236	225,898	15,338
Technology support	-	-	-	-
Operational support	32,219	1,238,605	863,720	374,885
Financial and human resource	-	-	-	-
Accountability	-	-	-	-
System-wide pupil support	-	-	-	-
Policy, leadership and public relations	-	7,065	7,331	(266)
Ancillary services	515,000	528,093	26,347	501,746
Non-programmed charges	119,000	890,495	75,845	814,650
Total expenditures	6,984,992	12,787,695	8,245,974	4,541,721
Revenues over (under) expenditures	-	(3,911,104)	1,114,027	5,025,131
Other financing sources (uses):				
Fund balance appropriations	-	3,911,104	-	(3,911,104)
Transfer from (to) After School Program	-	-	(15,215)	(15,215)
Transfer from (to) Individual School Fund	-	-	66,563	66,563
Transfer from (to) Child Nutrition Fund	-	-	-	-
Total other financing sources (uses)	-	3,911,104	51,348	(3,859,756)
Net change in fund balances	\$ -	\$ -	1,165,375	\$ 1,165,375
Fund balances - beginning			4,217,108	
Change in reserve for inventory			-	
Fund balances - ending			\$ 5,382,483	

The notes to the basic 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, 2021

Exhibit 7

	Enterprise Funds		Total
	Major Fund	Non-major Fund	
	Child Nutrition	After School Program	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 3,384,217	\$ -	\$ 3,384,217
Due from other governments	277,541	-	277,541
Accounts receivable	1,101	-	1,101
Inventories	177,916	-	177,916
Total current assets	<u>3,840,775</u>	<u>-</u>	<u>3,840,775</u>
Non-current assets:			
Net OPEB asset	6,326	-	6,326
Capital assets:			
Equipment	4,885,361	-	4,885,361
Less accumulated depreciation	<u>(4,621,708)</u>	<u>-</u>	<u>(4,621,708)</u>
Net capital assets	<u>263,653</u>	<u>-</u>	<u>263,653</u>
Total non-current assets	<u>269,979</u>	<u>-</u>	<u>269,979</u>
Total assets	<u>4,110,754</u>	<u>-</u>	<u>4,110,754</u>
Deferred Outflows of Resources	<u>1,861,422</u>	<u>-</u>	<u>1,861,422</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	131,684	-	131,684
Accrued salaries and wages payable	43,893	-	43,893
Compensated absences due within one year	291,668	-	291,668
Unearned revenue	226,666	-	226,666
Total current liabilities	<u>693,911</u>	<u>-</u>	<u>693,911</u>
Non-current liabilities:			
Net pension liability	3,002,447	-	3,002,447
Net OPEB liability	<u>3,428,499</u>	<u>-</u>	<u>3,428,499</u>
Total non-current liabilities	<u>6,430,946</u>	<u>-</u>	<u>6,430,946</u>
Total liabilities	<u>7,124,857</u>	<u>-</u>	<u>7,124,857</u>
Deferred Inflows of Resources	<u>1,908,761</u>	<u>-</u>	<u>1,908,761</u>
Net position:			
Investment in capital assets	263,653	-	263,653
Restricted:			
DIPNC OPEB plan	6,326	-	6,326
Unrestricted	<u>(3,331,421)</u>	<u>-</u>	<u>(3,331,421)</u>
Total net position	<u>\$ (3,061,442)</u>	<u>\$ -</u>	<u>\$ (3,061,442)</u>

The notes to the basic 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, 2021

Exhibit 8

	Enterprise Funds		Total
	Major Fund	Non-major Fund	
	Child Nutrition	After School Program	
Operating revenues:			
Food sales	\$ 237,126	\$ -	\$ 237,126
Child care fees	-	1,364	1,364
Total operating revenues	<u>237,126</u>	<u>1,364</u>	<u>238,490</u>
Operating expenses:			
Food costs	3,191,003	-	3,191,003
Salaries and fringe benefits	5,043,249	16,035	5,059,284
Materials and supplies	329,978	-	329,978
Repairs and maintenance	174,864	-	174,864
Depreciation	110,979	-	110,979
Contracted services	11,081	-	11,081
Total operating expenses	<u>8,861,154</u>	<u>16,035</u>	<u>8,877,189</u>
Operating loss	<u>(8,624,028)</u>	<u>(14,671)</u>	<u>(8,638,699)</u>
Nonoperating revenues (expenses):			
Federal reimbursements	8,057,074	-	8,057,074
State of North Carolina	6,398	-	6,398
Interest revenue	1,603	-	1,603
Gain from sale of capital assets	5,450	-	5,450
Total nonoperating revenues	<u>8,070,525</u>	<u>-</u>	<u>8,070,525</u>
Loss before conveyance and transfers	<u>(553,503)</u>	<u>(14,671)</u>	<u>(568,174)</u>
Conveyance and Transfers:			
Conveyance of Pension & OPEB to General Fund	-	473,487	473,487
Transfer from general fund	130	-	130
Transfer from (to) Individual School Fund	-	(135,922)	(135,922)
Transfer from other restricted fund	-	15,215	15,215
Total conveyance and transfers	<u>130</u>	<u>352,780</u>	<u>352,910</u>
Change in net position	(553,373)	338,109	(215,264)
Total net position, beginning	<u>(2,508,069)</u>	<u>(338,109)</u>	<u>(2,846,178)</u>
Total net position, ending	<u>\$ (3,061,442)</u>	<u>\$ -</u>	<u>\$ (3,061,442)</u>

The notes to the basic 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, 2021

Exhibit 9

	Enterprise Funds		Total
	Major	Non-Major	
	Child Nutrition	After School Program	
Cash flows from operating activities:			
Cash received from customers	\$ 499,899	\$ 1,364	\$ 501,263
Cash paid for goods and services	(3,316,419)	-	(3,316,419)
Cash paid to employees for services	(5,043,249)	(16,035)	(5,059,284)
Net cash (used) in operating activities	<u>(7,859,769)</u>	<u>(14,671)</u>	<u>(7,874,440)</u>
Cash flows from noncapital financing activities:			
State reimbursements	6,398	-	6,398
Transfers in	130	15,215	15,345
Transfers out	-	(135,922)	(135,922)
Federal reimbursements	7,488,525	-	7,488,525
Net cash provided by noncapital financing activities	<u>7,495,053</u>	<u>(120,707)</u>	<u>7,374,346</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(8,257)	-	(8,257)
Proceeds from sale of capital assets	5,450	-	5,450
Net cash used in capital and related financing activities	<u>(2,807)</u>	<u>-</u>	<u>(2,807)</u>
Cash flows from investing activities:			
Interest received	1,603	-	1,603
Net cash provided by investing activities	<u>1,603</u>	<u>-</u>	<u>1,603</u>
Net increase (decrease) in cash and cash equivalents	(365,920)	(135,378)	(501,298)
Cash and cash equivalents - beginning	<u>3,750,137</u>	<u>135,378</u>	<u>3,885,515</u>
Cash and cash equivalents - ending	<u>\$ 3,384,217</u>	<u>\$ -</u>	<u>\$ 3,384,217</u>
Reconciliation of operating loss to net cash used in operating activities			
Operating income (loss)	\$ (8,624,028)	\$ (14,671)	\$ (8,638,699)
Adjustments to reconcile operating income (loss) to net cash used in operating activities			
Depreciation expense	110,979	-	110,979
Conveyance of Pension & OPEB to general fund	-	473,487	473,487
Donated commodities consumed	568,549	-	568,549
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
(Increase)Decrease in accounts receivable	263,544	-	263,544
(Increase)Decrease in net OPEB asset	(771)	397	(374)
(Increase)Decrease in inventory	119,069	-	119,069
Increase(Decrease) in net pension liability	276,861	(252,137)	24,724
Increase(Decrease) in net OPEB liability	(681,425)	(278,581)	(960,006)
(Increase) Decrease in deferred outflows of resources for pension plan contributions in current fiscal year	15,644	172,829	188,473
Increase(Decrease) in accounts payable and accrued liabilities and compensated absences	(126,013)	-	(126,013)
Increase(Decrease) in deferred inflow of resources	237,747	(115,995)	121,752
Increase(Decrease) in unearned revenue	(19,925)	-	(19,925)
Total adjustments	<u>764,259</u>	<u>-</u>	<u>764,259</u>
Net cash used in operating activities	<u>\$ (7,859,769)</u>	<u>\$ (14,671)</u>	<u>\$ (7,874,440)</u>

Noncash investing, capital and financing activities:

The Child Nutrition Fund used donated commodities with a value of \$568,549 during the year ended June 30, 2021. This amount is reflected as an addition to Federal reimbursements and commodities on the previous page.

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

**NOTES TO THE
BASIC FINANCIAL STATEMENTS**

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NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

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 THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

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 Grants Fund. The Federal Grants 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). 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 was used to account for after school care revenues and expenses. The program was closed in fiscal year 2021.

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 THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

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 and after school program proprietary fund's budgets have 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, Federal Grants Fund and Other Restricted Fund, which includes a comparison of original budget, final budget, actual data and the variance between final budget and actual. Separately, schedules are presented for Capital Outlay Fund and Enterprise Funds which include comparisons 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 THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

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 determined by either quoted market prices or a matrix pricing model. The NCCMT Government Portfolio's securities are measured at fair value. The STIF securities (as valued under level 2 of the fair value hierarchy) are reported at fair value and maintain a constant \$1 per share value. Investments valued under level 2 of the fair value hierarchy are valued using prices that are either directly or indirectly observable for an asset or liability. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

2. Cash and Cash Equivalents

The Board pools 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 and thus, an equivalent portion of fund balance is classified as nonspendable. 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.

4. Prepays

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

NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

5. Capital Assets

Donated capital assets 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.

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:

<u>Item</u>	<u>Capitalization Level</u>	<u>Useful Lives</u>
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.

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.

NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

6. Deferred outflows and inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows 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, 2021 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.

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.

NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

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 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.

NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

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 Chief Financial 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 THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

10. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental 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 \$(157,181,905) 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)	\$ 503,255,344
Less Accumulated Depreciation	<u>(211,920,961)</u>
Net Capital Assets	291,334,383
Net OPEB Asset	458,493
Pension related deferred outflows of resources:	
Difference between contributions and proportional share of contributions and changes in proportion.	25,045,364
Contributions made to pension plan in the current fiscal year	23,859,103
OPEB related deferred outflows of resources	<u>31,707,185</u>
	80,611,652
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	(12,512,540)
Installment purchase - school buses	(605,973)
Net pension liability	(127,623,274)
Net OPEB liability	(256,657,349)
Deferred inflow of resources related to pension	(2,565,118)
Deferred inflow of resources related to OPEB	<u>(129,622,179)</u>
	<u>(529,586,433)</u>
Total adjustment	<u>\$ (157,181,905)</u>

NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$(440,184) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 4,073,747
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.	(13,736,848)
	(9,663,101)
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	(924,095)
Current Year Debt Payments	673,548
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	23,859,103
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities.	15,382,903
Conveyance of Pension & OPEB from After School Fund to General Fund do not require the use of current financial resources and, therefore, are not reported as a conveyance in the governmental funds.	(473,487)
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	(36,272,823)
OPEB expense	6,246,928
Compensated absences	727,894
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	2,946
Total adjustment	\$ (440,184)

NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

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, 2021, the Board had deposits with banks and savings and loans with a carrying amount of \$23,842,657 and with the State Treasurer of \$115,316. The bank balances with the financial institutions and the State Treasurer were \$24,821,995 and \$1,364,752, respectively. Of these balances, \$398,760 was covered by federal depository insurance and \$25,787,987 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, 2021.

2. Investments

The fair value measurements of the primary government investments are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At June 30, 2021, the Board had \$3,862,378 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's and AAAMf by Moody's Investor Service. It is reported at fair value. There was \$17,196,581 invested with the State Treasurer in the Short Term Investment Fund (STIF). STIF investments are measured at fair value by the custodian using Level 2 inputs. The STIF is valued at \$1

NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2021 of 1.3 years. The Board has no policy for managing interest rate risk, concentration risk or credit risk.

