

**DARE COUNTY
BOARD OF EDUCATION
Nags Head, North Carolina**

*Financial Statements
For the Fiscal Year Ended
June 30, 2021*

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ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Dare County Board of Education
Nags Head, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dare County Board of Education, as of and for the year ended June 30, 2021 and the related notes to the basic 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dare County Board of Education as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General, State Public School, Federal Grants and Other Current Expense funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 9 and the Schedules of the Board's Proportionate Share of the Net Pension Liability, OPEB Liability and OPEB Asset and the Schedules of Board Contributions on pages 48 through 53, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The individual fund budgetary and other schedules and the accompanying 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund budgetary and other schedules and the accompanying schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2021 on our consideration of the Dare County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Dare County Board of Education's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

November 5, 2021
Rockingham, North Carolina
(910) 997-1418

DARE COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Dare County Board of Education's (the "Board") financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2021. This information should be read in conjunction with the audited financial statements included in this report.

Impact of Coronavirus on District

During the fiscal year, the State and nation continued to be affected by the spread of a coronavirus (COVID-19). Educational services were provided to students remotely, within the traditional classroom environment or a hybrid method incorporating on-site instruction and remote learning. The Board incurred additional expenses as a result of COVID-19 including: purchase of personal protective equipment and remote learning educational tools. In addition, the Board received grants from the federal government to assist with these additional expenses incurred due to COVID-19.

Financial Highlights

- For the fiscal year ended June 30, 2021, the Board's total government-wide net position increased by \$730,000. Governmental activities net position decreased by \$58,000 while business-type activities net position increased by \$788,000 from the prior year.
- Total governmental activities restricted net position increased by \$485,000 over the prior year.
- The Board's total government-wide unrestricted net position at June 30, 2021 increased by \$2.8 million over the prior year.

Overview of the Financial Statements

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

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

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

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

DARE COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Government-wide Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

Dare 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 assets that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the coming year to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental fund statements, in the form of a reconciliation, explains the relationship (or differences) between the government-wide and the fund financial statements. The Board has several governmental funds: the General Fund, the State Public School Fund, the Individual Schools Fund, the Capital Outlay Fund, the Other Current Expense

**DARE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

Proprietary funds: Services for which the Board charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same full accrual basis of accounting as the government-wide statements. The Dare County Board of Education has two proprietary funds - both enterprise funds – the School Food Service Fund and the Child Care Fund. The proprietary fund statements are shown as Exhibits 7, 8, and 9 of this report.

Financial Analysis of the Board as a Whole

Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$42.2 million as of June 30, 2021 as compared to \$41.5 million as of June 30, 2020.

Following is a summary of the Statement of Net Position at June 30, 2021 and 2020:

**Table 1
Condensed Statement of Net Position
As of June 30, 2021 and 2020**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/21	6/30/20	6/30/21	6/30/20	6/30/21	6/30/20
Current assets	\$ 8,213,815	\$ 5,420,527	\$ 454,041	\$ (78,527)	\$ 8,667,856	\$ 5,342,000
Capital assets	127,343,421	129,723,352	172,356	157,755	127,515,777	129,881,107
Total assets	135,557,236	135,143,879	626,397	79,228	136,183,633	135,223,107
Deferred outflows of resources	20,648,061	20,519,834	480,960	537,077	21,129,021	21,056,911
Current liabilities	3,456,495	3,965,951	98,690	136,584	3,555,185	4,102,535
Long-term liabilities	84,508,038	86,334,764	1,986,559	2,252,164	86,494,597	88,586,928
Total liabilities	87,964,533	90,300,715	2,085,249	2,388,748	90,049,782	92,689,463
Deferred inflows of resources	24,473,837	21,537,803	570,074	563,722	25,043,911	22,101,525
Net investment in capital assets	127,080,519	129,678,567	172,356	157,755	127,252,875	129,836,322
Restricted net position	2,386,595	1,901,572	4,076	5,721	2,390,671	1,907,293
Unrestricted net position (deficit)	(85,700,187)	(87,754,944)	(1,724,398)	(2,499,641)	(87,424,585)	(90,254,585)
Total net position (deficit)	\$ 43,766,927	\$ 43,825,195	\$ (1,547,966)	\$ (2,336,165)	\$ 42,218,961	\$ 41,489,030

Net position is an indicator of the fiscal health of the Board. The net position of the Board's governmental activities decreased \$58,000 during the year to \$43.8 million at June 30, 2021, indicating a decline in the financial condition of the Board. Restricted net position increased by \$485,000 and unrestricted net position increased \$2.1 million over the prior year. Net investment in capital assets decreased \$2.6 million due to an excess of depreciation expense over capital additions for the year. Deferred outflows and inflows of resources relate entirely to the pension and OPEB plans which the Board participates in. The Board is required to record its proportionate share of these items along with its proportionate share of the plan liabilities. See Note 2 of the financial statements for more details regarding these plans.

Net position of the Board's business-type activities increased \$788,000 during the year. This is the combined net profit reported by our school food service and child care operations during the 2021 fiscal year.

**DARE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following table shows the revenues and expenses of the Board for the current and prior fiscal years:

**Table 2
Condensed Statement of Activities
For the Fiscal Years Ended June 30, 2021 and 2020**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/21	6/30/20	6/30/21	6/30/20	6/30/21	6/30/20
Revenues:						
Program revenues:						
Charges for services	\$ 830,766	\$ 1,256,946	\$ 249,354	\$ 977,783	\$ 1,080,120	\$ 2,234,729
Operating grants and contributions	38,319,233	36,790,404	1,843,930	1,212,550	40,163,163	38,002,954
Capital grants and contributions	165,991	43,735	-	-	165,991	43,735
General revenues:						
County appropriations	25,420,321	24,668,093	-	-	25,420,321	24,668,093
State appropriations	-	58,651	-	-	-	58,651
Federal appropriations	414,535	175,954	-	-	414,535	175,954
Other revenues	764,761	1,833,952	1,689	7,167	766,450	1,841,119
Total revenues	<u>65,915,607</u>	<u>64,827,735</u>	<u>2,094,973</u>	<u>2,197,500</u>	<u>68,010,580</u>	<u>67,025,235</u>
Expenses:						
Governmental activities:						
Instructional services	48,523,511	49,696,885	-	-	48,523,511	49,696,885
System-wide support services	12,373,819	15,415,768	-	-	12,373,819	15,415,768
Ancillary services	178,611	168,224	-	-	178,611	168,224
Payments to other governments	99,509	86,746	-	-	99,509	86,746
Interest on long-term debt	-	-	-	-	-	-
Unallocated depreciation	4,320,822	4,326,108	-	-	4,320,822	4,326,108
Business-type activities:						
School food service	-	-	1,691,941	2,169,989	1,691,941	2,169,989
Child care	-	-	92,436	737,220	92,436	737,220
Total expenses	<u>65,496,272</u>	<u>69,693,731</u>	<u>1,784,377</u>	<u>2,907,209</u>	<u>67,280,649</u>	<u>72,600,940</u>
Excess (deficiency) before transfers	419,335	(4,865,996)	310,596	(709,709)	729,931	(5,575,705)
Transfers in (out)	<u>(477,603)</u>	<u>(198,087)</u>	<u>477,603</u>	<u>198,087</u>	-	-
Increase (decrease) in net position	<u>(58,268)</u>	<u>(5,064,083)</u>	<u>788,199</u>	<u>(511,622)</u>	<u>729,931</u>	<u>(5,575,705)</u>
Beginning net position (deficit), as previously reported	43,825,195	50,258,643	(2,336,165)	(1,824,543)	41,489,030	48,434,100
Restatement	-	(1,369,365)	-	-	-	(1,369,365)
Beginning net position (deficit), restated	<u>43,825,195</u>	<u>48,889,278</u>	<u>(2,336,165)</u>	<u>(1,824,543)</u>	<u>41,489,030</u>	<u>47,064,735</u>
Ending net position (deficit)	<u>\$ 43,766,927</u>	<u>\$ 43,825,195</u>	<u>\$ (1,547,966)</u>	<u>\$ (2,336,165)</u>	<u>\$ 42,218,961</u>	<u>\$ 41,489,030</u>

Total governmental activities generated revenues of \$65.9 million while expenses in this category totaled \$65.5 million for the year ended June 30, 2021, resulting in a decrease in net position of \$58,000 (including transfers out to business-type activities of \$478,000). Comparatively, revenues were \$64.8 million, expenses totaled \$69.7 million and transfers out were \$198,000 for the year ended June 30, 2020, resulting in a decrease in net position of \$5.1 million. In comparing the two years, revenues were comparable, increasing \$1.1 million, or 1.7%, while expenses decreased \$4.2 million, or 6.0%. The overall decrease in expenses is largely attributable to a \$1.9 million decline in noncapitalized capital

**DARE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

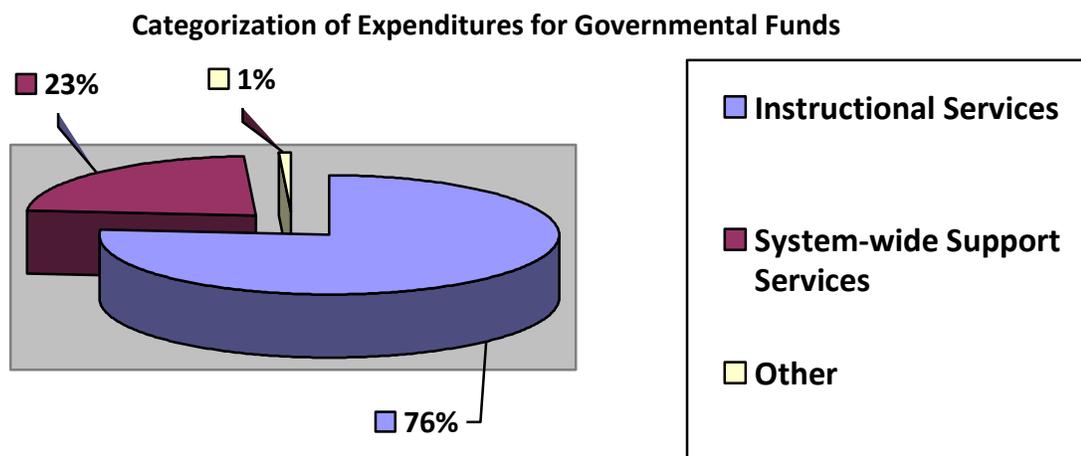
outlay expenses and a \$1.4 million year-over-year decrease in pension and OPEB expense. See Note 2 for detailed information regarding pension and OPEB-related amounts and disclosures.