3. Accounts Receivable

Receivables at the government-wide level at June 30, 2021, were as follows:

	Due from other Governments	Accounts Receivable
Governmental Activities:		
General Fund	\$ 174,106	\$ 35,233
Other governmental activities	3,369,058	6
Total	<u>\$ 3,543,164</u>	<u>\$ 35,239</u>
Business-type activities:		
Child Nutrition	<u>\$ 277,541</u>	<u>\$ 1,101</u>

Due from other governments consists of the following:

		Description
Governmental Activities:		
General Fund	\$ 174,106	Misc revenue from County, State and Federal sources
State Public School Fund	1,502,018	Operating funds from DPI and State sales tax refund
Federal Grant Fund	179,293	Operating funds from DPI and State sales tax refund
Capital Outlay Fund	1,360,591	Operating funds from County and State sales tax refund
Other Restricted Revenue Fund	327,156	Grant revenue from various sources & State sales tax refund
Total	<u>\$ 3,543,164</u>	
Business-type activities:		
Child nutrition	<u>\$ 277,541</u>	Federal funds and State sales tax refund

NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

4. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
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	35,744,585	1,202,315	-	(16,352,747)	20,594,153
Total capital assets, not being depreciated	59,785,634	1,202,315	-	(16,352,747)	44,635,202
Capital assets, being depreciated:					
Land improvements	13,469,997	-	-	-	13,469,997
Buildings and building improvements	394,878,383	1,106,205	-	16,250,676	412,235,264
Vehicle fleet	17,692,753	1,037,814	(684,562)	-	18,046,005
Furniture and equipment	15,034,606	727,846	(995,647)	102,071	14,868,876
Total capital assets, being depreciated	441,075,739	2,871,865	(1,680,209)	16,352,747	458,620,142
Less accumulated depreciation for:					
Land improvements	9,775,569	618,547	-	-	10,394,116
Buildings and building improvements	164,681,179	10,755,821	-	-	175,437,000
Vehicle fleet	14,167,908	875,249	(684,562)	-	14,358,595
Furniture and equipment	11,239,233	1,487,231	(995,214)	-	11,731,250
Total accumulated depreciation	199,863,889	13,736,848	(1,679,776)	-	211,920,961
Total capital assets, being depreciated, net	241,211,850	(10,864,983)	(433)	16,352,747	246,699,181
Governmental activities capital assets, net	\$ 300,997,484	\$ (9,662,668)	\$ (433)	\$ -	\$ 291,334,383

NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

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	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Equipment	\$ 4,877,104	\$ 8,257	\$ -	\$ -	\$ 4,885,361
Less accumulated depreciation	4,510,729	110,979	-	-	4,621,708
Business-type activities capital assets, net	\$ 366,375	\$ (102,722)	\$ -	\$ -	\$ 263,653

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

Governmental activities:

Pupil transportation services	\$ 875,249
Unallocated depreciation	12,861,599
Total	\$ 13,736,848

Business-type activities:

Child Nutrition	\$ 110,979
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5. Construction Commitments

The New Hanover County Board of Education has active construction projects as of June 30, 2021. The bond projects in process include district wide technology and building system and infrastructure improvements. Other capital projects include Sea Tech School Renovations at Sidbury Road, Safety & Security Upgrades, and Technology Computer Upgrades.

B. Liabilities

1. Pension Plan and Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

Plan Description. The Board is a participating employer in the statewide Teachers' and State Employees' Retirement System (TSERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. TSERS membership is comprised of employees of the State (state agencies and institutions), universities, community colleges, and certain proprietary component units along with the employees of Local Education Agencies and charter schools. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the TSERS Board of Trustees, which

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consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Teachers' and State Employees' Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for TSERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service (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, 2021, was 14.78% 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 \$24,249,680 for the year ended June 30, 2021.

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 payment cancels the individual's right to employer contributions or any other benefit provided by TSERS.

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

At June 30, 2021, the Board reported a liability of \$130,625,721 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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 1.08% and 1.09% respectively.

For the year ended June 30, 2021, the Board recognized pension expense of \$36,866,614. At June 30, 2021, 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	\$ 7,198,180	\$ -
Changes of assumptions	4,426,539	-
Net difference between projected and actual earnings on pension plan investments	14,445,865	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	2,673,327
Board contributions subsequent to the measurement date	24,249,680	-
Total	\$ 50,320,264	\$ 2,673,327

\$24,249,680 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ 7,899,282
2023	5,984,169
2024	5,210,259
2025	4,303,547
Total	\$ 23,397,257

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Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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, 2019 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, 2020 are summarized in the following table:

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.00%, 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)	\$ 235,095,615	\$ 130,625,721	\$ 42,997,095

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

b. Other Postemployment Benefits

1. Healthcare Benefits

Plan description. The Retiree Health Benefit Fund (RHBF) has been established as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is established 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

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For the Fiscal Year Ended June 30, 2021

contributions (subject to the legislative cap) and the premiums to be paid by retirees, as well as the health benefits to be provided through the State Health Plan.

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

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

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

Section 35.21 (c) and (d) of Session Law 2017-57 repeals retiree medical benefits for employees first hired January 1, 2021. The new legislation amends Article 3B of Chapter 135 of the General Statutes to require that retirees must earn contributory retirement service in TSERS (or in an allowed local system unit), CJRS, or LRS prior to January 1, 2021, and not withdraw that service, in order to be eligible for retiree medical benefits under the amended law. Consequently, members first hired on and after January 1, 2021 will not be eligible to receive retiree medical benefits. RHBF's benefit and contribution provisions are established by Chapter 135-7, 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 6.68% of covered payroll which amounted to \$10,959,937. During the current fiscal year, the plan also recognized a one-time transfer of excess funding from the Public Employees Health Benefits Fund totaling \$415.3 million, which was isolated from the OPEB expense and allocated to participating employers as a separate contribution. The Board's proportionate share of this contribution totaled \$4,488,263.

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At June 30, 2021, Board reported a liability of \$260,085,848 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. The total OPEB liability was then rolled forward to the measurement date of June 30, 2020 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 .9376% and .9558% respectively.

\$10,959,937 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2022	\$	36,269,727
2023		36,241,167
2024		19,163,173
2025		9,111,292
2026		9,855,531
Total	\$	<u>110,640,890</u>

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

Inflation	3.00%
Salary increases	Teachers: 7.55% grading down to 3.50% Law Enforcement Officers: 8.10% grading down to 3.50% General Employees: 5.50% grading down to 3.50%
Discount rate	2.21%
Healthcare cost trend rates:	
Medical (Non-MA)	6.50% grading down to 5.00% by 2024
Prescription drug (Non-MA)	9.50% grading down to 5.00% by 2029
Medicare Advantage	Rates are guaranteed for 2021-2025; 5.00% for years after 2026
Administrative costs	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

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Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 2.21%, down 1.29% from the 3.50% 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. As a result, a municipal bond rate of 2.21% was used as the discount rate used to measure the total OPEB liability. The 2.21% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2020.

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage point higher (3.21 percent) than the current discount rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Net OPEB liability	\$ 308,445,358	\$ 260,085,848	\$ 221,124,202

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	\$ 209,676,221	\$ 260,085,848	\$ 327,465,102

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

2. Disability Benefits

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

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

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

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

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2021, employers made a statutory contribution of 0.09% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$147,664 for the year ended June 30, 2021.

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, 2021, Board reported an OPEB asset of \$464,819 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019. The total OPEB asset was then rolled forward to the measurement date of June 30, 2020 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 .9449% and .9663% respectively.

\$147,664 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Year ended June 30:

2022	\$	93,696
2023		62,081
2024		29,936
2025		50,406
2026		6,791
Thereafter		20,456
Total	\$	<u>263,366</u>

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

Inflation	3.00%
Salary increases	3.5-8.10%, include 3.5% inflation and productivity factor
Investment rate of return	3.75%, net of OPEB plan expense, including inflation

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	\$ 401,437	\$ 464,819	\$ 526,358

Common actuarial assumptions for both OPEB plans. The total OPEB asset was determined by an actuarial valuation performed as of December 31, 2019 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, 2020. 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

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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.

DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2020. The long-term expected rate of return was determined based on the combination of expected future real rates of return and expected inflation. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2020 is 1.2%.

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 (benefit)	\$ (6,763,210)	\$ 341,085	\$ (6,422,125)
OPEB liability (asset)	260,085,848	(464,819)	259,621,029
Proportionate share of the net OPEB liability (asset)	0.93756%	0.94487%	
Deferred outflows of resources			
Differences between expected and actual experience	235,619	336,723	572,342
Changes of assumptions	11,406,249	36,141	11,442,390
Net difference between projected and actual earnings on plan investments	547,899	-	547,899
Changes in proportion and differences between Board contributions and proportionate share of contributions	8,464,886	17,692	8,482,578
Board contributions subsequent to the measurement date	10,959,937	147,664	11,107,601
Deferred inflows of resources			
Differences between expected and actual experience	10,174,878	-	10,174,878
Changes of assumptions	105,546,943	36,604	105,583,547
Net difference between projected and actual earnings on plan investments	-	78,745	78,745
Changes in proportion and differences between Board contributions and proportionate share of contributions	15,573,720	11,841	15,585,561

NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

2. Accounts Payable and Accrued Expenses and Accrued Salaries and Wages Payable

Accounts payable and accrued expenses and accrued salaries and wages payable as of June 30, 2021, are as follows:

Governmental Activities:	Vendors	Accrued Salaries and Wages Payable	Total
General Fund	\$ 8,653,646	\$ 153,626	\$ 8,807,272
Other governmental activities	2,228,975	396,329	2,625,304
Total	\$ 10,882,621	\$ 549,955	\$ 11,432,576
 Business-type activities:			
Child Nutrition	\$ 131,684	\$ 43,893	\$ 175,577
Total	\$ 131,684	\$ 43,893	\$ 175,577

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	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,770,522	\$ 10,174,878
Changes of assumptions	15,868,929	105,583,547
Net difference between projected and actual earnings on pension plan investments	14,993,764	78,745
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,482,578	18,258,888
Board contributions subsequent to the measurement date	35,357,281	-
Total	\$ 82,473,074	\$ 134,096,058

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 2020-21 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

NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

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 State Education Public School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing fund administered by the North Carolina Department of Insurance. The Fund insures the tangible property assets of the Board. Coverage is provided on an "all risk" perils contract. Buildings and contents are insured on a replacement cost basis. The Fund purchases excess reinsurance to protect the assets of the Fund in the event of a catastrophic event. The Fund maintains a self-insured retention of \$10 million. Excess reinsurance is purchased through commercial insurers. A limit of \$5 million per occurrence is provided on 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.

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 special third party financing arrangements 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, 2021 required a principal payment of \$673,548 for the 2021 fiscal year.

NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

The future minimum payments of the direct placement installment purchase as of June 30, 2021 are as follows:

<u>Year ended June 30:</u>	Governmental
	Activities
	Principal
2022	\$ 374,949
2023	231,024
Total	<u>\$ 605,973</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, 2021:

	Balance			Balance	Current
	June 30, 2020	Increases	Decreases	June 30, 2021	Portion
Governmental activities:					
Direct Placement Installment purchases	\$ 355,426	\$ 924,095	\$ 673,548	\$ 605,973	\$ 374,949
Net pension liability	110,458,557	17,164,717	-	127,623,274	-
Net OPEB liability	298,004,893	(41,347,544)	-	256,657,349	-
Compensated absences	13,240,434	7,538,888	8,266,782	12,512,540	8,266,782
Total	<u>\$ 422,059,310</u>	<u>\$ (15,719,844)</u>	<u>\$ 8,940,330</u>	<u>\$ 397,399,136</u>	<u>\$ 8,641,731</u>
Business-type activities:					
Net pension liability	\$ 2,977,723	\$ 24,724	\$ -	\$ 3,002,447	\$ -
Net OPEB liability	4,388,505	(960,006)	-	3,428,499	-
Compensated Absences	386,672	200,202	295,206	291,668	291,668
Total	<u>\$ 7,752,900</u>	<u>\$ (735,080)</u>	<u>\$ 295,206</u>	<u>\$ 6,722,614</u>	<u>\$ 291,668</u>

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

NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

C. Interfund Balances and Activity

Conveyance to/from other funds at June 30, 2021 consist of the following:

	<u>Amount</u>
Conveyance of After School Pension and OPEB to General Fund (The After School Program Fund, reported as an enterprise fund, was discontinued during the 2021 fiscal year)	\$ 473,487

Transfers to/from other funds at June 30, 2021 consist of the following:

	<u>Amount</u>
From After School Program to Individual Schools Fund to discontinue program	\$ 135,922
From Individual Schools Fund to Other Restricted Fund for driver's education fee charged to students	\$ 66,563
From General Fund to Child Nutrition Fund to cover loss on uncollectible accounts	\$ 130
From Other Restricted Fund to After School Fund for salaries & supplies	\$ 15,215

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.

Total fund balance - General Fund	\$ 26,276,798
Less:	
Inventories	899,151
Prepays	487,174
Stabilization by State Statute	532,262
Appropriated fund balance in 2022 budget	12,394,487
Remaining fund balance	\$ 11,963,724

NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

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
\$ 322,923	\$ 1,638,882	\$ -

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.

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**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 Eight Fiscal Years *
June 30, 2021

	Fiscal Year			
	2021	2020	2019	2018
Board's proportion of the net pension liability (asset)	1.0812%	1.0900%	1.1100%	1.1000%
Board's proportionate share of the net pension liability (asset)	\$ 130,625,721	\$ 113,436,280	\$ 110,377,185	\$ 87,097,946
Board's covered payroll	\$ 161,614,215	\$ 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	80.83%	70.73%	70.97%	57.84%
Plan fiduciary net position as a percentage of the total pension liability	85.98%	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 Eight Fiscal Years *
June 30, 2021

	Fiscal Year			
	2021	2020	2019	2018
Contractually required contribution	\$ 24,249,680	\$ 20,961,364	\$ 19,709,535	\$ 16,791,180
Contributions in relation to the contractually required contribution	<u>24,249,680</u>	<u>20,961,364</u>	<u>19,709,535</u>	<u>16,791,180</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 164,070,908	\$ 161,614,215	\$ 160,370,503	\$ 155,524,703
Contributions as a percentage of covered payroll	14.78%	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	<u>15,063,570</u>	<u>12,965,164</u>	<u>12,901,153</u>	<u>11,636,083</u>
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 Five Fiscal Years *
June 30, 2021

	Fiscal Years				
	2021	2020	2019	2018	2017
Board's proportion of the net OPEB liability	0.9376%	0.9558%	0.9821%	0.9858%	0.9260%
Board's proportionate share of the net OPEB liability	\$ 260,085,848	\$ 302,393,398	\$ 279,785,407	\$ 323,208,169	\$ 402,845,548
Board's covered payroll	\$ 161,614,215	\$ 160,370,503	\$ 155,524,703	\$ 150,594,149	141,295,463
Board's proportionate share of the net OPEB liability as a percentage of its covered payroll	160.93%	188.56%	179.90%	214.62%	285.11%
Plan Fiduciary net position as a percentage of the total OPEB liability	6.92%	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, 2021

	Fiscal Year				
	2021	2020	2019	2018	2017
Contractually required contribution	\$ 10,959,937	\$ 10,456,440	\$ 10,055,231	\$ 9,409,245	\$ 8,749,520
Contributions in relation to the contractually required contribution	10,959,937	10,456,440	10,055,231	9,409,245	8,749,520
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 164,070,908	\$ 161,614,215	\$ 160,370,503	\$ 155,524,703	\$ 150,594,149
Contributions as a percentage of covered pay	6.68%	6.47%	6.27%	6.05%	5.81%

	Fiscal Year				
	2016	2015	2014	2013	2012
Contractually required contribution	\$ 7,912,546	\$ 7,826,086	\$ 7,273,033	\$ 6,281,745	\$ 5,215,034
Contributions in relation to the contractually required contribution	7,912,546	7,826,086	7,273,033	6,281,745	5,215,034
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 141,295,563	\$ 142,551,650	\$ 134,685,791	\$ 118,523,496	\$ 104,300,677
Contributions as a percentage of covered pay	5.60%	5.49%	5.40%	5.30%	5.00%

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 Five Fiscal Years *
June 30, 2021

	Fiscal Years				
	2021	2020	2019	2018	2017
Board's proportion of the net OPEB asset	0.9449%	0.9663%	0.9833%	0.9740%	0.9570%
Board's proportionate share of the net OPEB asset	\$ 464,819	\$ 416,941	\$ 298,690	\$ 595,290	\$ 594,272
Board's covered payroll	\$ 161,614,215	\$ 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	0.29%	0.26%	0.19%	0.40%	0.42%
Plan Fiduciary net position as a percentage of the total OPEB asset	115.57%	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, 2021

	Fiscal Year				
	2021	2020	2019	2018	2017
Contractually required contribution	\$ 147,664	\$ 161,164	\$ 224,519	\$ 217,735	\$ 572,250
Contributions in relation to the contractually required contribution	147,664	161,164	224,519	217,735	572,250
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 164,070,908	\$ 161,614,215	\$ 160,370,503	\$ 155,524,703	\$ 150,594,149
Contributions as a percentage of covered pay	0.09%	0.10%	0.14%	0.14%	0.38%

	Fiscal Year				
	2016	2015	2014	2013	2012
Contractually required contribution	\$ 579,311	\$ 584,462	\$ 592,617	\$ 574,839	\$ 658,974
Contributions in relation to the contractually required contribution	579,311	584,462	592,617	574,839	658,974
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 141,295,563	\$ 142,551,650	\$ 134,685,791	\$ 118,523,496	\$ 104,300,677
Contributions as a percentage of covered pay	0.41%	0.41%	0.44%	0.49%	0.63%

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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, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
New Hanover County:			
Appropriations from general revenues	\$ 82,887,553	\$ 82,887,553	\$ -
Other local revenues:			
Fines and forfeitures	1,900,000	1,617,974	(282,026)
Interest earned on investments	185,000	28,343	(156,657)
Rental of school property	-	111,396	111,396
Disposition of school property	-	17,349	17,349
Insurance Proceeds	128,276	119,050	(9,226)
Miscellaneous revenue	198,510	225,345	26,835
Total other local revenue	<u>2,411,786</u>	<u>2,119,457</u>	<u>(292,329)</u>
U.S. Government:			
Impact area grants	-	33,516	33,516
FEMA revenue	-	191,403	191,403
Total U.S. Government	<u>-</u>	<u>224,919</u>	<u>224,919</u>
Total revenues	<u>85,299,339</u>	<u>85,231,929</u>	<u>(67,410)</u>

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, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Expenditures:			
Instructional services:			
Regular instruction	\$ 22,603,150	\$ 20,590,067	\$ 2,013,083
Special populations	3,735,541	3,548,613	186,928
Alternative programs	1,534,174	1,408,995	125,179
School leadership	8,080,574	7,860,040	220,534
Co-curricular	2,148,020	1,962,999	185,021
School-based support	7,851,897	7,397,247	454,650
System-wide support services:			
Support and development	2,164,546	2,058,059	106,487
Special population support and development	146,203	123,017	23,186
Alternative program support and development	721,880	620,607	101,273
Technology support	5,678,179	5,185,884	492,295
Operational support	22,434,236	21,250,020	1,184,216
Financial and human resources	5,371,421	5,047,054	324,367
Accountability	414,851	390,596	24,255
System-wide pupil support	368,873	245,564	123,309
Policy, leadership and public relations	2,051,028	1,783,914	267,114
Ancillary services	925,114	922,962	2,152
Non-programmed charges	6,138,800	6,088,989	49,811
Total expenditures	<u>92,368,487</u>	<u>86,484,627</u>	<u>5,883,860</u>
Revenues over (under) expenditures	<u>(7,069,148)</u>	<u>(1,252,698)</u>	<u>5,816,450</u>
Other financing sources (uses):			
Fund balance appropriations	7,069,148	-	(7,069,148)
Transfer out to child nutrition fund	-	(130)	(130)
Total other financing sources (uses)	<u>7,069,148</u>	<u>(130)</u>	<u>(7,069,278)</u>
Net change in fund balances	<u>\$ -</u>	<u>(1,252,828)</u>	<u>\$ (1,252,828)</u>
Fund balances - beginning		27,526,680	
Change in reserve for inventory		2,946	
Fund balances - ending		<u>\$ 26,276,798</u>	

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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, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
U.S. Government	\$ 109,161,005	\$ 16,530,678	\$ (92,630,327)
Other revenues	-	-	-
Total revenues	<u>109,161,005</u>	<u>16,530,678</u>	<u>(92,630,327)</u>
Expenditures:			
Instructional services:			
Regular instruction	8,906,083	1,424,892	7,481,191
Special populations	7,009,280	4,954,426	2,054,854
Alternative programs	21,008,194	7,701,731	13,306,463
School leadership services	12,715	1,560	11,155
School-based support	3,571,048	438,266	3,132,782
System-wide support services:			
Support and development	466,555	138,012	328,543
Special population support and development	66,764	64,298	2,466
Alternative program support and development	368,537	272,880	95,657
Technology support	9,263,935	432,233	8,831,702
Operational support	2,935,464	379,931	2,555,533
Financial and human resource	193,219	185,433	7,786
Ancillary services	797,503	192,385	605,118
Non-programmed charges	54,561,708	344,631	54,217,077
Total expenditures	<u>109,161,005</u>	<u>16,530,678</u>	<u>92,630,327</u>
Revenues over (under) expenditures	<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, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
U.S. Government	\$ 3,027,727	\$ 4,233,012	\$ 1,205,285
State of North Carolina	3,976,982	4,017,626	40,644
New Hanover County	487,422	487,422	-
Other local revenues	1,384,460	621,941	(762,519)
Total revenues	<u>8,876,591</u>	<u>9,360,001</u>	<u>483,410</u>
Expenditures:			
Instructional services:			
Regular instruction	967,017	367,369	599,648
Special populations	1,580,520	209,890	1,370,630
Alternative programs	6,119,216	5,979,702	139,514
School leadership	11,457	11,159	298
Co-curricular	177,407	20,095	157,312
School-based support	725,725	185,352	540,373
System-wide support services:			
Support and development	400	-	400
Special population support and development	300,459	273,266	27,193
Alternative program support and development	241,236	225,898	15,338
Operational support	1,238,605	863,720	374,885
Policy, leadership and public relations	7,065	7,331	(266)
Ancillary services	528,093	26,347	501,746
Non-programmed charges	890,495	75,845	814,650
Total expenditures	<u>12,787,695</u>	<u>8,245,974</u>	<u>4,541,721</u>
Revenues over (under) expenditures	<u>(3,911,104)</u>	<u>1,114,027</u>	<u>5,025,131</u>
Other financing sources:			
Fund balance appropriations	3,911,104	-	(3,911,104)
Transfer (to) from After School Program	-	(15,215)	(15,215)
Transfer (to) from Individual School Fund	-	66,563	66,563
Total other financing sources	<u>3,911,104</u>	<u>51,348</u>	<u>(3,859,756)</u>
Net change in fund balances	<u>\$ -</u>	<u>1,165,375</u>	<u>\$ 1,165,375</u>
Fund balances - beginning		<u>4,217,108</u>	
Fund balances - ending		<u>\$ 5,382,483</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.

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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, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
State of North Carolina:			
Public school capital fund - lottery	\$ 3,822,789	\$ 1,833,162	\$ (1,989,627)
DPI bus leases	1,279,520	673,548	(605,972)
Total State of North Carolina	<u>5,102,309</u>	<u>2,506,710</u>	<u>(2,595,599)</u>
New Hanover County:			
Appropriations from county	4,276,972	1,767,344	(2,509,628)
2014 county bond	10,917,370	5,663,349	(5,254,021)
Total New Hanover County	<u>15,194,342</u>	<u>7,430,693</u>	<u>(7,763,649)</u>
Other local revenues:			
Sales tax refund	467,336	100,222	(367,114)
Miscellaneous revenue	30,112	106,387	76,275
Total other local revenues	<u>497,448</u>	<u>206,609</u>	<u>(290,839)</u>
Total revenues	<u>20,794,099</u>	<u>10,144,012</u>	<u>(10,650,087)</u>
Expenditures:			
Capital outlay:			
Real property and buildings	14,321,851	6,936,269	7,385,582
Furniture and equipment	5,735,449	2,509,817	3,225,632
Buses and motor vehicles	1,453,620	924,095	529,525
Debt service: principal	-	673,548	(673,548)
Total expenditures	<u>21,510,920</u>	<u>11,043,729</u>	<u>10,467,191</u>
Revenues over (under) expenditures	<u>(716,821)</u>	<u>(899,717)</u>	<u>(182,896)</u>
Other financing sources (uses):			
Fund balance appropriations	716,821	-	716,821
Installment purchase obligations issued	-	924,095	(924,095)
Total other financing sources (uses)	<u>716,821</u>	<u>924,095</u>	<u>(207,274)</u>
Net change in fund balances	<u>\$ -</u>	<u>24,378</u>	<u>\$ 24,378</u>
Fund balances - beginning		<u>1,333,498</u>	
Fund balances - ending		<u>\$ 1,357,876</u>	

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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, 2021

	Final Budget	Actual	Variance Over (Under)
Operating revenues:			
Food sales	\$ 2,425,100	\$ 237,126	\$ (2,187,974)
Operating expenses:			
Food costs	5,436,579	3,191,003	2,245,576
Salaries and fringe benefits	6,269,521	5,043,249	1,226,272
Materials and supplies	572,100	329,978	242,122
Repairs and maintenance	165,000	174,864	(9,864)
Depreciation	135,000	110,979	24,021
Contracted services	33,800	11,081	22,719
Total operating expenses	12,612,000	8,861,154	3,750,846
Revenues under expenses	(10,186,900)	(8,624,028)	1,562,872
Nonoperating revenues (expenses):			
Federal reimbursements	9,568,000	8,057,074	(1,510,926)
State of North Carolina	15,500	6,398	(9,102)
Interest revenue	10,000	1,603	(8,397)
Gain on disposal of capital assets	8,000	5,450	(2,550)
Total nonoperating revenues	9,601,500	8,070,525	(1,530,975)
Loss before transfers	(585,400)	(553,503)	31,897
Appropriation and transfer:			
Net position appropriation	510,400	-	(510,400)
Transfer from general fund	75,000	130	(74,870)
Total appropriation and transfer	585,400	130	(585,270)
Change in net position	\$ -	\$ (553,373)	\$ (553,373)

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, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Operating revenues:			
Child care fees	\$ 500,000	\$ 1,364	\$ (498,636)
Operating expenses:			
Salaries and fringe benefits	284,000	16,035	267,965
Materials and supplies	166,000	-	166,000
Indirect costs paid	50,000	-	50,000
Total operating expenses	<u>500,000</u>	<u>16,035</u>	<u>483,965</u>
Revenues over (under) expenses	<u>-</u>	<u>(14,671)</u>	<u>(14,671)</u>
Loss before transfers	<u>-</u>	<u>(14,671)</u>	<u>(14,671)</u>
Conveyance and Transfers:			
Conveyance of Pension & OPEB to General Fund	-	473,487	(473,487)
Transfer from (to) Individual School Fund	-	(135,922)	135,922
Transfer from (to) Other Restricted Fund	-	15,215	(15,215)
Total transfers	<u>-</u>	<u>352,780</u>	<u>(352,780)</u>
Change in net position	<u>\$ -</u>	<u>\$ 338,109</u>	<u>\$ 338,109</u>

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STATISTICAL SECTION

STATISTICAL SECTION

This part of the Board's annual comprehensive 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.