The Board's primary sources of revenues were funding from the State of North Carolina, Dare County, and the United States Government, which respectively comprised 53.6%, 38.6% and 5.2% of our total revenues. As would be expected, the major component of our expenses was instructional services which accounted for 74.1% of our total expenses during the most recent fiscal year. Of the remaining 25.9% of our total expenses, 18.9% was attributable to system-wide support services.

Our business-type activities generated revenues of \$2.1 million while expenses in this category totaled \$1.8 million for the year ended June 30, 2021. For the year, net position increased by \$788,000 (including transfers in of \$478,000). Comparatively, revenues were \$2.2 million, expenses totaled \$2.9 million and transfers in were \$198,000 for the year ended June 30, 2020, resulting in a decrease in net position of \$512,000. In comparing the two periods, revenues declined \$103,000, or 4.7%, while expenses decreased \$1.1 million, or 38.6%. Due to the ongoing COVID-19 pandemic and student instruction being provided remotely most of the year, food sales and child care fees decreased significantly from the prior year. However, due to the pandemic, the federal government allowed all students to be served free breakfast and lunch all year. The child nutrition program was able to increase revenue from USDA reimbursements by utilizing various methods to deliver meals to students and increase meal participation. The change in expenses is due primarily to a year-over-year decrease of \$560,000 in GASB 68 and 75 pension and OPEB expense. Food costs and salaries and benefits expense also declined for the year as a result of the pandemic.

Financial Analysis of the Board's Funds

Governmental Funds: The focus of Dare 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 the Board's financing requirements.



Expenditures presented on modified accrual basis of accounting.

The Board's governmental funds reported a combined fund balance of \$6.2 million at June 30, 2021, an increase of \$2.9 million over the amount reported at June 30, 2020. The Board's General, Other Current Expense, Capital Outlay and Individual Schools funds each reported revenues in excess of expenditures for the year ended June 30, 2021 of \$1.6 million, \$439,000, \$751,000 and \$39,000, respectively. Overall, total governmental fund revenues increased over the prior year by \$2.1 million, or 3.4%, while expenditures decreased slightly by \$254,000, or 0.4%.

Proprietary Funds: The Board's business-type funds, the School Food Service Fund and the Child Care Fund, reported a combined increase in net position of \$788,000 for the fiscal year ended June 30, 2021

**DARE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

compared to a decrease of \$512,000 for the same 2020 period. See the discussion above under "Financial Analysis of the Board as a Whole" for further details regarding the year-over-year change in operating results for these two funds.

General Fund Budgetary Highlights

Over the course of a year, the Board will revise the budget, as necessary, to account for changes in revenue expectations and program allocations. However, during the year ended June 30, 2021, no significant budget revisions were made in the General Fund as revenue and expenditure expectations remained consistent throughout the year. Variances between actual expenditures and final budget amounts relate to conservative budgeting practices and cost containment strategies.

Capital Assets

Total primary government capital assets were \$127.5 million at June 30, 2021 compared to \$129.9 million at June 30, 2020, a decrease of 1.8%. More detailed information about the Board's capital assets is contained in Note 2 to the financial statements.

The following is a summary of the Board's capital assets, net of depreciation, at June 30, 2021 and 2020:

**Table 3
Summary of Capital Assets
As of June 30, 2021 and 2020**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/21	6/30/20	6/30/21	6/30/20	6/30/21	6/30/20
Land	\$ 4,863,116	\$ 4,863,116	\$ -	\$ -	\$ 4,863,116	\$ 4,863,116
Construction in progress	861,256	166,727	-	-	861,256	166,727
Buildings	113,534,576	117,163,210	-	-	113,534,576	117,163,210
Improvements	6,403,656	6,193,785	-	-	6,403,656	6,193,785
Equipment and furniture	641,567	505,077	172,356	157,755	813,923	662,832
Vehicles	1,039,250	831,437	-	-	1,039,250	831,437
Total	<u>\$ 127,343,421</u>	<u>\$ 129,723,352</u>	<u>\$ 172,356</u>	<u>\$ 157,755</u>	<u>\$ 127,515,777</u>	<u>\$ 129,881,107</u>

Debt Outstanding

During the year, the Board's long-term debt increased by \$218,000 to a balance of \$263,000 at June 30, 2021. The Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used. The County holds virtually all debt issued for school capital construction. More detailed information about the Board's outstanding debt is contained in the Note 2 to the financial statements.

**DARE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Economic Factors

State and County funding are major sources of income for the Board; therefore, the State and County's economic outlook directly affects that of the Board's. Traditional economic factors are not necessarily applicable to Dare County due to the County having a tourism-based economy, seasonality of both activities and population that accompanies tourism, and a lack of manufacturing activities. The following factors should be considered when viewing the Board's current economic outlook:

- The Board anticipates student enrollment to remain constant over the next several years with little to no change.
- The unemployment rate in Dare County at June 30, 2021 was 4.6% compared to 8.0% at June 30, 2020. The County's unemployment rate is below the June 30, 2021 N.C. statewide and national unemployment rates which were 4.9% and 6.1%, respectively.

Requests for Information

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

Candy Tilley, Finance Director
Dare County Board of Education
P.O. Box 1508
Nags Head, NC 27959

GOVERNMENT-WIDE FINANCIAL STATEMENTS

DARE COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
June 30, 2021

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 6,517,770	\$ 227,120	\$ 6,744,890
Due from other governments	1,339,650	121,688	1,461,338
Receivables	37,600	-	37,600
Internal balances	27,439	(27,439)	-
Net OPEB asset	97,428	2,269	99,697
Inventories	193,928	130,403	324,331
Capital assets:			
Land and construction in progress	5,724,372	-	5,724,372
Other capital assets, net of depreciation	<u>121,619,049</u>	<u>172,356</u>	<u>121,791,405</u>
Total capital assets	<u>127,343,421</u>	<u>172,356</u>	<u>127,515,777</u>
 Total assets	 <u>135,557,236</u>	 <u>626,397</u>	 <u>136,183,633</u>
 Deferred Outflows of Resources	 <u>20,648,061</u>	 <u>480,960</u>	 <u>21,129,021</u>
Liabilities			
Accounts payable and accrued expenses	485,604	5,478	491,082
Accrued salaries and wages payable	1,417,326	-	1,417,326
Unearned revenue	-	57,021	57,021
Long-term liabilities:			
Due within one year	1,553,565	36,191	1,589,756
Due in more than one year	<u>84,508,038</u>	<u>1,986,559</u>	<u>86,494,597</u>
 Total liabilities	 <u>87,964,533</u>	 <u>2,085,249</u>	 <u>90,049,782</u>
 Deferred Inflows of Resources	 <u>24,473,837</u>	 <u>570,074</u>	 <u>25,043,911</u>
Net position			
Net investment in capital assets	127,080,519	172,356	127,252,875
Restricted for:			
Stabilization by State statute	260,276	-	260,276
School capital outlay	1,305,558	-	1,305,558
Instructional services	25,000	-	25,000
Individual schools activities	620,713	-	620,713
DIPNC OPEB plan	175,048	4,076	179,124
Unrestricted (deficit)	<u>(85,700,187)</u>	<u>(1,724,398)</u>	<u>(87,424,585)</u>
 Total net position (deficit)	 <u>\$ 43,766,927</u>	 <u>\$ (1,547,966)</u>	 <u>\$ 42,218,961</u>

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

FUND FINANCIAL STATEMENTS

**DARE COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021**

Exhibit 3

	Major Funds						Total Governmental Funds
	General	State Public School	Federal Grants	Other Current Expense	Capital Outlay	Individual Schools	
Assets							
Cash and cash equivalents	\$ 3,998,469	\$ -	\$ -	\$ 623,581	\$ 1,275,007	\$ 620,713	\$ 6,517,770
Due from other governments	42,050	1,116,655	71,702	21,029	88,214	-	1,339,650
Accounts receivable	37,600	-	-	-	-	-	37,600
Due from other funds	27,439	-	-	-	-	-	27,439
Inventories	193,928	-	-	-	-	-	193,928
Total assets	<u>\$ 4,299,486</u>	<u>\$ 1,116,655</u>	<u>\$ 71,702</u>	<u>\$ 644,610</u>	<u>\$ 1,363,221</u>	<u>\$ 620,713</u>	<u>\$ 8,116,387</u>
Liabilities and fund balances							
Liabilities:							
Accounts payable and accrued liabilities	\$ 427,887	\$ -	\$ -	\$ 54	\$ 57,663	\$ -	\$ 485,604
Accrued salaries and wages payable	203,482	1,116,655	71,702	25,487	-	-	1,417,326
Total liabilities	<u>631,369</u>	<u>1,116,655</u>	<u>71,702</u>	<u>25,541</u>	<u>57,663</u>	<u>-</u>	<u>1,902,930</u>
Fund balances:							
Nonspendable:							
Inventories	193,928	-	-	-	-	-	193,928
Restricted:							
Stabilization by State statute	239,247	-	-	21,029	-	-	260,276
School capital outlay	-	-	-	-	1,305,558	-	1,305,558
Instructional services	-	-	-	25,000	-	-	25,000
Individual schools	-	-	-	-	-	620,713	620,713
Assigned:							
Special revenues	-	-	-	573,040	-	-	573,040
Unassigned	3,234,942	-	-	-	-	-	3,234,942
Total fund balances	<u>3,668,117</u>	<u>-</u>	<u>-</u>	<u>619,069</u>	<u>1,305,558</u>	<u>620,713</u>	<u>6,213,457</u>
Total liabilities and fund balances	<u>\$ 4,299,486</u>	<u>\$ 1,116,655</u>	<u>\$ 71,702</u>	<u>\$ 644,610</u>	<u>\$ 1,363,221</u>	<u>\$ 620,713</u>	<u>\$ 8,116,387</u>

**DARE COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021**

Exhibit 3 (continued)

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

Total fund balances of governmental funds	\$ 6,213,457
Net OPEB asset	97,428
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	127,343,421
Deferred outflows of resources related to pensions	10,908,163
Deferred outflows of resources related to OPEB	9,739,898
Some liabilities, including those for compensated absences, installment purchases and accrued interest are not due and payable in the current period and therefore are not reported in the funds.	(3,869,484)
Net pension liability	(27,407,530)
Net OPEB liability	(54,784,589)
Deferred inflows of resources related to pensions	(66,897)
Deferred inflows of resources related to OPEB	<u>(24,406,940)</u>
Net position of governmental activities	<u>\$ 43,766,927</u>

**DARE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2021**

Exhibit 4

	Major Funds						Total Governmental Funds
	General	State Public School	Federal Grants	Other Current Expense	Capital Outlay	Individual Schools	
Revenues:							
State of North Carolina	\$ -	\$ 34,394,398	\$ -	\$ 726,307	\$ 165,991	\$ -	\$ 35,286,696
Dare County:							
Local current expense	23,230,449	-	-	-	-	-	23,230,449
Other	-	-	-	-	2,189,872	-	2,189,872
U.S. Government	-	675,912	2,323,488	10,279	414,535	-	3,424,214
Contributions and donations	-	-	-	12,302	-	-	12,302
Other	453,335	-	-	590,656	1,996	609,866	1,655,853
Total revenues	<u>23,683,784</u>	<u>35,070,310</u>	<u>2,323,488</u>	<u>1,339,544</u>	<u>2,772,394</u>	<u>609,866</u>	<u>65,799,386</u>
Expenditures:							
Current:							
Instructional services:							
Regular instructional	7,450,489	20,289,014	238,781	132,871	38,288	-	28,149,443
Special populations	1,070,020	6,017,275	996,319	4,140	-	-	8,087,754
Alternative programs	278,059	929,470	901,830	719,639	-	-	2,828,998
School leadership	1,936,198	1,782,426	-	-	-	-	3,718,624
Co-curricular	708,642	-	-	-	129,605	571,250	1,409,497
School-based support	1,085,083	2,908,630	25,955	-	16,973	-	4,036,641
System-wide support services:							
Support and development	361,529	230,241	-	-	-	-	591,770
Special population support and development	3,451	215,584	-	-	-	-	219,035
support and development	-	-	-	13,152	-	-	13,152
Technology support	581,074	86,589	-	10,000	19,327	-	696,990
Operational support	5,907,511	1,516,379	-	14,781	2,248,118	-	9,686,789
Financial and human resource services	1,086,791	390,146	-	-	-	-	1,476,937
Accountability	127,774	60,615	-	-	-	-	188,389
System-wide pupil support	39,800	145,458	-	-	-	-	185,258
Policy, leadership and public relations	862,748	393,607	-	6,197	-	-	1,262,552
Ancillary services	54,409	59,092	87,135	-	17,664	-	218,300
Non-programmed charges	99,509	-	73,468	-	-	-	172,977
Debt service:							
Principal retirement	-	-	-	-	165,991	-	165,991
Total expenditures	<u>21,653,087</u>	<u>35,024,526</u>	<u>2,323,488</u>	<u>900,780</u>	<u>2,635,966</u>	<u>571,250</u>	<u>63,109,097</u>
Revenues over expenditures	<u>2,030,697</u>	<u>45,784</u>	<u>-</u>	<u>438,764</u>	<u>136,428</u>	<u>38,616</u>	<u>2,690,289</u>
Other financing sources (uses):							
Transfers to other funds	(392,130)	(45,784)	-	-	-	-	(437,914)
Proceeds from disposal of capital assets	-	-	-	-	40,762	-	40,762
Insurance proceeds	-	-	-	-	189,689	-	189,689
Installment purchase obligations issued	-	-	-	-	384,108	-	384,108
Total other financing sources (uses)	<u>(392,130)</u>	<u>(45,784)</u>	<u>-</u>	<u>-</u>	<u>614,559</u>	<u>-</u>	<u>176,645</u>
Net change in fund balance	1,638,567	-	-	438,764	750,987	38,616	2,866,934
Fund balances:							
Beginning of year	1,978,151	-	-	180,305	554,571	582,097	3,295,124
Change in reserve for inventories	51,399	-	-	-	-	-	51,399
End of year	<u>\$ 3,668,117</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 619,069</u>	<u>\$ 1,305,558</u>	<u>\$ 620,713</u>	<u>\$ 6,213,457</u>

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

DARE COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021

Exhibit 5

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

Net changes in fund balances - total governmental funds	\$ 2,866,934
Change in fund balance due to change in reserve for inventory	51,399
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 depreciation exceeded capital outlays in the current period.	(2,379,931)
Proceeds from the sale of capital assets are recorded as revenues in the fund statements but not in the statement of activities.	(40,762)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	5,019,528
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	2,299,198
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	938,458
Gain on disposal of capital assets	40,762
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(218,117)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Pension (expense) benefit	(8,363,417)
OPEB (expense) benefit	(296,528)
Compensated absences	<u>24,208</u>
Total changes in net position of governmental activities	<u>\$ (58,268)</u>

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

DARE COUNTY BOARD OF EDUCATION

Exhibit 6

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			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Dare County	23,230,449	23,230,449	23,230,449	-
U.S. Government	-	-	-	-
Contributions and donations	-	-	-	-
Other	416,000	416,000	453,335	37,335
Total revenues	<u>23,646,449</u>	<u>23,646,449</u>	<u>23,683,784</u>	<u>37,335</u>
Expenditures:				
Current:				
Instructional services	12,998,162	13,356,192	12,528,491	827,701
System-wide support services	10,510,616	10,135,200	8,970,678	1,164,522
Ancillary services	50,000	60,887	54,409	6,478
Nonprogrammed charges	87,671	94,171	99,509	(5,338)
Total expenditures	<u>23,646,449</u>	<u>23,646,450</u>	<u>21,653,087</u>	<u>1,993,363</u>
Revenues over (under) expenditures	-	(1)	2,030,697	2,030,698
Other financing uses:				
Transfers to other funds	-	(392,130)	(392,130)	-
Fund balance appropriated	-	392,131	-	(392,131)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,638,567	<u>\$ 1,638,567</u>
Fund balances:				
Beginning of year			1,978,151	
Change in reserve for inventories			51,399	
End of year			<u>\$ 3,668,117</u>	

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

DARE COUNTY BOARD OF EDUCATION

Exhibit 6 (continued)

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			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina	\$ 34,975,886	\$ 35,708,849	\$ 34,394,398	\$ (1,314,451)
Dare County	-	-	-	-
U.S. Government	-	675,912	675,912	-
Contributions and donations	-	-	-	-
Other	-	-	-	-
Total revenues	<u>34,975,886</u>	<u>36,384,761</u>	<u>35,070,310</u>	<u>(1,314,451)</u>
Expenditures:				
Current:				
Instructional services	32,039,254	33,152,949	31,926,815	1,226,134
System-wide support services	2,807,795	3,097,479	3,038,619	58,860
Ancillary services	82,806	88,549	59,092	29,457
Nonprogrammed charges	-	-	-	-
Total expenditures	<u>34,929,855</u>	<u>36,338,977</u>	<u>35,024,526</u>	<u>1,314,451</u>
Revenues over (under) expenditures	46,031	45,784	45,784	-
Other financing uses:				
Transfers to other funds	(46,031)	(45,784)	(45,784)	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances:				
Beginning of year			-	
Change in reserve for inventories			-	
End of year			<u>\$ -</u>	

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

DARE COUNTY BOARD OF EDUCATION

Exhibit 6 (continued)

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			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Dare County	-	-	-	-
U.S. Government	3,294,167	11,293,457	2,323,488	(8,969,969)
Contributions and donations	-	-	-	-
Other	-	-	-	-
Total revenues	<u>3,294,167</u>	<u>11,293,457</u>	<u>2,323,488</u>	<u>(8,969,969)</u>
Expenditures:				
Current:				
Instructional services	2,891,780	10,332,251	2,162,885	8,169,366
System-wide support services	201,532	248,409	-	248,409
Ancillary services	-	88,818	87,135	1,683
Nonprogrammed charges	200,855	623,979	73,468	550,511
Total expenditures	<u>3,294,167</u>	<u>11,293,457</u>	<u>2,323,488</u>	<u>8,969,969</u>
Revenues over (under) expenditures	-	-	-	-
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances:				
Beginning of year			-	
Change in reserve for inventories			-	
End of year			<u>\$ -</u>	