Debt Capacity

Since the Board's construction funding is primary 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 annual comprehensive 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				
	2012	2013	2014	2015	2016
Governmental activities:					
Net investment in capital assets	\$ 236,374,198	\$ 229,120,122	\$ 221,027,615	\$ 218,292,760	\$ 220,096,542
Restricted:					
Stabilization by state statute	171,781	709,816	656,370	762,877	671,486
School capital outlay	2,635,363	1,934,072	2,447,748	1,431,940	1,695,237
DIPNC OPEB plan	-	-	-	-	-
Individual schools	1,287,706	1,283,546	1,435,666	1,508,408	1,632,435
Programs	2,424,032	3,210,203	3,195,447	4,095,893	4,534,057
Unrestricted	16,330,052	16,056,297	14,405,674	(25,652,960)	(15,252,285)
Total governmental activities net position	\$ 259,223,132	\$ 252,314,056	\$ 243,168,520	\$ 200,438,918	\$ 213,377,472
Business-type activities:					
Net investment in capital assets	\$ 1,464,251	\$ 1,252,624	\$ 1,138,900	\$ 1,042,417	\$ 902,387
Restricted:					
DIPNC OPEB plan	-	-	-	-	-
Unrestricted	1,895,873	1,901,078	1,809,817	437,583	600,161
Total business-type activities net position	\$ 3,360,124	\$ 3,153,702	\$ 2,948,717	\$ 1,480,000	\$ 1,502,548
Primary government:					
Net investment in capital assets	\$ 237,838,449	\$ 230,372,746	\$ 222,166,515	\$ 219,335,177	\$ 220,998,929
Restricted:					
Stabilization by state statute	171,781	709,816	656,370	762,877	671,486
School capital outlay	2,635,363	1,934,072	2,447,748	1,431,940	1,695,237
DIPNC OPEB plan	-	-	-	-	-
Individual schools	1,287,706	1,283,546	1,435,666	1,508,408	1,632,435
Programs	2,424,032	3,210,203	3,195,447	4,095,893	4,534,057
Unrestricted	18,225,925	17,957,375	16,215,491	(25,215,377)	(14,652,124)
Total primary government net position	\$ 262,583,256	\$ 255,467,758	\$ 246,117,237	\$ 201,918,918	\$ 214,880,020

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

	Fiscal Year				
	2017	2018	2019	2020	2021
Governmental activities:					
Net investment in capital assets	\$ 249,726,226	\$ 269,442,267	\$ 286,982,328	\$ 300,642,058	\$ 290,728,410
Restricted:					
Stabilization by state statute	583,255	852,127	3,341,303	1,963,096	532,262
School capital outlay	1,939,664	1,335,361	3,157,372	1,333,498	1,357,876
DIPNC OPEB plan	-	586,650	294,769	410,989	458,493
Individual schools	1,665,324	1,890,348	2,049,009	1,933,712	2,045,932
Programs	4,421,300	3,350,865	3,837,537	4,217,108	5,382,483
Unrestricted	(23,014,789)	(432,751,896)	(435,040,350)	(432,228,238)	(422,624,272)
Total governmental activities net position	\$ 235,320,980	\$ (155,294,278)	\$ (135,378,032)	\$ (121,727,777)	\$ (122,118,816)
Business-type activities:					
Net investment in capital assets	\$ 735,006	\$ 585,152	\$ 465,149	\$ 366,375	\$ 263,653
Restricted:					
DIPNC OPEB plan	-	8,640	3,921	5,952	6,326
Unrestricted	1,336,046	(4,086,936)	(3,557,632)	(3,218,505)	(3,331,421)
Total business-type activities net position	\$ 2,071,052	\$ (3,493,144)	\$ (3,088,562)	\$ (2,846,178)	\$ (3,061,442)
Primary government:					
Net investment in capital assets	\$ 250,461,232	\$ 270,027,419	\$ 287,447,477	\$ 301,008,433	\$ 290,992,063
Restricted:					
Stabilization by state statute	583,255	852,127	3,341,303	1,963,096	532,262
School capital outlay	1,939,664	1,335,361	3,157,372	1,333,498	1,357,876
DIPNC OPEB plan	-	595,290	298,690	416,941	464,819
Individual schools	1,665,324	1,890,348	2,049,009	1,933,712	2,045,932
Programs	4,421,300	3,350,865	3,837,537	4,217,108	5,382,483
Unrestricted	(21,678,743)	(436,838,832)	(438,597,982)	(435,446,743)	(425,955,693)
Total primary government net position	\$ 237,392,032	\$ (158,787,422)	\$ (138,466,594)	\$ (124,573,955)	\$ (125,180,258)

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Expenses:					
Governmental activities:					
Instructional services:					
Regular instruction	\$ 86,928,600	\$ 92,101,076	\$ 93,000,559	\$ 93,677,375	\$ 94,723,498
Special populations	28,053,651	29,107,523	29,941,941	29,628,721	30,377,607
Alternative programs	12,733,769	15,529,556	15,103,691	17,451,628	16,811,698
School leadership	11,698,445	12,725,768	13,110,930	12,627,664	13,354,379
Co-curricular	5,188,769	5,666,883	5,356,770	5,275,895	5,497,985
School-based support	13,264,180	14,261,727	14,575,323	15,218,280	15,666,386
System-wide support services:					
Support and development	2,100,143	1,921,265	2,159,468	2,182,721	2,209,390
Special population support and development	642,854	824,746	609,143	711,487	855,641
Alternative program support and development	794,599	972,761	1,007,099	1,207,014	1,130,736
Technology support	4,226,644	5,323,190	4,794,404	4,059,913	3,944,068
Operational support	36,683,442	34,270,021	36,109,631	36,926,556	37,837,934
Financial and human resources	4,582,451	4,451,951	4,946,271	4,452,985	5,078,348
Accountability	182,168	186,139	207,485	212,847	330,680
System-wide pupil support	429,542	454,775	592,869	506,342	528,526
Policy, leadership and public relations	2,039,191	2,250,535	2,297,121	2,249,654	2,223,137
Ancillary services	277,394	339,947	323,794	316,782	293,841
Non-programmed charges	1,614,397	1,703,644	2,302,626	2,809,760	2,790,652
Interest on long-term debt	8,146	9,253	5,657	112	3,083
Depreciation expense (unallocated)	9,353,815	10,345,777	10,104,185	9,602,233	9,772,312
Total governmental activities expenses	220,802,200	232,446,537	236,548,967	239,117,969	243,429,901
Business-type activities:					
Child nutrition	11,151,568	11,529,555	11,442,334	11,814,476	12,045,125
After school program	482,098	492,098	571,525	591,685	644,066
Total business-type activities expenses	11,633,666	12,021,653	12,013,859	12,406,161	12,689,191
Total primary government expenses	\$ 232,435,866	\$ 244,468,190	\$ 248,562,826	\$ 251,524,130	\$ 256,119,092

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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				
	2017	2018	2019	2020	2021
Expenses:					
Governmental activities:					
Instructional services:					
Regular instruction	\$ 108,069,162	\$ 116,745,120	\$ 109,620,605	\$ 117,992,210	\$ 112,333,311
Special populations	34,901,684	39,079,959	37,513,231	38,246,775	37,212,979
Alternative programs	17,729,373	19,908,577	19,975,014	19,654,131	21,031,140
School leadership	15,043,364	16,921,552	16,235,470	17,740,499	17,167,692
Co-curricular	5,434,759	5,590,369	5,033,973	4,950,967	3,229,135
School-based support	18,252,310	18,729,223	17,008,218	17,542,967	19,467,587
System-wide support services:					
Support and development	2,590,993	2,710,074	2,495,101	2,415,559	2,457,744
Special population support and development	864,298	734,542	838,967	691,350	623,365
Alternative program support and development	1,393,456	1,551,305	1,567,941	1,579,524	1,373,500
Technology support	8,385,166	6,057,938	5,443,827	7,031,517	6,766,557
Operational support	36,874,380	40,826,969	54,314,413	43,148,999	39,686,527
Financial and human resources	5,101,332	5,644,006	5,543,886	5,936,643	6,309,292
Accountability	385,340	407,052	388,467	428,448	376,656
System-wide pupil support	602,189	584,240	580,119	556,435	526,122
Policy, leadership and public relations	2,432,736	2,554,852	2,740,397	3,241,515	2,967,245
Ancillary services	401,715	408,756	779,844	475,861	1,352,019
Non-programmed charges	3,588,767	4,809,144	5,725,202	5,682,330	6,503,128
Interest on long-term debt	-	-	-	-	-
Depreciation expense (unallocated)	9,998,140	11,591,715	12,691,897	12,995,018	12,861,599
Total governmental activities expenses	272,049,164	294,855,393	298,496,572	300,310,748	292,245,598
Business-type activities:					
Child nutrition	11,648,400	12,052,622	11,472,145	11,487,580	8,861,154
After school program	629,756	669,826	604,476	621,784	16,035
Total business-type activities expenses	12,278,156	12,722,448	12,076,621	12,109,364	8,877,189
Total primary government expenses	\$ 284,327,320	\$ 307,577,841	\$ 310,573,193	\$ 312,420,112	\$ 301,122,787

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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				
	2012	2013	2014	2015	2016
Program Revenues:					
Governmental activities:					
Charges for service:					
Regular instruction	\$ 60,040	\$ -	\$ -	\$ -	\$ -
Ancillary services	303,147	-	-	-	-
Operational support	-	123,112	162,486	262,972	247,761
Operating grants and contributions:					
Regular instruction	78,272,854	74,196,692	76,901,576	85,262,553	84,760,062
Special populations	24,365,152	25,526,308	27,064,157	27,272,416	29,599,114
Alternative programs	10,943,600	14,651,711	10,966,685	11,138,717	10,936,005
School leadership	5,167,658	5,382,903	7,929,859	8,012,176	8,381,476
Co-curricular	-	-	2,819,178	2,414,534	2,405,002
School-based support	9,348,250	11,720,718	9,389,354	8,886,046	7,866,894
Support and development	982,552	764,111	638,621	623,904	506,935
Special population support and development	111,650	218,929	64,888	137,868	468,590
Alternative program support and development	511,957	594,850	733,747	814,150	637,821
Technology support	1,068,117	1,745,192	697,291	712,993	707,106
Operational support	10,895,998	13,312,904	14,329,382	15,399,292	15,126,281
Financial and human resources	194,395	206,643	412,201	362,673	443,034
Accountability	-	-	-	-	-
System-wide pupil support	1,000	-	-	-	-
Policy, leadership and public relations	538,896	576,780	742,617	705,643	730,674
Ancillary services	165,297	178,942	91,480	74,098	87,261
Non-programmed charges	426,926	499,583	492,816	790,759	635,896
Capital grants and contributions:					
Co-curricular	-	2,876,596	-	-	-
Operational support	156,246	1,920,025	-	-	-
Total governmental activities program revenues	143,513,735	154,495,999	153,436,338	162,870,794	163,539,912
Business-type activities:					
Charges for service:					
Child nutrition	3,954,476	3,722,067	3,558,541	2,834,072	2,766,576
After school program	522,636	614,912	622,991	688,072	724,990
Operating grants and contributions:					
Child nutrition	6,788,139	7,270,807	7,508,882	8,749,403	9,078,798
Total business-type activities program revenues	11,265,251	11,607,786	11,690,414	12,271,547	12,570,364
Total primary government program revenues	\$ 154,778,986	\$ 166,103,785	\$ 165,126,752	\$ 175,142,341	\$ 176,110,276
Net (Expense)/Revenue					
Governmental activities	\$ (77,288,465)	\$ (77,950,538)	\$ (82,939,213)	\$ (76,247,175)	\$ (79,889,989)
Business-type activities	(368,415)	(413,867)	(317,790)	(134,614)	(118,826)
Total primary government net expense	\$ (77,656,880)	\$ (78,364,405)	\$ (83,257,003)	\$ (76,381,789)	\$ (80,008,815)