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

DARE COUNTY BOARD OF EDUCATION

Exhibit 6 (continued)

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 Current Expense Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina	\$ 674,576	\$ 722,361	\$ 726,307	\$ 3,946
Dare County	-	-	-	-
U.S. Government	-	10,279	10,279	-
Contributions and donations	-	10,000	12,302	2,302
Other	507,594	507,594	590,656	83,062
Total revenues	<u>1,182,170</u>	<u>1,250,234</u>	<u>1,339,544</u>	<u>89,310</u>
Expenditures:				
Current:				
Instructional services	977,358	1,085,527	856,650	228,877
System-wide support services	204,812	165,707	44,130	121,577
Total ancillary services	-	-	-	-
Nonprogrammed charges	-	-	-	-
Total expenditures	<u>1,182,170</u>	<u>1,251,234</u>	<u>900,780</u>	<u>350,454</u>
Revenues over (under) expenditures	-	(1,000)	438,764	439,764
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	1,000	-	(1,000)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	438,764	<u>\$ 438,764</u>
Fund balances:				
Beginning of year			180,305	
Change in reserve for inventories			-	
End of year			<u>\$ 619,069</u>	

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

DARE COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPES
June 30, 2021

Exhibit 7

	Enterprise		
	Major Funds		
	School Food Service	Child Care	Totals
Assets			
Current assets:			
Cash and cash equivalents	\$ 227,120	\$ -	\$ 227,120
Due from other governments	121,688	-	121,688
Net OPEB asset	1,809	460	2,269
Inventories	130,403	-	130,403
Total current assets	<u>481,020</u>	<u>460</u>	<u>481,480</u>
Noncurrent assets:			
Capital assets:			
Furniture and equipment, net	172,356	-	172,356
Total assets	<u>653,376</u>	<u>460</u>	<u>653,836</u>
Deferred Outflows of Resources	<u>383,555</u>	<u>97,405</u>	<u>480,960</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	5,478	-	5,478
Due to other funds	-	27,439	27,439
Compensated absences	27,430	8,761	36,191
Unearned revenue	57,021	-	57,021
Total current liabilities	<u>89,929</u>	<u>36,200</u>	<u>126,129</u>
Noncurrent liabilities:			
Net pension liability	509,118	129,292	638,410
Net OPEB liability	1,017,670	258,440	1,276,110
Compensated absences	68,168	3,871	72,039
Total noncurrent liabilities	<u>1,594,956</u>	<u>391,603</u>	<u>1,986,559</u>
Total liabilities	<u>1,684,885</u>	<u>427,803</u>	<u>2,112,688</u>
Deferred Inflows of Resources	<u>454,622</u>	<u>115,452</u>	<u>570,074</u>
Net position			
Investment in capital assets	172,356	-	172,356
Restricted for DIPNC OPEB plan	3,249	827	4,076
Unrestricted (deficit)	<u>(1,278,181)</u>	<u>(446,217)</u>	<u>(1,724,398)</u>
Total net position (deficit)	<u>\$ (1,102,576)</u>	<u>\$ (445,390)</u>	<u>\$ (1,547,966)</u>

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

DARE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2021

Exhibit 8

	Enterprise		Totals
	Major Funds		
	School Food Service	Child Care	
Operating revenues:			
Food sales	\$ 39,801	\$ -	\$ 39,801
Child care fees	-	209,553	209,553
Other	1,384	-	1,384
Total operating revenues	<u>41,185</u>	<u>209,553</u>	<u>250,738</u>
Operating expenses:			
Food cost:			
Purchase of food	432,190	7,702	439,892
Donated commodities	174,576	-	174,576
Salaries and benefits	962,448	82,822	1,045,270
Materials and supplies	63,437	1,172	64,609
Repairs and maintenance	8,272	-	8,272
Depreciation	25,088	-	25,088
Non-capitalized equipment	2,869	-	2,869
Contracted services	5,212	-	5,212
Other	17,849	740	18,589
Total operating expenses	<u>1,691,941</u>	<u>92,436</u>	<u>1,784,377</u>
Operating income (loss)	<u>(1,650,756)</u>	<u>117,117</u>	<u>(1,533,639)</u>
Nonoperating revenues:			
Federal grants and reimbursements	1,632,728	22,126	1,654,854
Federal commodities	174,576	-	174,576
Interest earned	305	-	305
Contributions and donations	10,000	4,500	14,500
Total nonoperating revenues	<u>1,817,609</u>	<u>26,626</u>	<u>1,844,235</u>
Income before transfers and contributions	166,853	143,743	310,596
Transfers from other funds	380,143	57,771	437,914
Capital contributions	39,689	-	39,689
Change in net position	586,685	201,514	788,199
Net position (deficit), beginning of year	<u>(1,689,261)</u>	<u>(646,904)</u>	<u>(2,336,165)</u>
Net position (deficit), end of year	<u>\$ (1,102,576)</u>	<u>\$ (445,390)</u>	<u>\$ (1,547,966)</u>

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

DARE COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2021

Exhibit 9

	Enterprise		
	Major Funds		
	School Food Service	Child Care	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 73,223	\$ 209,780	\$ 283,003
Cash paid for goods and services	(186,911)	(10,015)	(196,926)
Cash paid to employees for services	(984,634)	(196,059)	(1,180,693)
Other operating revenue	1,384	-	1,384
Net cash provided (used) by operating activities	<u>(1,096,938)</u>	<u>3,706</u>	<u>(1,093,232)</u>
Cash flows from noncapital financing activities:			
Due to other funds	(334,623)	(30,332)	(364,955)
Federal grants and reimbursements	1,589,394	22,126	1,611,520
Contributions and donations	10,000	4,500	14,500
Net cash provided (used) by noncapital financing activities	<u>1,264,771</u>	<u>(3,706)</u>	<u>1,261,065</u>
Cash flows from investing activities:			
Interest earned on investments	305	-	305
Net increase in cash and cash equivalents	168,138	-	168,138
Cash and cash equivalents, beginning of year	58,982	-	58,982
Cash and cash equivalents, end of year	<u>\$ 227,120</u>	<u>\$ -</u>	<u>\$ 227,120</u>
Reconciliation of operating loss to net cash used by operating activities:			
Operating income (loss)	\$ (1,650,756)	\$ 117,117	\$ (1,533,639)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	25,088	-	25,088
Donated commodities	174,576	-	174,576
Operating expenses paid by other funds	380,143	57,771	437,914
Changes in assets and liabilities:			
Decrease in accounts receivable	37,801	227	38,028
(Increase) decrease in net OPEB asset	(134)	104	(30)
Decrease in inventories	5,861	-	5,861
Increase (decrease) in accounts payable and accrued liabilities	2,698	(401)	2,297
Decrease in accrued salaries and wages payable	(214)	-	(214)
Decrease in unearned revenue	(4,379)	-	(4,379)
Increase (decrease) in net pension liability	50,725	(25,187)	25,538
Decrease in net OPEB liability	(179,806)	(145,112)	(324,918)
Decrease in deferred outflows	18,148	37,969	56,117
Increase (decrease) in deferred inflows	32,991	(26,639)	6,352
Increase (decrease) in compensated absences payable	10,320	(12,143)	(1,823)
Total adjustments	<u>553,818</u>	<u>(113,411)</u>	<u>440,407</u>
Net cash provided (used) by operating activities	<u>\$ (1,096,938)</u>	<u>\$ 3,706</u>	<u>\$ (1,093,232)</u>

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

NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:

The School Food Service Fund received donated commodities with a value of \$174,576 during the fiscal year. The receipt of these commodities is reflected as a nonoperating revenue on Exhibit 8. The consumption of these commodities is recorded as an operating expense.

During the fiscal year, the General Fund and State Public School Fund paid operating expenses of the School Service Fund totaling \$334,359 and \$45,784, respectively. The General Fund paid operating expenses of the Child Care Fund totaling \$57,771. These payments are reflected as transfers in and operating expenses on Exhibit 8.

School Food Service Fund capital assets with values of \$25,658 and \$14,031 were purchased during the year by the General Fund and Capital Outlay Fund, respectively. The value of these assets is reflected as a capital contribution on Exhibit 8.

DARE COUNTY BOARD OF EDUCATION
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 Dare County Board of Education conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Dare 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 Dare 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 has no component units.

B. Basis of Presentation

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

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

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

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

The Board reports the following major governmental funds:

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

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

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

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

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

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

The Board reports the following major enterprise funds:

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

Child Care Fund. The Child Care Fund is used to account for the afterschool care program at the elementary schools within the school system. The costs associated with these programs are recovered by user charges.

C. Measurement Focus and Basis of Accounting

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

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

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

D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by the

DARE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
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North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the purpose level for all annually budgeted funds. The Board has authorized the Superintendent to transfer amounts between functions, sub-functions and objects of expenditures within a purpose without limitations and without a report to the Board of Education. Any increases or decreases in purpose levels or transfers between funds will require a budget amendment by the Board of Education. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

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

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

2. Cash and Cash Equivalents

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

3. Inventories

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

DARE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

4. Capital Assets

Donated assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 1, 1987 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

For capital assets utilized in both governmental and business-type activities, it is the policy of the Board to capitalize those assets costing more than \$5,000 with an estimated useful life of two or more years. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives is not capitalized.

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

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

	<u>Years</u>
Land improvements	30
Buildings and building improvements	15 - 50
Equipment and furniture	5 - 20
Vehicles	6 - 10

5. 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 other post-employment benefit-related deferrals. 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 other post-employment benefit-related deferrals.

6. Long-term Obligations

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

DARE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

7. Compensated Absences

The Board follows the State's policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board's liability for accumulated earned vacation and the salary-related payments as of June 30, 2021 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years' records of the current portion of compensated absences.

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

8. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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.

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 boards of education from budgeting or spending a portion of their fund balance. Restricted by State statute (RSS) is calculated at the end of each fiscal year. 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. RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS.

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 instructional services – grant and other revenues restricted for expenditure for various instructional services, as allowable by the funding source.

DARE COUNTY BOARD OF EDUCATION
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Restricted for individual schools – revenue sources restricted for expenditures for the various clubs and organizations, athletic events, and various fundraising activities for which they were collected.

Assigned fund balance – portion of fund balance that the Board of Education intends to use for specific purposes. The assignment of fund balance is governed by NC General Statutes. The Board of Education is authorized to approve appropriations of fund balance in accordance with restrictions established by NC General Statutes.

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

Special revenues – portion of fund balance that represents the residual amount of revenues from certain grants, reimbursements, indirect costs and other financial resources in excess of related expenditures that the Board of Education has assigned to be expended for educational services. This amount can be expended on instructional services, system-wide support services, ancillary services or non-programmed charges.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. A negative unassigned fund balance may be reported in other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes.

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

DARE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

9. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. The net adjustment of \$37,553,470 consists of the following elements:

<u>Description</u>	<u>Amount</u>
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)	\$ 207,769,472
Less accumulated depreciation	<u>(80,426,051)</u>
Net capital assets	127,343,421
Net OPEB asset	97,428
Deferred outflows of resources related to pensions	10,908,163
Deferred outflows of resources related to OPEB	9,739,898
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:	
Installment purchases	(262,902)
Compensated absences	(3,606,582)
Net pension liability	(27,407,530)
Net OPEB liability	(54,784,589)
Deferred inflows of resources related to pensions	(66,897)
Deferred inflows of resources related to OPEB	<u>(24,406,940)</u>
Total adjustment	<u>\$ 37,553,470</u>

DARE COUNTY BOARD OF EDUCATION
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 balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$(2,925,202) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 2,117,187
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	(4,497,118)
Proceeds from the sale of capital assets are recorded as revenues in the fund statements but not in the statement of activities.	(40,762)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position	(384,108)
Principal payments on debt owed are recorded as a use of funds on the fund statements but affect only the statement of net position on the government-wide statements	165,991
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	5,019,528
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	2,299,198
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	938,458
Gain on disposal of capital assets	40,762
Expenses reported in the Statement of Activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements	
Pension (expense) benefit	(8,363,417)
OPEB (expense) benefit	(296,528)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	24,208
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	<u>51,399</u>
Total adjustment	<u>\$ (2,925,202)</u>

DARE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

10. Defined Benefit Pension Plans

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

NOTE 2 - DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

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

At June 30, 2021, the Board had deposits with banks and savings and loans with a carrying amount of \$4,308,009 and with the State Treasurer of \$-0-. The bank balances with the financial institutions and the State Treasurer were \$4,727,802 and \$261,279, respectively. Of these balances, \$897,190 was covered by federal depository insurance and \$4,091,891 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2021, the Board had \$2,282,967 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's and is classified in Level 1 of the fair value hierarchy. Additionally, at June 30 2021, the Board had \$153,914 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2021. The Board has no policy for managing interest rate risk or credit risk. All investments are measured using the market approach. The STIF is classified in Level 2 of the fair value hierarchy and valued using prices that are either directly or indirectly observable for an asset or liability.

DARE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level Two: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

3. Accounts Receivable

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

	Due from other funds (Internal balances)	Due from other governments	Other	Total
Governmental activities:				
General Fund	\$ 27,439	\$ 42,050	\$ 37,600	\$ 107,089
Other governmental activities	-	1,297,600	-	1,297,600
Total governmental activities	<u>\$ 27,439</u>	<u>\$ 1,339,650</u>	<u>\$ 37,600</u>	<u>\$ 1,404,689</u>
Business-type activities:				
School Food Service Fund	\$ -	\$ 121,688	\$ -	\$ 121,688
Child Care Fund	(27,439)	-	-	(27,439)
Total business-type activities	<u>\$ (27,439)</u>	<u>\$ 121,688</u>	<u>\$ -</u>	<u>\$ 94,249</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 42,050	Amounts due from County
State Public School Fund	1,116,655	Operating funds from DPI
Federal Grants Fund	71,702	Federal grant funds
Other Current Expense Fund	21,029	State grant funds
Capital Outlay Fund	88,214	Amounts due from County
Total	<u>\$ 1,339,650</u>	
Business-type activities:		
School Food Service Fund	<u>\$ 121,688</u>	Federal funds

DARE COUNTY BOARD OF EDUCATION
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 Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,863,116	\$ -	\$ -	\$ 4,863,116
Construction in progress	166,727	986,885	292,356	861,256
Total capital assets not being depreciated	<u>5,029,843</u>	<u>986,885</u>	<u>292,356</u>	<u>5,724,372</u>
Capital assets being depreciated:				
Buildings	181,184,578	-	-	181,184,578
Improvements	12,277,342	787,755	-	13,065,097
Equipment and furniture	2,434,140	250,794	79,511	2,605,423
Vehicles	4,916,893	384,109	111,000	5,190,002
Total capital assets being depreciated	<u>200,812,953</u>	<u>1,422,658</u>	<u>190,511</u>	<u>202,045,100</u>
Less accumulated depreciation for:				
Buildings	64,021,368	3,628,634	-	67,650,002
Improvements	6,083,557	577,884	-	6,661,441
Equipment and furniture	1,929,063	114,304	79,511	1,963,856
Vehicles	4,085,456	176,296	111,000	4,150,752
Total accumulated depreciation	<u>76,119,444</u>	<u>4,497,118</u>	<u>190,511</u>	<u>80,426,051</u>
Total capital assets being depreciated, net	<u>124,693,509</u>			<u>121,619,049</u>
Governmental activity capital assets, net	<u>\$ 129,723,352</u>			<u>\$ 127,343,421</u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment and furniture	\$ 1,318,186	\$ 39,689	\$ -	\$ 1,357,875
Less accumulated depreciation for:				
Equipment and furniture	<u>1,160,431</u>	<u>25,088</u>	<u>-</u>	<u>1,185,519</u>
School Food Service capital assets, net	<u>\$ 157,755</u>			<u>\$ 172,356</u>

Depreciation was charged to governmental functions as follows:

Operational support services	\$ 176,296
Unallocated	<u>4,320,822</u>
Total	<u>\$ 4,497,118</u>

B. Liabilities

1. Pension Plan and Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

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

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

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

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

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 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 \$5,136,449 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 with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by TSERS.

At June 30, 2021, the Board reported a liability of \$28,045,940 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

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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 2019, the Board's proportion was 0.2321% and 0.2318%, respectively.

For the year ended June 30, 2021, the Board recognized pension expense of \$8,520,142. 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	\$ 1,545,482	\$ -
Changes of assumptions	950,398	-
Net difference between projected and actual earnings on pension plan investments	3,101,593	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	428,329	68,455
Board contributions subsequent to the measurement date	5,136,449	-
Total	<u>\$ 11,162,251</u>	<u>\$ 68,455</u>

\$5,136,449 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 related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2022	\$ 2,183,483
2023	1,637,322
2024	1,212,551
2025	923,991
Total	<u>\$ 5,957,347</u>

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 8.1 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.

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The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study prepared as of December 31, 2014 and adopted by the Board of Trustees on January 21, 2016.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 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%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

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

Discount rate. The discount rate used to measure the total pension liability reported at June 30, 2021 and 2020 was 7.00% for both years. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Board's proportionate share of the net pension asset to changes in the discount rate. The following presents the Board's proportionate share of the net pension liability calculated using the discount rate of 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:

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	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Board's proportionate share of the net pension liability (asset)	\$ 50,476,104	\$ 28,045,940	\$ 9,231,673

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

b. Other Postemployment Benefits

1. Healthcare Benefits

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

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

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

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

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

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service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's noncontributory premium.

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

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

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also, by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are 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 \$2,321,480. During the current fiscal year, the plan also recognized a one-time transfer of excess funding from the Public Employees Health Benefits Fund totaling \$475.2 million, which was isolated from the OPEB expense and allocated to participating employers as a separate revenue item. The Board's proportionate share of this allocation totaled \$960,318.

At June 30, 2021, the Board reported a liability of \$56,060,699 for its proportionate share of the net RHBF 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 2019, the Board's proportion was 0.2021% and 0.1984%, respectively.

\$2,321,480 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 inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2022	\$ (6,351,156)
2023	(6,345,000)
2024	(2,368,513)
2025	(751,777)
2026	<u>(1,593,145)</u>
Total	<u>\$ (17,409,591)</u>

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

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Inflation	3.00%
Salary increases	3.50-8.10%, include 3.5% inflation and productivity factor
Investment rate of return	7.00%

Healthcare cost trend rates:

Medical	5.00-6.50%
Prescription drug	5.00-9.50%
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

Discount rate. The discount rates used to measure the total OPEB liability for the RHBF at June 30, 2021 and 2020 were 2.21% and 3.50%, respectively. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, 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%)	Discount Rate (2.21%)	1% Increase (3.21%)
Net OPEB liability	\$ 66,484,442	\$ 56,060,699	\$ 47,662,637

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

	Healthcare Trend Rates		
	1% Decrease (Medical - 4.00-5.50%, Pharmacy - 4.00-8.50%, Medicare Advantage - 4.00%, Administrative - 2.00%)	(Medical -5.00-6.50%, Pharmacy - 5.00-9.50%, Medicare Advantage - 5.00%, Administrative - 3.00%)	1% increase (Medical -6.00- 7.50%, Pharmacy - 6.00- 10.50%, Medicare Advantage - 6.00%, Administrative - 4.00%)
Net OPEB liability	\$ 45,195,060	\$ 56,060,699	\$ 70,584,088

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.