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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				
	2017	2018	2019	2020	2021
Program Revenues:					
Governmental activities:					
Charges for service:					
Regular instruction	\$ -	\$ -	\$ -	\$ -	\$ -
Ancillary services	-	-	-	-	-
Operational support	185,123	134,892	111,387	190,170	3,097
Operating grants and contributions:					
Regular instruction	89,999,827	91,801,067	100,869,718	101,992,971	103,706,394
Special populations	31,589,176	32,439,648	33,368,556	33,893,675	35,012,348
Alternative programs	10,727,401	11,175,131	12,360,499	13,140,790	14,358,225
School leadership	8,497,034	8,765,130	9,017,785	9,597,389	10,056,048
Co-curricular	2,863,731	2,998,831	2,682,373	2,256,422	1,181,131
School-based support	8,749,923	9,139,697	9,151,945	9,936,699	12,518,787
Support and development	388,729	256,323	257,484	412,892	495,449
Special population support and development	411,723	376,698	337,489	277,243	243,283
Alternative program support and development	594,859	591,020	674,551	613,346	585,444
Technology support	1,273,212	810,526	688,499	1,193,276	849,946
Operational support	15,008,641	15,747,194	16,792,164	12,738,358	12,085,595
Financial and human resources	435,858	416,027	352,508	1,396,294	1,431,136
Accountability	-	-	-	41,771	-
System-wide pupil support	-	-	-	270,507	301,345
Policy, leadership and public relations	750,940	733,912	919,526	1,244,417	1,271,869
Ancillary services	75,962	85,052	287,995	160,549	410,944
Non-programmed charges	445,586	508,470	910,034	684,146	344,631
Capital grants and contributions:					
Co-curricular	-	-	-	-	-
Operational support	-	-	-	-	-
Total governmental activities program revenues	171,997,725	175,979,618	188,782,513	190,040,915	194,855,672
Business-type activities:					
Charges for service:					
Child nutrition	2,816,031	2,889,354	2,509,705	1,751,399	237,126
After school program	699,937	626,378	595,338	461,222	1,364
Operating grants and contributions:					
Child nutrition	9,248,540	9,276,337	9,229,807	9,676,413	8,063,472
Total business-type activities program revenues	12,764,508	12,792,069	12,334,850	11,889,034	8,301,962
Total primary government program revenues	\$ 184,762,233	\$ 188,771,687	\$ 201,117,363	\$ 201,929,949	\$ 203,157,634
Net (Expense)/Revenue					
Governmental activities	\$ (100,051,439)	\$ (118,875,775)	\$ (109,714,059)	\$ (110,269,833)	\$ (97,389,926)
Business-type activities	486,352	69,621	258,229	(220,330)	(575,227)
Total primary government net expense	\$ (99,565,087)	\$ (118,806,154)	\$ (109,455,830)	\$ (110,490,163)	\$ (97,965,153)

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Net (Expense)/Revenue					
Governmental activities	\$ (77,288,465)	\$ (77,950,538)	\$ (82,939,213)	\$ (76,247,175)	\$ (79,889,989)
Business-type activities	(368,415)	(413,867)	(317,790)	(134,614)	(118,826)
Total primary government net expense	<u>\$ (77,656,880)</u>	<u>\$ (78,364,405)</u>	<u>\$ (83,257,003)</u>	<u>\$ (76,381,789)</u>	<u>\$ (80,008,815)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Unrestricted county appropriations - operating	\$ 63,834,031	\$ 61,437,450	\$ 64,740,640	\$ 67,879,109	\$ 70,610,100
Unrestricted county appropriations - capital	6,179,420	1,832,027	2,339,262	5,278,660	16,365,003
Unrestricted state appropriations - capital	2,148,360	3,230,310	2,254,749	3,689,539	1,452,061
Investment earnings, unrestricted	120,429	75,311	70,580	79,936	130,749
Miscellaneous, unrestricted	3,976,989	4,551,853	4,394,789	3,962,671	4,319,503
Transfers	(46,391)	(85,489)	(6,343)	(2,063)	(48,873)
Total governmental activities	<u>76,212,838</u>	<u>71,041,462</u>	<u>73,793,677</u>	<u>80,887,852</u>	<u>92,828,543</u>
Business-type activities:					
Investment earnings, unrestricted	-	-	3,488	2,863	3,775
Miscellaneous, unrestricted	129,919	121,956	102,974	55,177	88,726
Transfers	46,391	85,489	6,343	2,063	48,873
Total business-type activities	<u>176,310</u>	<u>207,445</u>	<u>112,805</u>	<u>60,103</u>	<u>141,374</u>
Total primary government	<u>\$ 76,389,148</u>	<u>\$ 71,248,907</u>	<u>\$ 73,906,482</u>	<u>\$ 80,947,955</u>	<u>\$ 92,969,917</u>
Change in Net Position					
Governmental activities	\$ (1,075,627)	\$ (6,909,076)	\$ (9,145,536)	\$ 4,640,677	\$ 12,938,554
Business-type activities	(192,105)	(206,422)	(204,985)	(74,511)	22,548
Total primary government	<u>\$ (1,267,732)</u>	<u>\$ (7,115,498)</u>	<u>\$ (9,350,521)</u>	<u>\$ 4,566,166</u>	<u>\$ 12,961,102</u>

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

	Fiscal Year				
	2017	2018	2019	2020	2021
Net (Expense)/Revenue					
Governmental activities	\$ (100,051,439)	\$ (118,875,775)	\$ (109,714,059)	\$ (110,269,833)	\$ (97,389,926)
Business-type activities	486,352	69,621	258,229	(220,330)	(575,227)
Total primary government net expense	<u>\$ (99,565,087)</u>	<u>\$ (118,806,154)</u>	<u>\$ (109,455,830)</u>	<u>\$ (110,490,163)</u>	<u>\$ (97,965,153)</u>
General Revenues and Other Changes in					
Governmental activities:					
Unrestricted county appropriations - operating	\$ 72,855,604	\$ 75,141,652	\$ 78,338,270	\$ 81,366,950	\$ 82,887,553
Unrestricted county appropriations - capital	40,188,543	33,815,148	39,759,407	31,222,153	7,430,693
Unrestricted state appropriations - capital	4,531,585	2,495,521	2,290,176	3,372,209	3,430,805
Investment earnings, unrestricted	212,981	299,796	329,177	194,475	31,813
Miscellaneous, unrestricted	4,236,516	3,771,059	8,879,803	8,190,570	3,570,933
Transfers	(30,282)	(38,246)	(55,720)	(426,269)	(352,910)
Total governmental activities	<u>121,994,947</u>	<u>115,484,930</u>	<u>129,541,113</u>	<u>123,920,088</u>	<u>96,998,887</u>
Business-type activities:					
Investment earnings, unrestricted	20,267	7,078	10,904	10,085	1,603
Miscellaneous, unrestricted	31,603	24,087	79,729	26,360	5,450
Transfers	30,282	38,246	55,720	426,269	352,910
Total business-type activities	<u>82,152</u>	<u>69,411</u>	<u>146,353</u>	<u>462,714</u>	<u>359,963</u>
Total primary government	<u>\$ 122,077,099</u>	<u>\$ 115,554,341</u>	<u>\$ 129,687,466</u>	<u>\$ 124,382,802</u>	<u>\$ 97,358,850</u>
Change in Net Position					
Governmental activities	\$ 21,943,508	\$ (3,390,845)	\$ 19,827,054	\$ 13,650,255	\$ (391,039)
Business-type activities	568,504	139,032	404,582	242,384	(215,264)
Total primary government	<u>\$ 22,512,012</u>	<u>\$ (3,251,813)</u>	<u>\$ 20,231,636</u>	<u>\$ 13,892,639</u>	<u>\$ (606,303)</u>

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

	Fiscal Year				
	2012	2013	2014	2015	2016
General Fund:					
Nonspendable	\$ 1,212,182	\$ 1,564,576	\$ 2,352,136	\$ 2,027,473	\$ 2,106,782
Restricted	171,781	709,816	656,370	762,877	671,486
Assigned	3,454,516	7,922,486	8,162,046	2,670,235	8,295,872
Unassigned	21,242,780	17,939,095	15,971,003	21,556,429	17,223,140
Total general fund	\$ 26,081,259	\$ 28,135,973	\$ 27,141,555	\$ 27,017,014	\$ 28,297,280
All Other Governmental Funds:					
Restricted:					
Capital outlay fund	\$ 2,635,363	\$ 1,934,072	\$ 2,447,748	\$ 1,431,940	\$ 1,695,237
Individual schools	1,287,706	1,283,546	1,435,666	1,508,408	1,632,435
Programs	2,424,032	3,210,203	3,195,447	4,095,893	4,534,057
Total all other governmental funds	\$ 6,347,101	\$ 6,427,821	\$ 7,078,861	\$ 7,036,241	\$ 7,861,729

	Fiscal Year				
	2017	2018	2019	2020	2021
General Fund:					
Nonspendable	\$ 2,154,751	\$ 1,310,712	\$ 1,332,590	\$ 2,509,326	\$ 1,386,325
Restricted	583,255	852,127	3,341,303	1,963,096	532,262
Assigned	6,395,837	13,464,339	6,137,307	7,121,273	12,394,487
Unassigned	15,509,260	7,034,835	8,849,946	15,932,985	11,963,724
Total general fund	\$ 24,643,103	\$ 22,662,013	\$ 19,661,146	\$ 27,526,680	\$ 26,276,798
All Other Governmental Funds:					
Restricted:					
Capital outlay fund	\$ 1,939,664	\$ 1,335,361	\$ 3,157,372	\$ 1,333,498	\$ 1,357,876
Individual schools	1,665,324	1,890,348	2,049,009	1,933,712	2,045,932
Programs	4,421,300	3,350,865	3,837,537	4,217,108	5,382,483
Total all other governmental funds	\$ 8,026,288	\$ 6,576,574	\$ 9,043,918	\$ 7,484,318	\$ 8,786,291

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Revenues:					
State of North Carolina	\$ 129,351,126	\$ 135,062,379	\$ 135,907,704	\$ 144,089,539	\$ 145,161,504
New Hanover County	67,987,860	63,269,477	67,079,902	73,157,769	86,975,103
U.S. Government	13,984,950	17,744,197	16,801,719	19,793,288	16,895,445
Contributions and donations	2,944,493	2,876,596	2,819,178	2,414,534	2,405,002
Other revenues	6,056,249	4,750,276	4,801,271	4,305,579	4,698,015
Total revenues	220,324,678	223,702,925	227,409,774	243,760,709	256,135,069
Expenditures:					
Instructional services:					
Regular instruction	87,100,957	89,639,407	92,670,423	96,637,463	98,614,636
Special populations	28,062,422	28,843,825	29,837,495	30,719,796	31,700,964
Alternative programs	12,742,185	15,410,133	15,055,950	18,027,682	17,456,658
School leadership	11,708,350	12,605,070	13,063,375	13,117,450	13,959,896
Co-curricular	5,189,940	5,649,479	5,349,826	5,352,754	5,589,566
School-based support	13,273,018	14,152,118	14,533,852	15,678,176	16,209,128
System-wide support services:					
Support and development	2,101,897	1,903,714	2,151,843	2,261,923	2,303,852
Special population support and development	643,165	820,774	607,891	725,256	874,220
Alternative program support and development	795,268	963,536	1,003,479	1,249,735	1,181,255
Technology support	3,441,193	5,305,245	4,787,031	4,141,184	4,037,815
Operational support	31,302,951	30,814,869	32,199,105	31,236,516	32,222,739
Financial and human resources	4,585,209	4,420,090	4,932,425	4,580,757	5,254,553
Accountability	182,249	185,195	207,072	217,160	341,563
System-wide pupil support	429,844	451,206	591,369	522,760	548,840
Policy, leadership and public relations	2,040,615	2,233,312	2,290,059	2,322,868	2,312,138
Ancillary services	277,600	287,477	304,032	326,896	309,273
Non-programmed charges	2,047,024	1,703,644	2,302,625	3,005,201	3,010,997
Debt service:					
Principal	239,219	1,215,808	583,158	820,261	139,244
Interest and other charges	8,146	9,253	5,657	112	3,083
Capital outlay:					
Real property and buildings	7,651,735	3,540,625	3,678,757	10,903,989	16,134,963
Furniture and equipment	1,271,839	1,446,774	1,449,124	1,726,512	1,597,114
Buses and motor vehicles	141,717	2,090,041	165,408	245,655	500,267
Total expenditures	215,236,543	223,691,595	227,769,956	243,820,106	254,302,764
Excess of revenues over (under) expenditures	5,088,135	11,330	(360,182)	(59,397)	1,832,305
Other financing sources (uses):					
Capital lease debt issued	369,004	-	-	-	-
Installment purchase obligations issued	-	1,920,025	-	-	282,261
Transfers in	45,281	40,555	1,619,331	3,640,762	714,795
Transfers out	(91,672)	(126,044)	(1,625,674)	(3,642,825)	(763,668)
Total other financing sources (uses)	322,613	1,834,536	(6,343)	(2,063)	233,388
Change in fund balance	\$ 5,410,748	\$ 1,845,866	\$ (366,525)	\$ (61,460)	\$ 2,065,693
Debt service as a percentage of noncapital expenditures	0.12%	0.57%	0.26%	0.36%	0.06%