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2. Disability Benefits

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

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

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

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

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 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 \$31,277 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 an other postemployment benefit.

At June 30, 2021, the Board reported an asset of \$99,697 for its proportionate share of the net DIPNC OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB asset 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 asset was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2020 and 2019, the Board's proportion was 0.2027% and 0.2034%, respectively.

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\$31,277 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 related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2022	\$ 19,108
2023	12,327
2024	5,433
2025	9,820
2026	99
Thereafter	<u>1,364</u>
Total	<u>\$ 48,151</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

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%)	Discount Rate (3.75%)	1% Increase (4.75%)
Net OPEB asset	\$ 86,103	\$ 99,697	\$ 112,896

Common actuarial assumptions for both OPEB plans. The total OPEB liability 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 liability 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 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%.

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Following is information related to OPEB expense, proportionate share, assets, liabilities, deferred outflows of resources and deferred inflows of resources reported by the Board as of and for the year ended June 30, 2021:

	<u>RHBF</u>	<u>DIPNC</u>	<u>Total</u>
OPEB (expense) benefit	\$ 18,709	\$ 76,490	\$ 95,199
OPEB liability (asset)	\$ 56,060,699	\$ (99,697)	\$ 55,961,002
Proportionate share of the net OPEB liability (asset)	0.2021%	0.2027%	
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 50,787	\$ 72,222	\$ 123,009
Changes of assumptions	2,458,582	7,752	2,466,334
Net difference between projected and actual earnings on plan investments	118,095	-	118,095
Changes in proportion and differences between Board contributions and proportionate share of contributions	4,906,423	152	4,906,575
Board contributions subsequent to the measurement date	2,321,480	31,277	2,352,757
Totals	<u>\$ 9,855,367</u>	<u>\$ 111,403</u>	<u>\$ 9,966,770</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 2,193,164	\$ -	\$ 2,193,164
Changes of assumptions	22,750,317	7,851	22,758,168
Net difference between projected and actual earnings on plan investments	-	16,890	16,890
Changes in proportion and differences between Board contributions and proportionate share of contributions	-	7,234	7,234
Totals	<u>\$ 24,943,481</u>	<u>\$ 31,975</u>	<u>\$ 24,975,456</u>

2. Accounts Payable

Accounts payable as of June 30, 2021 are as follows:

	<u>Vendors and Other</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental activities:			
General Fund	\$ 427,887	\$ 203,482	\$ 631,369
Other governmental activities	57,717	1,213,844	1,271,561
Total governmental activities	<u>\$ 485,604</u>	<u>\$ 1,417,326</u>	<u>\$ 1,902,930</u>
Business-type activities:			
School Food Service Fund	<u>\$ 5,478</u>	<u>\$ -</u>	<u>\$ 5,478</u>

3. Unearned Revenues

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

Business-type activities:	
Prepayments of meals (School Food Service Fund)	<u>\$ 57,021</u>

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4. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,668,491	\$ 2,193,164
Changes of assumptions	3,416,732	22,758,168
Net difference between projected and actual earnings on pension and OPEB plan investments	3,219,688	16,890
Changes in proportion and differences between Board contributions and proportionate share of contributions	5,334,904	75,689
Board contributions subsequent to the measurement date	7,489,206	-
Total	\$ 21,129,021	\$ 25,043,911

5. Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board maintains general liability and errors and omissions coverage of \$1 million per claim through a private insurance company. The policy has an annual aggregate limit of \$2 million for general liability and an annual aggregate limit of \$1 million for errors and omissions. Statutory workers’ compensation coverage is purchased through a private insurer for employees to the extent they are paid from Federal and local funds. Workers’ compensation coverage is provided by the State of North Carolina through a self-insured fund, to the extent employees are paid from State funds.

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

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

In accordance with G.S. 115C-442, the Board’s employees who have custody of the Board’s monies at any given time are performance bonded through a commercial surety bond. The Finance Director is bonded for \$50,000

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

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6. Long-Term Obligations

Direct Placement Installment Purchases

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot moneys for the payments on financing contracts entered into pursuant to G.S. 115C-528. The State has accepted the bid to purchase Thomas Built Buses through special third-party direct placement financing arrangements. During the prior fiscal year, the Board entered into such a contract for the purchase of school buses. The buses are pledged as collateral for the debt while the debt is outstanding. The contracts each require four equal principal-only payments with the first payment due within ten days of receipt of the buses and the following three payments due on each of the three subsequent November 15th dates.

The future minimum payments of the installment purchases as of June 30, 2021 are as follows:

<u>Year Ending June 30:</u>	<u>Governmental Activities</u>
	<u>Principal</u>
2022	\$ 118,419
2023	96,026
2024	48,457
Totals	<u>\$ 262,902</u>

c. Long-Term Obligation Activity

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2021:

	<u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2021</u>	<u>Current Portion</u>
Governmental activities:					
Direct placement installment purchases	\$ 44,785	\$ 384,108	\$ 165,991	\$ 262,902	\$ 118,419
Net pension liability	23,415,661	3,991,869	-	27,407,530	-
Net OPEB liability	61,169,608	-	6,385,019	54,784,589	-
Compensated absences	3,630,790	2,359,454	2,383,662	3,606,582	1,435,146
Total	<u>\$ 88,260,844</u>	<u>\$ 6,735,431</u>	<u>\$ 8,934,672</u>	<u>\$ 86,061,603</u>	<u>\$ 1,553,565</u>
Business-type activities:					
Net pension liability	\$ 612,872	\$ 25,538	\$ -	\$ 638,410	\$ -
Net OPEB liability	1,601,028	-	324,918	1,276,110	-
Compensated absences	110,053	65,231	67,054	108,230	36,191
Total	<u>\$ 2,323,953</u>	<u>\$ 90,769</u>	<u>\$ 391,972</u>	<u>\$ 2,022,750</u>	<u>\$ 36,191</u>

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

**DARE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021**

C. Interfund Balances and Activity

1. Interfund Balances

The composition of interfund balances as of June 30, 2021 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Child Care Fund	<u>\$ 27,439</u>

The balance owed to the General Fund by the Child Care Fund is for amounts loaned to pay for operating expenditures. This amount is expected to be repaid during the year ended June 30, 2022.

2. Transfers to/from other Funds

Transfers to/from other funds during the year ended June 30, 2021 consisted of the following:

From the State Public School Fund to the School Food Service Fund for operating expenses	<u>\$ 45,784</u>
From the General Fund to the School Food Service Fund for operating expenses	<u>\$ 334,359</u>
From the General Fund to the Child Care Fund for operating expenses	<u>\$ 57,771</u>

3. Transfers / Contributed Capital

During the year ended June 30, 2021, School Food Service Fund capital assets with values of \$25,658 and \$14,031 were purchased by the General Fund and Capital Outlay Fund, respectively. These amounts are presented as a transfer between governmental and business-type activities in Exhibit 2 and as contributed capital in Exhibit 8.

D. Fund Balance

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	\$ 3,668,117
Less:	
Inventories	(193,928)
Stabilization by State statute	<u>(239,247)</u>
Remaining fund balance	<u>\$ 3,234,942</u>

Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. Encumbrances outstanding at June 30, 2021 are as follows:

	<u>Encumbrances</u>
General Fund	\$ 132,158
Federal Grants Fund	58,386
Capital Outlay Fund	605,287

DARE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 3 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

Schedule of Board Contributions
Retiree Health Benefit Fund

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

Schedule of Board Contributions
Disability Income Plan of North Carolina

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

	2021	2020	2019	2018	2017
Board's proportion of the net pension liability (asset)	0.232%	0.232%	0.223%	0.218%	0.220%
Board's proportionate share of the net pension liability (asset)	\$ 28,045,940	\$ 24,028,533	\$ 22,223,982	\$ 17,320,091	\$ 19,764,397
Board's covered payroll	\$ 35,750,571	\$ 36,309,676	\$ 34,848,241	\$ 29,644,128	\$ 32,368,629
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	78.45%	66.18%	63.77%	58.43%	61.06%
Plan fiduciary net position as a percentage of the total pension liability	85.98%	87.56%	87.61%	89.51%	87.32%
	2016	2015	2014		
Board's proportion of the net pension liability (asset)	0.210%	0.210%	0.210%		
Board's proportionate share of the net pension liability (asset)	\$ 7,742,220	\$ 2,486,236	\$ 2,766,177		
Board's covered payroll	\$ 32,533,453	\$ 31,834,944	\$ 31,934,978		
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	23.80%	7.81%	8.66%		
Plan fiduciary net position as a percentage of the total pension liability	94.64%	98.24%	90.60%		

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

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

**DARE COUNTY BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 5,136,449	\$ 4,636,849	\$ 4,462,459	\$ 3,756,644	\$ 2,958,484
Contributions in relation to the contractually required contribution	<u>5,136,449</u>	<u>4,636,849</u>	<u>4,462,459</u>	<u>3,756,644</u>	<u>2,958,484</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Board's covered payroll	\$ 34,752,700	\$ 35,750,571	\$ 36,309,676	\$ 34,848,241	\$ 29,644,128
Contributions as a percentage of covered payroll	14.78%	12.97%	12.29%	10.78%	9.98%
	<u>2016</u>	<u>2015</u>	<u>2014</u>		
Contractually required contribution	\$ 2,972,943	\$ 2,976,811	\$ 2,486,236		
Contributions in relation to the contractually required contribution	<u>2,972,943</u>	<u>2,976,811</u>	<u>2,486,236</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Board's covered payroll	\$ 32,368,629	\$ 32,533,453	\$ 31,834,944		
Contributions as a percentage of covered payroll	9.15%	9.15%	7.81%		

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

**DARE COUNTY BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
RETIREE HEALTH BENEFIT FUND
LAST FIVE FISCAL YEARS***

	2021	2020	2019	2018	2017
Board's proportion of the net OPEB liability (asset)	0.2021%	0.1984%	0.1950%	0.1889%	0.1807%
Board's proportionate share of the net OPEB liability (asset)	\$ 56,060,699	\$ 62,770,636	\$ 55,545,187	\$ 61,923,558	\$ 78,609,531
Board's covered payroll	\$ 35,750,571	\$ 36,309,676	\$ 34,848,241	\$ 29,644,128	\$ 32,368,629
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	156.81%	172.88%	159.39%	208.89%	242.86%
Plan fiduciary net position as a percentage of the total OPEB liability	6.92%	4.40%	4.40%	3.52%	2.41%

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

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

**DARE COUNTY BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
RETIREE HEALTH BENEFIT FUND
LAST FIVE FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 2,321,480	\$ 2,313,062	\$ 2,276,618	\$ 2,108,319	\$ 1,722,324
Contributions in relation to the contractually required contribution	<u>2,321,480</u>	<u>2,313,062</u>	<u>2,276,618</u>	<u>2,108,319</u>	<u>1,722,324</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Board's covered payroll	\$ 34,752,700	\$ 35,750,571	\$ 36,309,676	\$ 34,848,241	\$ 29,644,128
Contributions as a percentage of covered payroll	6.68%	6.47%	6.27%	6.05%	5.81%

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

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

	2021	2020	2019	2018	2017
Board's proportion of the net OPEB asset	0.2027%	0.2034%	0.1955%	0.1900%	0.1878%
Board's proportionate share of the net OPEB asset	\$ 99,697	\$ 87,771	\$ 59,370	\$ 116,140	\$ 116,630
Board's covered payroll	\$ 35,750,571	\$ 36,309,676	\$ 34,848,241	\$ 29,644,128	\$ 32,368,629
Board's proportionate share of the net OPEB asset as a percentage of its covered payroll	0.28%	0.24%	0.17%	0.39%	0.36%
Plan fiduciary net position as a percentage of the total OPEB asset	115.57%	113.00%	108.47%	116.23%	116.06%

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

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

**DARE COUNTY BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
DISABILITY INCOME PLAN OF NORTH CAROLINA
LAST FIVE FISCAL YEARS**

	2021	2020	2019	2018	2017
Contractually required contribution	\$ 31,277	\$ 35,751	\$ 50,834	\$ 48,788	\$ 112,648
Contributions in relation to the contractually required contribution	<u>31,277</u>	<u>35,751</u>	<u>50,834</u>	<u>48,788</u>	<u>112,648</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Board's covered payroll	\$ 34,752,700	\$ 35,750,571	\$ 36,309,676	\$ 34,848,241	\$ 29,644,128
Contributions as a percentage of covered payroll	0.09%	0.10%	0.14%	0.14%	0.38%

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

INDIVIDUAL FUND SCHEDULES

DARE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Dare County:			
County appropriation	\$ 23,230,449	\$ 23,230,449	\$ -
Other:			
Fines and forfeitures	400,000	433,112	33,112
Interest earned on investment	16,000	5,641	(10,359)
Miscellaneous	-	14,582	14,582
Total other	416,000	453,335	37,335
Total revenues	23,646,449	23,683,784	37,335
Expenditures:			
Current:			
Instructional services:			
Regular instructional		7,450,489	
Special populations		1,070,020	
Alternative programs		278,059	
School leadership		1,936,198	
Co-curricular		708,642	
School-based support		1,085,083	
Total instructional services	13,356,192	12,528,491	827,701
System-wide support services:			
Support and development		361,529	
Special population support and development		3,451	
Technology support		581,074	
Operational support		5,907,511	
Financial and human resource services		1,086,791	
Accountability		127,774	
System-wide pupil support		39,800	
Policy, leadership and public relations		862,748	
Total system-wide support services	10,135,200	8,970,678	1,164,522
Ancillary services:			
Nutrition		54,409	
Total ancillary services	60,887	54,409	6,478
Non-programmed charges:			
Payments to other governments	94,171	99,509	(5,338)
Total expenditures	23,646,450	21,653,087	1,993,363
Revenues over (under) expenditures	(1)	2,030,697	2,030,698

DARE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)
GENERAL FUND
For the Fiscal Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Other financing uses:			
Transfers to other funds	(392,130)	(392,130)	-
Fund balance appropriated	<u>392,131</u>	<u>-</u>	<u>(392,131)</u>
Net change in fund balance	<u>\$ -</u>	1,638,567	<u>\$ 1,638,567</u>
Fund balance:			
Beginning of year		1,978,151	
Change in reserve for inventories		<u>51,399</u>	
End of year		<u>\$ 3,668,117</u>	

DARE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
For the Fiscal Year Ended June 30, 2021

	<u>Revenues</u>	<u>Expenditures</u>	<u>Net change in fund balance</u>	<u>Fund balances 6/30/2020</u>	<u>Fund balances 6/30/2021</u>
Cape Hatteras Elementary	\$ 14,254	\$ 21,116	\$ (6,862)	\$ 30,300	\$ 23,438
Kitty Hawk Elementary	31,003	37,659	(6,656)	54,105	47,449
Manteo Elementary	32,592	33,524	(932)	28,792	27,860
First Flight Elementary	14,585	16,044	(1,459)	14,012	12,553
Nags Head Elementary	9,064	13,114	(4,050)	21,017	16,967
First Flight Middle	35,195	36,929	(1,734)	49,831	48,097
Manteo Middle	134,157	84,948	49,209	42,947	92,156
Cape Hatteras Secondary	87,184	85,749	1,435	147,962	149,397
Manteo High	106,132	90,451	15,681	67,126	82,807
First Flight High	<u>145,700</u>	<u>151,716</u>	<u>(6,016)</u>	<u>126,005</u>	<u>119,989</u>
Totals	<u>\$ 609,866</u>	<u>\$ 571,250</u>	<u>\$ 38,616</u>	<u>\$ 582,097</u>	<u>\$ 620,713</u>

**DARE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CAPITAL OUTLAY FUND
For the Fiscal Year Ended June 30, 2021**

	Final Budget	Actual	Variance with Final Budget
Revenues:			
State of North Carolina:			
State appropriations - buses	\$ 185,907	\$ 165,991	\$ (19,916)
U.S. Government:			
Public Assistance Grants	414,535	414,535	-
Dare County:			
General county appropriations	450,000	450,000	-
Construction project funding	2,452,361	1,616,031	(836,330)
Maintenance project funding	204,325	123,841	(80,484)
Total Dare County	<u>3,106,686</u>	<u>2,189,872</u>	<u>(916,814)</u>
Other:			
Interest earned on investments	-	1,284	1,284
Miscellaneous	-	712	712
Total other	<u>-</u>	<u>1,996</u>	<u>1,996</u>
Total revenues	<u>3,707,128</u>	<u>2,772,394</u>	<u>(934,734)</u>
Expenditures:			
Current:			
Instructional services:			
Regular instructional		38,288	
Co-curricular		129,605	
School-based support		16,973	
Total instructional services	<u>652,282</u>	<u>184,866</u>	<u>-</u>
System-wide support services:			
Technology		19,327	
Operational support		2,248,118	
Total system-wide support services	<u>3,681,462</u>	<u>2,267,445</u>	<u>1,414,017</u>
Ancillary services:			
Nutrition	<u>19,128</u>	<u>17,664</u>	<u>1,464</u>
Debt service:			
Principal retirement	<u>185,907</u>	<u>165,991</u>	<u>19,916</u>
Total expenditures	<u>4,538,779</u>	<u>2,635,966</u>	<u>1,902,813</u>
Revenues over (under) expenditures	<u>(831,651)</u>	<u>136,428</u>	<u>968,079</u>
Other financing sources:			
Proceeds from disposal of capital assets	36,035	40,762	4,727
Insurance proceeds	189,689	189,689	-
Installment purchase obligations issued	484,242	384,108	(100,134)
Total other financing sources	<u>709,966</u>	<u>614,559</u>	<u>(95,407)</u>
Fund balance appropriated	<u>121,685</u>	<u>-</u>	<u>(121,685)</u>
Net change in fund balance	<u>\$ -</u>	<u>750,987</u>	<u>\$ 750,987</u>
Fund balance:			
Beginning of year		<u>554,571</u>	
End of year		<u>\$ 1,305,558</u>	