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

	Fiscal Year				
	2017	2018	2019	2020	2021
Revenues:					
State of North Carolina	\$ 154,648,099	\$ 156,609,373	\$ 169,372,329	\$ 170,180,266	\$ 170,933,650
New Hanover County	113,044,147	108,956,800	118,585,099	113,076,528	90,805,668
U.S. Government	17,319,224	18,461,738	18,906,600	20,483,465	25,244,504
Contributions and donations	2,863,731	2,998,831	2,682,373	2,256,422	1,181,131
Other revenues	4,634,620	4,205,747	8,832,945	7,814,893	3,118,421
Total revenues	292,509,821	291,232,489	318,379,346	313,811,574	291,283,374
Expenditures:					
Instructional services:					
Regular instruction	104,626,101	107,199,301	110,975,868	113,821,665	116,188,273
Special populations	34,265,338	36,048,174	37,980,035	37,267,388	38,770,851
Alternative programs	17,443,820	18,562,388	20,191,041	19,228,517	21,746,922
School leadership	14,760,522	15,570,694	16,443,876	17,253,328	17,927,247
Co-curricular	5,396,498	5,408,634	5,060,332	4,907,386	3,291,778
School-based support	17,984,500	17,556,592	17,177,386	17,170,019	20,101,386
System-wide support services:					
Support and development	2,544,689	2,511,291	2,524,934	2,353,499	2,553,508
Special population support and development	855,731	698,684	845,655	679,408	639,566
Alternative program support and development	1,367,464	1,430,032	1,587,460	1,538,072	1,431,949
Technology support	8,340,926	5,799,729	5,483,033	6,940,527	6,899,550
Operational support	32,236,439	33,733,854	43,220,934	33,030,651	33,335,615
Financial and human resources	5,027,233	5,295,121	5,597,891	5,831,433	6,478,190
Accountability	379,825	380,740	392,546	418,550	390,596
System-wide pupil support	592,862	544,623	586,634	543,248	546,909
Policy, leadership and public relations	2,392,392	2,372,676	2,770,572	3,176,520	3,063,114
Ancillary services	394,976	321,145	780,097	475,390	1,360,253
Non-programmed charges	3,477,328	4,341,842	5,734,030	5,672,953	6,509,465
Debt service:					
Principal	708,022	785,225	514,920	1,264,573	673,548
Interest and other charges	-	-	-	-	-
Capital outlay:					
Real property and buildings	42,866,218	35,223,059	39,221,252	30,289,955	6,936,269
Furniture and equipment	18,501	984,675	1,922,322	5,664,351	2,509,817
Buses and motor vehicles	1,565,817	53,023	55,569	53,100	924,095
Total expenditures	297,245,202	294,821,502	319,066,387	307,580,533	292,278,901
Excess of revenues over (under) expenditures	(4,735,381)	(3,589,013)	(687,041)	6,231,041	(995,527)
Other financing sources (uses):					
Capital lease debt issued	-	-	-	-	
Installment purchase obligations issued	1,513,133	270,305	-	575,698	924,095
Transfers in	123,753	60,997	13,701	67,090	202,485
Transfers out	(154,035)	(99,243)	(69,421)	(493,359)	(81,908)
Total other financing sources (uses)	1,482,851	232,059	(55,720)	149,429	1,044,672
Change in fund balance	\$ (3,252,530)	\$ (3,356,954)	\$ (742,761)	\$ 6,380,470	\$ 49,145
Debt service as a percentage of noncapital expenditures	0.28%	0.30%	0.19%	0.47%	0.23%

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Business-type activities:					
Operating revenues					
Food sales	\$ 3,954,476	\$ 3,722,067	\$ 3,558,541	\$ 2,834,072	\$ 2,766,576
Child care fees	522,636	614,912	622,991	688,072	724,990
Total operating revenues	\$ 4,477,112	\$ 4,336,979	\$ 4,181,532	\$ 3,522,144	\$ 3,491,566

	Fiscal Year				
	2017	2018	2019	2020	2021
Business-type activities:					
Operating revenues					
Food sales	\$ 2,816,031	\$ 2,889,354	\$ 2,509,705	\$ 1,751,399	\$ 237,126
Child care fees	699,937	626,378	595,338	461,222	1,364
Total operating revenues	\$ 3,515,968	\$ 3,515,732	\$ 3,105,043	\$ 2,212,621	\$ 238,490

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)

Fiscal Year Ended June 30	New Hanover County	Special Fire District	City of Wilmington	Wrightsville Beach	Carolina Beach	Kure Beach
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
2021	0.555	0.078	0.498	0.128	0.245	0.340

Source: New Hanover County, North Carolina, Annual Comprehensive Financial Report for year ended June 30, 2021.

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

Taxpayer	2021			2012		
	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.	508,851,392	1	1.41%	\$ 277,606,162	2	0.81%
Corning, Inc.	229,982,837	2	0.65%	221,664,226	3	0.65%
General Electric Company	210,143,009	3	0.58%	295,282,009	1	0.86%
Live Oak Bank	116,655,229	4	0.32%	--		--
Bedrock Holdings II LLC	98,565,300	5	0.27%	--		--
Fortron Industries	90,467,954	6	0.25%	--		--
River Ventures	74,933,400	7	0.21%	55,803,840	7	0.16%
Mayfaire Town Center LP	69,712,271	8	0.19%	--		--
GF Management Company	62,473,130	9	0.17%	--		--
Global Nuclear Fuel Americas	56,851,706	10	0.16%	46,996,981	10	0.14%
Celanese Corporation	--		--	80,728,456	4	0.24%
Bell South	--		--	65,933,702	5	0.19%
Arteva Specialities	--		--	59,474,463	6	0.17%
Centro Independence LLC	--		--	50,442,138	9	0.15%
Wal Mart	--		--	50,981,353	8	0.15%
Total	<u>\$ 1,518,636,228</u>		<u>4.21%</u>	<u>\$ 1,204,913,330</u>		<u>3.52%</u>
Total taxable assessed value	<u>\$ 36,192,740,774</u>			<u>\$ 34,190,526,948</u>		

Source: New Hanover County, North Carolina, Annual Comprehensive Financial Report for year ended June 30, 2021.

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	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2021	201,275,470	199,911,580	99.32%	1,026,326	200,937,906	99.83%

Source: New Hanover County, North Carolina, Annual Comprehensive Financial Report for year ended June 30, 2021.

**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)**

Fiscal Year Ended June 30	Real Property	Personal Property	Public Service Companies	Total Taxable Assessed Property	Total Direct Tax Rate
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
2021	30,575,940,663	4,927,262,292	689,537,819	36,192,740,774	0.555

Source: New Hanover County, North Carolina, Annual Comprehensive Financial Report for year ended June 30, 2021.

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

Fiscal Year	Governmental Activities				
	Capital Leases	Installment Purchase	Total Primary Government	Percentage of Personal Income (1)	Per Capita
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	0.0041%	1.97
2020	-	355,426	355,426	N/A	1.49
2021	-	605,973	605,973	N/A	2.55

(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			
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	3.96%	1,877.00
2020	341,622,496	-	101,507,634	-	-	870,308	444,000,438	N/A	1,855.63
2021	305,058,136	-	168,858,062	-	-	722,996	474,639,194	N/A	1,998.92

Source: New Hanover County, North Carolina, Annual Comprehensive Financial Report for the year ended June 30, 2021.

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
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
2021	305,058,136	0.84%	1,284.74

Source: New Hanover County, North Carolina, Annual Comprehensive Financial Report for the year ended June 30, 2021.

New Hanover County Board of Education, North Carolina
Direct and Overlapping Governmental Activities Debt for New Hanover County
As of June 30, 2021
(Unaudited)

(Note 1)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County direct debt	\$ 473,916,198	100.00%	\$ 473,916,198
City of Wilmington debt	230,758,950	100.00%	230,758,950
Town of Wrightsville Beach debt	850,000	100.00%	850,000
Town of Carolina Beach debt	4,132,317	100.00%	4,132,317
Town of Kure Beach debt	4,536,073	100.00%	4,536,073
Subtotal, overlapping debt			240,277,340
Total direct and overlapping debt:			\$ 714,193,538

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				
	2012	2013	2014	2015	2016
Debt limit	\$ 2,735,242,156	\$ 2,310,367,729	\$ 2,377,170,770	\$ 2,379,658,915	\$ 2,415,784,706
Total net debt applicable to limit	437,524,997	392,163,053	385,619,330	350,107,072	408,148,717
Legal debt margin	<u>\$ 2,297,717,159</u>	<u>\$ 1,918,204,676</u>	<u>\$ 1,991,551,440</u>	<u>\$ 2,029,551,843</u>	<u>\$ 2,007,635,989</u>
Total net debt applicable to the limit as a percentage of debt limit	16.00%	16.97%	16.22%	14.71%	14.71%

	Fiscal Year				
	2017	2018	2019	2020	2021
Debt limit	\$ 2,465,327,783	\$ 2,698,898,172	\$ 2,764,407,494	\$ 2,811,088,762	\$ 2,895,419,262
Total net debt applicable to limit	371,926,370	378,307,851	410,571,726	442,219,550	428,344,021
Legal debt margin	<u>\$ 2,093,401,413</u>	<u>\$ 2,320,590,321</u>	<u>\$ 2,353,835,768</u>	<u>\$ 2,368,869,212</u>	<u>\$ 2,467,075,241</u>
Total net debt applicable to the limit as a percentage of debt limit	15.09%	14.02%	14.85%	15.73%	14.79%

Legal Debt Margin Calculation for June 30, 2021	
Total assessed value	\$ 36,192,740,774
Debt limit (8% of assessed value)	<u>2,895,419,262</u>
Debt applicable to limit:	
General obligation bonds	285,139,997
Certificates of participation	-
Installment	149,954,024
Authorized but unissued debt	9,405,000
Less:	
Water Sewer	(6,750,000)
Authorized but unissued debt	<u>(9,405,000)</u>
Total net applicable to limit	<u>428,344,021</u>
Legal debt margin	<u><u>\$ 2,467,075,241</u></u>

Source: New Hanover County, North Carolina, Annual Comprehensive Financial Report for year ended June 30, 2021.

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

Fiscal Year Ended June 30	Population	Personal Income (000's) (1)	Per Capita Personal Income (1)	Median Age	School Enrollment (2)	Unemployment Rate
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	11,261,502	48,029	39.2	25,512	4.1%
2020	239,272	N/A	N/A	39.8	25,617	7.2%
2021	237,448	N/A	N/A	40.4	24,302	4.4%

(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 Comprehensive Financial Report for year ended June 30, 2021.

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

Employer (Top Ten)	2021			2012		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
New Hanover Regional Medical Center	7,477	1	6.26%	4,738	1	4.90%
New Hanover County Schools	4,187	2	3.51%	3,666	2	3.79%
General Electric Company	2,650	3	2.22%	2,100	4	2.17%
Wal-Mart Stores	2,519	4	2.11%	2,592	3	2.68%
University of NC at Wilmington	2,479	5	2.08%	1,898	5	1.96%
New Hanover County Government	1,843	6	1.54%	1,571	6	1.63%
PPD, Inc.	1,800	7	1.51%	1,500	7	1.55%
Duke Energy Progress	1,100	8	0.92%	1,070	9	1.11%
City of Wilmington	1,050	9	0.88%	-----	-----	-----
Corning, Inc.	1,000	10	0.84%	1,000	10	1.03%
Verizon Wireless	-----	-----	-----	1,346	8	1.39%
Total New Hanover County Employment	<u>119,378</u>			<u>96,627</u>		

Sources: Greater Wilmington Business Journal 2021 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				
	2012	2013	2014	2015	2016
Instructional programs:					
Regular instruction	1,495.0	1,540.0	1,561.5	1,541.5	1,519.4
Special populations	520.5	523.5	526.0	526.0	550.0
Alternative programs	203.3	196.3	267.3	295.8	293.5
School leadership	181.0	182.0	183.5	188.0	190.5
Co-curricular	28.7	28.7	28.7	30.0	37.0
School-based support	178.5	181.5	190.0	205.1	207.6
Total instructional programs	2,607.0	2,652.0	2,757.0	2,786.4	2,798.0
Support services:					
Support and development	21.8	21.8	22.1	23.9	24.7
Special population support and development	5.0	5.0	5.0	5.0	6.0
Alternative program support and development	12.6	12.1	14.1	15.6	15.8
Technology support	26.5	26.5	29.5	30.5	30.5
Operational support	508.5	509.5	517.5	522.5	532.5
Financial and human resources	39.0	39.0	42.0	43.0	45.0
Accountability	2.0	2.0	2.0	2.0	3.0
System-wide pupil support	5.5	5.5	5.5	8.0	7.0
Policy, leadership and public relations	15.0	15.0	17.0	16.0	15.8
Nutrition	216.0	232.5	233.5	238.5	238.5
Program Management	-	-	-	-	2.0
Total support services	851.9	868.9	888.2	905.0	920.8
Total	3,458.9	3,520.9	3,645.2	3,691.4	3,718.8

Source: New Hanover County Schools Annual Budget.

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

	Fiscal Year				
	2017	2018	2019	2020	2021
Instructional programs:					
Regular instruction	1,540.0	1,535.5	1,532.5	1,549.0	1,545.0
Special populations	596.5	623.2	624.6	547.6	586.1
Alternative programs	282.1	301.0	282.9	241.0	255.6
School leadership	196.5	200.0	198.5	199.5	201.5
Co-curricular	38.0	37.0	37.0	37.0	37.0
School-based support	227.1	211.9	193.4	179.5	194.1
Total instructional programs	2,880.2	2,908.6	2,868.9	2,753.6	2,819.3
Support services:					
Support and development	25.2	27.2	23.2	23.2	23.0
Special population support and development	6.0	6.0	7.0	7.0	5.0
Alternative program support and development	17.2	17.2	17.8	19.8	19.5
Technology support	31.5	42.5	42.5	42.5	42.5
Operational support	527.5	522.5	512.5	480.6	504.9
Financial and human resources	45.0	45.0	45.0	45.1	47.1
Accountability	4.0	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	16.3	17.3	18.3	16.5
Nutrition	235.5	231.5	227.5	172.1	172.1
Program Management	3.0	3.0	3.0	2.0	2.0
Total support services	917.7	922.2	906.8	821.6	843.6
Total	3,797.9	3,830.8	3,775.7	3,575.2	3,662.9

Source: New Hanover County Schools Annual Budget.