DARE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
SCHOOL FOOD SERVICE FUND
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
Operating revenues:			
Food sales	\$ 722,500	\$ 39,801	\$ (682,699)
Other	65,000	1,384	(63,616)
Total operating revenues	<u>787,500</u>	<u>41,185</u>	<u>(746,315)</u>
Operating expenditures:			
Business support services:			
Purchase of food		426,329	
Donated commodities		174,576	
Salaries and benefits		1,030,204	
Materials and supplies		63,437	
Repairs and maintenance		8,272	
Non-capitalized equipment		2,869	
Contracted services		5,212	
Other		17,849	
Total operating expenditures	<u>2,110,350</u>	<u>1,728,748</u>	<u>381,602</u>
Operating loss	<u>(1,322,850)</u>	<u>(1,687,563)</u>	<u>(364,713)</u>
Nonoperating revenues:			
Federal reimbursements	1,074,500	1,632,728	558,228
Federal commodities	245,000	174,576	(70,424)
State reimbursements	2,500	-	(2,500)
Interest earned	850	305	(545)
Contributions and donations	-	10,000	10,000
Total nonoperating revenues	<u>1,322,850</u>	<u>1,817,609</u>	<u>494,759</u>
Excess of revenues over expenditures before other financing sources	-	130,046	130,046
Other financing sources:			
Transfers from other funds	-	380,143	380,143
Net change in fund balance	<u>\$ -</u>	<u>510,189</u>	<u>\$ 510,189</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(25,088)	
Capital contributions		39,689	
Net OPEB asset		134	
Net pension liability		(50,725)	
Net OPEB liability		179,806	
Deferred outflows - pension and OPEB		(18,148)	
Deferred inflows - pension and OPEB		(32,991)	
Increase in compensated absences payable		(10,320)	
Decrease in inventory		(5,861)	
Change in net position (full accrual)		<u>\$ 586,685</u>	

DARE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
CHILD CARE FUND
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance with Final Budget
Operating revenues:			
Child care fees	\$ 422,104	\$ 209,553	\$ (212,551)
Operating expenditures:			
Regular community services:			
Purchase of food		7,702	
Salaries and benefits		253,830	
Materials and supplies		1,172	
Other		740	
Total operating expenditures	444,230	263,444	180,786
Operating loss	(22,126)	(53,891)	(31,765)
Nonoperating revenues:			
Federal grant funds	22,126	22,126	-
Contributions and donations	-	4,500	4,500
Total nonoperating revenues	22,126	26,626	4,500
Deficiency of revenues over expenditures before other financing sources	-	(27,265)	(27,265)
Other financing sources:			
Transfers from other funds	-	57,771	57,771
Net change in fund balance	\$ -	30,506	\$ 30,506
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Net OPEB asset		(104)	
Net pension liability		25,187	
Net OPEB liability		145,112	
Deferred outflows - pension and OPEB		(37,969)	
Deferred inflows - pension and OPEB		26,639	
Decrease in compensated absences payable		12,143	
Change in net position (full accrual)		\$ 201,514	

COMPLIANCE SECTION



INDEPENDENT AUDITORS' REPORT

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

To the Dare County Board of Education
Nags Head, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dare County Board of Education, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the basic financial statements, which collectively comprises the Dare County Board of Education, North Carolina's basic financial statements and have issued our report thereon dated November 5, 2021.

Internal Control Over Financial Reporting

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

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

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

Purpose of this Report

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

Anderson Smith & Wike PLLC

*November 5, 2021
Rockingham, North Carolina*



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Report On Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance; In Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act

To the Dare County Board of Education
Nags Head, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Dare County Board of Education, North Carolina's 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 Dare County Board of Education's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Dare County Board of Education'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; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 Dare County Board of Education'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 Dare County Board of Education's compliance.

Opinion on Each Major Federal Program

In our opinion, the Dare County Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Dare County Board of Education 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, we considered the Dare County Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 Dare County Board of Education's internal control over compliance.

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

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

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.

Anderson Smith & Wike PLLC

*November 5, 2021
Rockingham, North Carolina*



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Report On Compliance with Requirements Applicable to Each Major State Program and Internal Control Over Compliance; In Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act

To the Dare County Board of Education
Nags Head, North Carolina

Report on Compliance for Each Major State Program

We have audited Dare County Board of Education, North Carolina's 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 Dare County Board of Education's major State programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Dare County Board of Education'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 (CFR) 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 Dare County Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the Dare County Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Dare County Board of Education 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 Dare County Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

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

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

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

Anderson Smith & Wike PLLC

*November 5, 2021
Rockingham, North Carolina*

**DARE COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2021**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance to GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified? *None Identified for Reporting*

Noncompliance material to financial statements noted? *No*

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified? *None Identified for Reporting*

Type of auditors' report issued on compliance for major federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? *No*

Identification of major federal programs:

CFDA Numbers	Names of Federal Programs or Clusters
	Special Education Cluster:
84.027	Grants to States - IDEA, part B (611)
84.027	Risk Pool
84.027	Special Needs Targeted Assistance
84.173	Preschool Grants - IDEA, Part B (619)
84.173	Preschool Targeted Assistance
21.019	COVID-19 – Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B Programs *\$ 750,000*

Auditee qualified as low-risk auditee? *Yes*

**DARE COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2021**

State Awards

Internal control over major State programs:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified? *None Identified for Reporting*

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

Unmodified

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

No

Identification of major State programs:

Program Name

State Public School Fund
Career and Technical Education – State Months of Employment
N.C. Pre-Kindergarten Program

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.

**DARE COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2021**

Finding: 20-01

Status: Corrected.

Finding: 20-02

Status: Corrected.

DARE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures
Federal Grants:			
<u>U.S. Department of Agriculture</u>			
Passed-through the N.C. Department of Public Instruction:			
Child Nutrition Cluster:			
Noncash Assistance (Commodities):			
National School Lunch Program	10.555	PRC 035	\$ 174,576
Cash Assistance:			
National School Lunch Program	10.555	PRC 035	3,685
Summer Food Service Program for Children	10.559	PRC 035	1,629,043
Cash assistance subtotal			<u>1,632,728</u>
Total Child Nutrition Cluster			<u>1,807,304</u>
Total U.S. Department of Agriculture			<u>1,807,304</u>
<u>U.S. Department of the Treasury</u>			
Passed-through the N.C. Office of State Management and Budget:			
N.C. Pandemic Recovery Office:			
Passed-through the N.C. Department of Public Instruction:			
COVID-19 - Coronavirus Relief Fund:			
Summer Learning Program		PRC 121	124,359
Nondigital Resources		PRC 123	9,190
Student Computers and Devices		PRC 124	187,363
School Nutrition		PRC 125	57,146
Personnel Computers and Devices		PRC 126	111,955
Learning Management System		PRC 129	6,750
Grants for Exceptional Children Services		PRC 132	96,411
Cybersecurity		PRC 135	8,990
Personal Protective Equipment		PRC 137	73,748
Total COVID-19 - Coronavirus Relief Fund	21.019		<u>675,912</u>
<u>U.S. Department of Education</u>			
Office of Elementary and Secondary Education			
Passed-through the N.C. Department of Public Instruction:			
Title I, Grants to Local Educational Agencies	84.010	PRC 050/115	743,938
Supporting Effective Instruction State Grant	84.367	PRC 103	93,991
Language Acquisition Grant	84.365	PRC 104/111	38,283
Hurricane Relief - Hurricane Dorian Recovery	84.938	PRC 162	53,556
Student Support and Academic Enrichment Program	84.424	PRC 108	43,997
Special Education Cluster:			
Grants to States - IDEA, part B (611)	84.027	PRC 060	921,056
Risk Pool	84.027	PRC 114	59,171
Special Needs Targeted Assistance	84.027	PRC 118	4,811
Preschool Grants - IDEA, Part B (619)	84.173	PRC 049	26,812
Preschool Targeted Assistance	84.173	PRC 119	3,523
Total Special Education Cluster			<u>1,015,373</u>

DARE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2021

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
Career and Technical Education - Basic Grants to States Program Development	84.048	PRC 017	38,409
COVID-19 - Education Stabilization Fund:			
CARES Act:			
COVID-19 - ESSER I - K-12 Emergency Relief Fund	84.425D	PRC 163	88,549
COVID-19 - GEER I - Supplemental Instructional Services	84.425C	PRC 170	54,602
CRRSA:			
COVID-19 - ESSER II - K-12 Emergency Relief Fund	84.425D	PRC 171	150,495
COVID-19 - ESSER II - Competency-Based Assessment	84.425D	PRC 178	2,295
Total COVID-19 - Education Stabilization Fund	84.425		295,941
Total U.S. Department of Education			2,323,488
<u>U.S. Department of Health and Human Services</u>			
Passed-through the N.C. Department of Health and Human Services:			
Child Care and Development Block Grant	93.575		32,405
<u>U.S. Department of Homeland Security</u>			
Passed-through the N.C. Department of Public Safety:			
FEMA Disaster Grants - Public Assistance	97.036		414,535
Total Federal Assistance			5,253,644
State Grants:			
<u>N.C. Department of Public Instruction:</u>			
Cash Assistance:			
State Public School Fund		Various	32,438,604
Career and Technical Education:			
State Months of Employment		PRC 013	1,637,952
Program Support Funds		PRC 014	236,151
Driver Training		PRC 012	81,680
School Technology Fund		PRC 015	11
N.C. Healthy Schools Grant			4,000
Cash assistance subtotal			34,398,398
Non-Cash Assistance:			
State Buses Appropriation		PRC 120	165,991
Total N.C. Department of Public Instruction			34,564,389
<u>N.C. Department of Health and Human Services:</u>			
Division of Child Development			
N.C. Pre-Kindergarten Program			722,307
Total State Assistance			35,286,696
Total Federal and State Assistance			\$ 40,540,340

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

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Dare County Board of Education under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Dare County Board of Education, it is not intended to and does not present the financial position, changes in net assets or cash flows of Dare County Board of Education.

Note 2. Summary of Significant Accounting Policies

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

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

Note 3. FEMA Disaster Grants - Public Assistance

Included in the FEMA federal awards amount are expenditures for the 25% State matching requirement received by Dare County Board of Education.