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

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
2012	24,464	204,394,908	8,355	-8.109%	220,802,200	9,026	-5.187%	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	292,245,598	10,366	-3.009%	300,310,748	11,723	0.195%	1,716	15	36.69%
2021	24,302	287,236,661	11,819	14.019%	292,245,598	12,026	2.580%	1,716	14	32.52%

Notes:

(1) Fund Operating Expenditures included General Fund, State Public School Fund, Federal Grants Fund, Other Restricted Fund, Individual Schools 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				
	2012	2013	2014	2015	2016
Elementary:					
Alderman (year built 1963)					
Square feet	37,640	37,640	37,640	37,640	37,640
Capacity	372	292	292	317	317
Enrollment	281	276	259	262	263
Anderson (year built 2006)					
Square feet	69,372	69,372	69,372	69,372	69,372
Capacity	585	585	585	610	610
Enrollment	652	681	651	650	651
Bellamy (year built 1984)					
Square feet	47,926	47,926	47,926	47,926	47,926
Capacity	589	589	589	589	589
Enrollment	642	671	698	608	632
College Road Early Childhood Center (Purchased 2006) ¹					
Square feet	12,133	12,133	12,133	12,133	12,133
Capacity	180	180	180	146	130
Enrollment	-	-	-	103	126
Blair (year built 2019) ²					
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	555	555
Enrollment	608	592	558	575	555
Bradley Creek (year built 1985)					
Square feet	51,545	51,545	51,545	51,545	51,545
Capacity	340	365	365	380	380
Enrollment	425	439	465	448	446
Carolina Beach (year built 1938)					
Square feet	43,431	43,431	43,431	43,431	43,431
Capacity	378	378	378	403	403
Enrollment	480	467	441	442	469
Castle Hayne (year built 2009)					
Square feet	84,023	84,023	84,023	84,023	84,023
Capacity	585	585	535	535	535
Enrollment	482	503	496	522	598
Codington (year built 1996)					
Square feet	60,395	60,395	60,395	60,395	60,395
Capacity	501	501	501	526	526
Enrollment	532	538	551	573	571
College Park (year built 2019) ³					
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	459	459
Enrollment	520	553	480	493	485
Eaton (year built 1996)					
Square feet	60,395	60,395	60,395	60,395	60,395
Capacity	501	501	501	526	526
Enrollment	566	568	564	572	577

continued on following page

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

School	Fiscal Year				
	2017	2018	2019	2020	2021
Elementary: (continued)					
Alderman (year built 1963)					
Square feet	37,640	37,640	37,640	37,640	37,640
Capacity	278	278	302	278	278
Enrollment	298	290	282	279	274
Anderson (year built 2006)					
Square feet	69,372	69,372	69,372	69,372	69,372
Capacity	559	559	563	563	563
Enrollment	656	687	667	684	591
Bellamy (year built 1984)					
Square feet	47,926	47,926	47,926	47,926	47,926
Capacity	524	524	516	499	499
Enrollment	650	660	606	626	461
College Road Early Childhood Center (Purchased 2006) ¹					
Square feet	12,133	12,133	12,133	12,133	12,133
Capacity	115	115	108	93	93
Enrollment	116	121	125	100	75
Blair (year built 2019) ²					
Square feet (1969-2017)	48,936	-	-	-	-
Square feet (temp. location at Porters Neck)	-	81,201	81,201	-	-
Square feet (2020-current)	-	-	-	85,799	85,799
Capacity	529	559	549	554	554
Enrollment	571	575	576	584	420
Bradley Creek (year built 1985)					
Square feet	51,545	51,545	51,545	51,545	51,545
Capacity	338	338	398	408	408
Enrollment	430	420	404	428	352
Carolina Beach (year built 1938)					
Square feet	43,431	43,431	43,431	43,431	43,431
Capacity	367	367	382	373	373
Enrollment	447	456	458	446	401
Castle Hayne (year built 2008)					
Square feet	84,023	84,023	84,023	84,023	84,023
Capacity	509	509	517	529	529
Enrollment	591	569	542	533	443
Codington (year built 1996)					
Square feet	60,395	60,395	60,395	60,395	60,395
Capacity	481	481	474	447	447
Enrollment	592	545	526	493	435
College Park (year built 2019) ³					
Square feet (1964-2017)	48,598	-	-	-	-
Square feet (temporary location at Sidbury Rd)	-	49,058	49,058	-	-
Square feet (2020-present)	-	-	-	80,349	80,349
Capacity	411	411	501	492	492
Enrollment	484	430	447	511	461
Eaton (year built 1996)					
Square feet	60,395	60,395	60,395	60,395	60,395
Capacity	466	466	489	477	477
Enrollment	563	539	522	506	449

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

School	Fiscal Year				
	2012	2013	2014	2015	2016
Elementary: (continued)					
Forest Hills (year built 1936)					
Square feet	60,430	60,430	60,430	60,430	60,430
Capacity	443	443	443	468	468
Enrollment	441	465	446	459	510
Freeman (year built 1999)					
Square feet	62,844	62,844	62,844	62,844	62,844
Capacity	476	476	416	441	441
Enrollment	316	300	377	368	343
Gregory (year built 1937)					
Square feet	103,056	103,056	103,056	103,056	103,056
Capacity	681	681	681	706	649
Enrollment	367	370	391	410	544
Holly Tree (year built 1998)					
Square feet	64,488	64,488	64,488	64,488	64,488
Capacity	441	441	441	466	466
Enrollment	495	508	510	528	513
Lake Forest Academy (year built 2007)					
Square feet	15,699	15,699	15,699	15,699	15,699
Capacity	88	88	88	88	88
Enrollment	50	50	44	48	33
Masonboro (year built 2001)					
Square feet	68,508	68,508	68,508	68,508	68,508
Capacity	566	566	566	591	591
Enrollment	561	579	588	628	665
Murrayville (year built 2005)					
Square feet	69,372	69,372	69,372	69,372	69,372
Capacity	585	585	585	650	650
Enrollment	639	676	719	705	705
Ogden (year built 2007)					
Square feet	76,009	76,009	76,009	76,009	76,009
Capacity	645	625	645	650	650
Enrollment	664	692	683	694	695
Pine Valley (year built 1969)					
Square feet	42,436	42,436	42,436	42,436	42,436
Capacity	561	561	561	536	536
Enrollment	522	548	556	548	589
Porters Neck (year built 2017) ⁶					
Square feet	-	-	-	-	-
Capacity	-	-	-	-	-
Enrollment	-	-	-	-	-
Snipes (year built 2010)					
Square feet	89,055	89,055	89,055	89,055	89,055
Capacity	564	564	564	589	589
Enrollment	506	516	485	473	467
Sunset Park (year built 1954)					
Square feet	51,865	51,865	51,865	51,865	51,865
Capacity	345	345	345	360	360
Enrollment	363	423	462	458	392

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

School	Fiscal Year				
	2017	2018	2019	2020	2021
Elementary: (continued)					
Forest Hills (year built 1936)					
Square feet	60,430	60,430	60,430	60,430	60,430
Capacity	432	432	486	475	475
Enrollment	339	406	372	351	434
Freeman (year built 1999)					
Square feet	62,844	62,844	62,884	62,884	62,884
Capacity	396	396	389	377	377
Enrollment	278	255	251	255	248
Gregory (year built 1937)					
Square feet	103,056	103,056	103,056	103,056	103,056
Capacity	649	720	720	706	706
Enrollment	498	502	502	508	502
Holly Tree (year built 1998)					
Square feet	64,488	64,488	64,488	64,488	64,488
Capacity	421	421	429	417	417
Enrollment	523	534	509	511	439
Lake Forest Academy (year built 2007)					
Square feet	15,699	15,699	15,699	15,699	15,699
Capacity	88	88	65	65	65
Enrollment	33	50	41	47	32
Masonboro (year built 2001)					
Square feet	68,508	68,508	68,508	68,508	68,508
Capacity	546	546	579	547	567
Enrollment	696	706	679	652	523
Murrayville (year built 2005)					
Square feet	69,372	69,372	69,372	69,372	69,372
Capacity	619	619	678	643	663
Enrollment	743	691	663	655	544
Ogden (year built 2007)					
Square feet	76,009	76,009	76,009	76,009	76,009
Capacity	599	599	592	579	579
Enrollment	709	698	694	720	596
Pine Valley (year built 1969)					
Square feet	42,436	42,436	42,436	42,436	42,436
Capacity	507	507	500	501	501
Enrollment	593	612	598	586	472
Porters Neck (year built 2017) ⁶					
Square feet	-	-	-	-	81,201
Capacity	-	-	-	-	552
Enrollment	-	-	-	-	446
Snipes (year built 2010)					
Square feet	89,055	89,055	89,055	89,055	89,055
Capacity	541	541	544	502	502
Enrollment	409	403	405	394	378
Sunset Park (year built 1954)					
Square feet	51,865	51,865	51,865	51,865	51,865
Capacity	471	471	511	484	484
Enrollment	395	411	350	344	383

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

School	Fiscal Year				
	2012	2013	2014	2015	2016
Elementary: (continued)					
Williams (year built 1976)					
Square feet	41,493	41,493	41,493	41,493	41,493
Capacity	479	439	429	404	454
Enrollment	433	438	449	462	491
Winter Park (year built 1912)					
Square feet	36,944	36,944	36,944	36,944	36,944
Capacity	369	369	369	344	344
Enrollment	381	361	368	351	371
Wrightsboro (year built 1926)					
Square feet	65,110	65,110	65,110	65,110	65,110
Capacity	599	599	549	549	549
Enrollment	474	489	518	521	545
Wrightsville Beach (year built 1953)					
Square feet	13,800	13,800	13,800	13,800	13,800
Capacity	247	247	247	312	312
Enrollment	318	349	349	349	357
Middle:					
Holly Shelter (year built 2010)					
Square feet	139,176	139,176	139,176	139,176	139,176
Capacity	918	918	918	944	944
Enrollment	693	727	754	725	675
Murray (year built 2001)					
Square feet	120,948	120,948	120,948	120,948	120,948
Capacity	752	752	752	778	778
Enrollment	801	857	849	892	849
Myrtle Grove (year built 1988)					
Square feet	90,742	90,742	90,742	90,742	90,742
Capacity	674	674	674	674	674
Enrollment	785	765	819	797	756
Noble (year built 1970)					
Square feet	86,111	86,111	86,111	86,111	86,111
Capacity	640	640	640	666	666
Enrollment	718	766	786	776	819
Roland Grise (year built 1960)					
Square feet	92,315	92,315	92,315	92,315	92,315
Capacity	769	769	769	769	769
Enrollment	862	860	831	802	794
Trask (year built 1976)					
Square feet	100,095	100,095	100,095	100,095	100,095
Capacity	662	662	662	688	688
Enrollment	833	803	780	728	726
Virgo (year built 1964) ⁴					
Square feet	79,514	79,514	79,514	79,514	79,514
Capacity	-	499	499	525	525
Enrollment	-	117	218	256	183
Williston (year built 1937)					
Square feet	130,543	130,543	130,543	130,543	130,543
Capacity	736	736	736	736	736
Enrollment	784	798	754	724	709

continued on following page

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

School	Fiscal Year				
	2017	2018	2019	2020	2021
Elementary: (continued)					
Williams (year built 1976)					
Square feet	41,493	41,493	41,493	41,493	41,493
Capacity	406	406	409	412	412
Enrollment	486	475	454	474	378
Winter Park (year built 1912)					
Square feet	36,944	36,944	36,944	36,944	36,944
Capacity	364	364	357	349	349
Enrollment	340	328	303	294	284
Wrightsboro (year built 1926)					
Square feet	65,110	65,110	65,110	65,110	65,110
Capacity	526	526	577	564	564
Enrollment	558	576	558	557	469
Wrightsville Beach (year built 1953)					
Square feet	13,800	13,800	13,800	42,755	42,755
Capacity	282	282	306	252	252
Enrollment	356	336	311	308	270
Middle:					
Holly Shelter (year built 2010)					
Square feet	139,176	139,176	139,176	139,176	139,176
Capacity	918	918	918	934	934
Enrollment	652	627	693	693	801
Murray (year built 2001)					
Square feet	120,948	120,948	120,948	120,948	120,948
Capacity	752	752	768	848	848
Enrollment	890	958	1,091	1,021	915
Myrtle Grove (year built 1988)					
Square feet	90,742	90,742	90,742	90,742	90,742
Capacity	674	738	738	738	738
Enrollment	736	718	726	747	762
Noble (year built 1970)					
Square feet	86,111	86,111	86,111	86,111	86,111
Capacity	640	640	680	664	664
Enrollment	858	884	922	862	711
Roland Grise (year built 1960)					
Square feet	92,315	92,315	92,315	92,315	92,315
Capacity	785	785	810	802	802
Enrollment	836	836	899	866	898
Trask (year built 1976)					
Square feet	100,095	100,829	100,095	100,095	99,289
Capacity	662	662	662	662	662
Enrollment	744	731	754	757	707
Virgo (year built 1964) ⁴					
Square feet	79,514	79,514	79,514	79,514	79,514
Capacity	499	499	525	525	525
Enrollment	169	147	-	-	-
Williston (year built 1937)					
Square feet	130,543	130,543	130,543	130,543	130,543
Capacity	736	736	736	688	688
Enrollment	657	653	660	730	691

continued on following page

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

School	Fiscal Year				
	2012	2013	2014	2015	2016
High:					
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	1,690	1,702	1,715	1,789	1,881
J. C. Roe Center (year built 1955) ⁵					
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	1,610	1,590	1,590	1,590	1,590
Enrollment	1,658	1,594	1,608	1,737	1,746
Isaac Bear Early College High School *(Housed within UNCW Campus)					
Square feet	-	-	-	-	-
Capacity	230	230	230	230	230
Enrollment	217	236	232	228	222
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	1,841	1,926	1,939	2,086	2,180
Mosley (year built 1951) ⁵					
Square feet	30,122	30,122	30,122	30,122	30,122
Capacity	300	320	320	340	340
Enrollment	150	135	111	104	115
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	1,505	1,556	1,595	1,586	1,614
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	190	190	190	190	190
Enrollment	209	194	200	187	197

continued on following page

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

School	Fiscal Year				
	2017	2018	2019	2020	2021
High:					
Ashley (year built 2001)					
Square feet	265,073	265,073	265,073	265,073	326,759
Capacity	1,786	1,786	1,786	1,776	1,896
Enrollment	1,906	1,933	1,855	1,769	1,763
J. C. Roe Center (year built 1955) ⁵					
Square feet	23,237	23,237	23,237	23,237	23,237
Capacity	183	183	241	241	221
Enrollment	83	49	57	55	23
Hoggard (year built 1967)					
Square feet	188,836	227,036	227,036	227,036	214,629
Capacity	1,834	1,834	1,882	1,882	1,882
Enrollment	1,811	1,810	1,831	2,044	2,074
Isaac Bear Early College High School *(Housed within UNCW Campus)					
Square feet	-	-	-	-	-
Capacity	270	270	270	270	270
Enrollment	226	224	231	235	230
Laney (year built 1976)					
Square feet	182,584	214,144	214,144	214,144	232,166
Capacity	1,733	1,733	1,923	1,903	1,903
Enrollment	2,229	2,260	2,116	2,045	2,003
Mosley (year built 1951) ⁵					
Square feet	30,122	30,122	30,122	30,122	30,122
Capacity	197	197	292	322	322
Enrollment	82	106	111	106	73
New Hanover (year built 1920)					
Square feet	341,414	341,414	341,414	341,414	341,414
Capacity	1,688	1,688	1,688	1,648	1,648
Enrollment	1,589	1,501	1,396	1,448	1,457
SEA-Tech (Housed within CFCC Campus through 2019)					
Square feet	-	-	-	49,058	49,058
Capacity	-	-	96	240	240
Enrollment	-	44	81	137	190
Wilmington Early College High School *(Housed within CFCC Campus)					
Square feet	-	-	-	-	-
Capacity	222	222	222	222	222
Enrollment	228	242	244	256	244

continued on following page

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

School	Fiscal Year				
	2012	2013	2014	2015	2016
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				
	2017	2018	2019	2020	2021
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.

¹ College Road Early Childhood Center is the kindergarten for Bellamy Elementary

² Blair Elem: Originally built 1969. Demolished 2017, rebuilt in 2019.

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

³ College Park: Originally built 1967. Demolished 2017, rebuilt in 2019

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

⁴ 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.

⁵ Mosley High School PLC and Lakeside Alternative Hight 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.

⁶ Porters Neck Elementary established in 2020-21 school year

* 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, 2021.

COMPLIANCE SECTION

**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 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, 2021, 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 19, 2021.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Chemy Bekaert LLP

Raleigh, North Carolina
November 19, 2021

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, 2021. The Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions 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, 2021.

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

Chemy Bekaert LLP

Raleigh, North Carolina
November 19, 2021

**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, 2021. The Board's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") as described in the *Audit Manual for Governmental Auditors in North Carolina* and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining on a test basis, evidence about the Board's compliance with those requirements, and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination 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, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with applicable sections of section the Uniform Guidance as described in the *Audit Manual for Governmental Auditors in North Carolina* and which are described in the accompanying schedule of findings and questioned costs as items 2021-001. Our opinion on the major state program is not modified with respect to this matter.

The Board's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Chemy Bekaert LLP

Raleigh, North Carolina
November 19, 2021



New Hanover County Schools
Engaging Students, Achieving Excellence

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

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

Federal Awards

Internal control over major federal 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 programs: *Unmodified*

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

Identification of major federal programs:

<u>Assistance Listing Numbers</u>	<u>Names of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund
84.425-CL	COVID-19 Education Stabilization Fund Cluster
84.010	Title I
93.600	Head Start

NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Section I – Summary of Auditor’s Results (Continued)

Dollar threshold used to distinguish
between Type A and Type B Programs \$950,388

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 X yes no

Identification of major state programs:

Program Name

State Public School Fund
Public School Building Capital Fund – Lottery
NC Pre-Kindergarten

NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

N.C. Department of Health and Human Services
Division of Child Development and Early Education
Program Name: NC Pre-Kindergarten

Finding 2021-001

NONMATERIAL NONCOMPLIANCE

Eligibility

Criteria: The Board is responsible for completing health assessments within 30 days after the child enters the NC Pre-K program or prior to the December 31, 2020 allowable extension period due to COVID-19.

Condition: One individual's health assessment was not completed within the 30 days after the child entered the NC Pre-K program or prior to the December 31, 2020 allowable extension period due to COVID-19.

Context: In a sample of 40, there was one instance where the health assessment was not completed within the 30 days after the child entered the NC Pre-K program or prior to the December 31, 2020 allowable extension period due to COVID-19.

Effect: Information not completed in a timely manner per the compliance requirement.

Cause: Proper monitoring of appropriate documents was not performed.

Questioned Costs: There were no questioned costs since the health assessment was completed, just not in the appropriate timeframe.

Recommendation: Monitoring procedures should be implemented to make sure responsible staff are held accountable for the Board's health assessment deadline requirements.

Views of Responsible Officials: The Board agrees with the finding and will implement adequate procedures to ensure this finding does not recur.



New Hanover County Schools
Engaging Students, Achieving Excellence

NEW HANOVER COUNTY BOARD OF EDUCATION, NORTH CAROLINA
CORRECTIVE ACTION PLAN

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

N.C. Department of Health and Human Services
Program Name: NC Pre-Kindergarten Program

Finding 2021-001:

One individual's health assessment was not completed within the 30 days after the child entered the NC Pre-K program or prior to the December 31, 2020 allowable extension period due to COVID-19.

Name of contact person: Shannon Smiles, ECE Director and NC PreK Contract Administrator

Corrective Action: Google spreadsheets will be created for every NC PreK private site to track individual health assessments for each child as they are received. This tracking document will then be shared with private site directors and checked weekly by NHCS ECE NC PreK Enrollment Coordinator. In addition, a monthly report will be printed from the NC PreK Kids Plan as a check and balance sheet against this tracking form. Health assessments not received on the due date must submit to the NC PreK Contract Administrator appointment cards in order to remain in the program. Those children who do not have appointment cards will be terminated from the program.

Proposed completion date: Immediately

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

None reported.

**New Hanover County Board of Education
Schedule of Expenditures for Federal and State Awards
For the Year Ended June 30, 2021**

Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	State Pass-through/ Entity Identifying Number	Expenditures
Federal Grants:			
Cash Assistance:			
<u>U.S. Department of Treasurer</u>			
Passed-through the N.C. Department of Public Instruction:			
Coronavirus Relief Fund (CRF)			
-Summer Learning Program		121	\$ 873,996
-Instructional Support		122	7,650
-Nondigital Resources		123	25,155
-Student Computers and Devices		124	1,494,785
-School Nutrition		125	379,878
-Personnel Computers and Devices		126	165,938
-Mobile Home and Community WiFi		128	82,910
-Learning Management System		129	28,050
-CRF - Exceptional Children		132	181,240
-CRF - Cybersecurity		135	87,030
-CRF - Personal Protective Equipment (PPE)		137	863,548
-CRF - Gaggle Safety Management		138	65,715
Total Coronavirus Relief Fund	21.019		4,255,895
Total U. S. Department of Treasurer			4,255,895
 <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)			
- IDEA Title VI-B (611) Handicapped State Grants	84.027A	60	3,656,061
- Children With Disabilities - Risk Pool	84.027A	114	63,938
- IDEA VI-B Targeted Assistance	84.027A	118	19,965
- IDEA VI-B Preschool Targeted Assistance	84.173A	119	2,934
- IDEA Title VI-B (619) Preschool	84.173A	49	88,446
- IDEA Title VI-B Coordinated Early Intervening Services (CEIS)	84.173A	70	823,522
Total Special Education Cluster			4,654,866
 Title I, Grants to Local Educational Agencies:			
- ESEA Title I - Part A	84.010A	50	7,365,816
- ESEA Title I - Comprehensive Support & Improvement	84.010A	105	100,737
- ESEA Title I - Targeted Support and Improvement (TSI)	84.010A	115	25,155
Total Title I Cluster			7,491,708
 COVID- 19 Education Stabilization Fund			
-CARES Act-K12 Emergency Relief Fund - ESSER I	84.425D	163	1,789,803
-CARES Act - ESSER I -Digital Curricula	84.425D	165	135,173
-CARES Act - ESSER I - Icares	84.425D	168	100,792
-CARES Act - GEER I - Specialized Instructional Support Personnel	84.425C	169	114,562
-CARES Act - GEER I - Supplemental Instructional Services	84.425D	170	11,498
-K-12 Emergency Relief Fund - ESSER II	84.425D	171	3,641
-CRRSA ESSER II - Competency Based Assessment	84.425D	178	6,066
Total COVID- 19 Education Stabilization Fund Cluster	84.425		2,161,535

(Continued)

**New Hanover County Board of Education
Schedule of Expenditures for Federal and State Awards
For the Year Ended June 30, 2021**

Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	State Pass-through/ Entity Identifying Number	Expenditures
Career and Technical Education Grants - Basic Grants to States	84.048A	17	\$ 479,602
Education for Homeless Children and Youth	84.196A	26	70,328
Student Support & Academic Enrichment, Title IV, Part A	84.424A	108	498,966
IDEA VI-B State Improvement - Special Education - State Personnel Development	84.323A	82	6,672
Improving America School Act of 1994 (IASA)	84.367A	103	942,755
Supporting Effective Instruction State Grants	84.365A	104 & 111	177,203
English Learner Education, Title III, Part A			
Direct Federal Grants: Impact Aid	84.041	308	33,516
Total U.S. Department of Education			16,517,151
<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	568,549
Non-Cash Assistance			568,549
Cash Assistance			
Passed-through the N.C. Department of Public Instruction:			
School Breakfast Program	10.553	35	55
National School Lunch Program	10.555	35	197
Summer Food Service Program for Children	10.559	35	7,196,592
Total Cash Assistance			7,196,844
Total Child Nutrition Cluster:			7,765,393
Child Nutrition Discretionary Grants Limited Availability	10.579	53	47,043
Fresh Fruit & Vegetable Program	10.582	35	291,681
Total U.S. Department of Agriculture - Child Nutrition			8,104,117
Other Federal Cash Assistance:			
<u>U.S. Department of Commerce</u>			
Plasma Games Pilot Program	21.019	371	48,000
<u>U.S. Department of Defense</u>			
Direct Program:			
ROTC Program	12.XXX	301	254,017
<u>U.S. Department of Homeland Security</u>			
Disaster Grants - Public Assistance	97.036	318	191,403

(Continued)

**New Hanover County Board of Education
Schedule of Expenditures for Federal and State Awards
For the Year Ended June 30, 2021**

Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	State Pass-through/ Entity Identifying Number	Expenditures
Federal Non-Cash Assistance:			
<u>U.S. Department of Health & Human Services</u> Head Start	93.600	309	\$ 2,309,032
Total Federal Assistance			<u>\$ 31,679,615</u>
State Grants:			
Cash Assistance:			
<u>N.C. Department of Public Instruction</u>			
State Public School Fund		Various	\$ 153,995,757
Driver Training - SPSF		12	379,418
School Technology Fund - SPSF		15	13,209
Career Technical Education			
- State Months of Employment		13	8,132,372
- Program Support Funds		14	738,209
Passed-through New Hanover County:			
Public School Building Capital Fund-Lottery		76	1,839,208
<u>N. C. Department of Health and Human Services:</u>			
Division of Child Development and Early Education:			
Smart Start		401	35,981
NC Pre-Kindergarten Program		413, 429	3,716,421
<u>N.C. Office of State Budget and Management</u>			
LEA System Modernization		153	201,223
Non-Cash State Assistance:			
<u>N.C. Department of Public Instruction</u>			
School Buses Appropriation		120	673,548
Textbooks & Digital Supplies		131	949,126
Total State Assistance			<u>\$ 170,674,472</u>

New Hanover County Board of Education

Notes to the Schedule of Expenditures of Federal and State Awards For the Year Ended June 30, 2021

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards 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.

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.

