

**IREDELL-STATESVILLE BOARD OF
EDUCATION
STATESVILLE, NORTH CAROLINA**

**Financial Statements and Supplementary
Information**

For the Year Ended June 30, 2022



Strickland Hardee PLLC
Certified Public Accountants

236 East Center Street, Lexington, NC 27292 • (336) 843-4409 • info@shcpa.cpa

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA

Table of Contents

June 30, 2022

Exhibit		Page
	Independent Auditor's Report	1
	Management's Discussion and Analysis	4
	Basic Financial Statements:	
	Government-Wide Financial Statements:	
A	Statement of Net Position	12
B	Statement of Activities	13
	Fund Financial Statements:	
C	Balance Sheet - Governmental Funds	14
D	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	15
E	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
F	Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General and State Public School Funds	17
	Budget and Actual - Federal Grants and Other Special Revenue Funds	18
G	Statement of Net Position - Proprietary Fund	19
H	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	20
I	Statement of Cash Flows - Proprietary Fund	21
	Notes to the Financial Statements	23
	Required Supplementary Information:	
	Schedule of the Board's Proportionate Share of the Net Pension Liability - Teachers' and State Employees' Retirement System	57
	Schedule of Board Contributions - Teachers' and State Employees' Retirement System	58
	Schedule of the Board's Proportionate Share of the Net OPEB Liability - Retiree Health Benefit Fund	59
	Schedule of Board Contributions - Retiree Health Benefit Fund	60
	Schedule of the Board's Proportionate Share of the Net OPEB Asset - Disability Income Plan of North Carolina	61
	Schedule of Board Contributions - Disability Income Plan of North Carolina	62

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA

Table of Contents (Continued)

June 30, 2022

<u>Schedule</u>		<u>Page</u>
	Individual Fund Schedules:	
1	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	63
2	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Federal Grants Fund	64
3	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Capital Outlay Fund	65
4	Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) - School Food Service Fund	66
5	Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) - Child Care Fund	67
	Compliance Section:	
	Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	68
	Independent Auditor's Report On Compliance For Each Major Federal Program And On Internal Control Over Compliance Required By The Uniform Guidance And the State Single Audit Implementation Act	70
	Independent Auditor's Report On Compliance For Each Major State Program And On Internal Control Over Compliance Required By The Uniform Guidance And the State Single Audit Implementation Act	73
6	Schedule of Findings and Questioned Costs	76
7	Summary Schedule of Prior Year Audit Findings	79
8	Corrective Action Plan	80
9	Schedule of Expenditures of Federal and State Awards	81



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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 Iredell-Statesville Board of Education, as of June 30, 2022, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, State Public School Fund, Federal Fund, Capital Outlay Fund, and Other Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Audit of 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 11 and the Schedule of the Board's Proportionate Share of the Net Pension and OPEB Liabilities and the Schedule of Board Contributions on pages 57 through 62, respectively be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Iredell-Statesville Board of Education's basic financial statements. The accompanying budgetary schedules and 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2023, on our consideration of the Iredell-Statesville Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of these reports is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Iredell-Statesville Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Iredell-Statesville Board of Education's internal control over financial reporting and compliance.

Strickland Hardee PLLC

Lexington, North Carolina
March 31, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2022

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

Financial Highlights

- The Board's enrollment increased in 2021-2022. The ADM was 20,150 students which was an increase of 177 students.
- The county Local Current Expense appropriation remained the same during 2021-2022 as compared to 2020-2021.
- The Board received \$52.7 million in federal ESSER funding that expires between September 2022 and September 2024.

Overview of the Financial Statements

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

- *Independent Auditor's Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental information section presents schedules for Teachers' and State Employees' Retirement System, Retiree Health Benefit Fund, Disability Income Plan of North Carolina and combining and budgetary statements for non-major governmental funds and budgetary statements for enterprise funds.*

The *Basic Financial Statements* include two types of statements that present different views of the Board's finances. The first is the *government-wide statements*. The government-wide statements are presented on the full accrual basis of accounting and include the Statement of Net Position and the Statement of Activities. The Statement of Net Position includes all of the Board's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Assets and liabilities are classified in the order of relative liquidity for assets and due date for liabilities. This statement provides a summary of the Board's investment in assets, deferred outflows and 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. The fund financial statements focus on the Board's most significant funds. Because a different basis of accounting is used in the government-wide financial statements, a reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statements provide information about the Board as an economic unit while the fund financial statements provide information on the financial resources of each of the Board's major funds.

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2022

Government-wide Statements

The government-wide financial 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, deferred inflows of resources, and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

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

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

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

The government-wide statements are Exhibits A and B of this report.

Fund Financial Statements

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

Iredell-Statesville Board of Education has two types of funds:

Governmental funds: Most of the Board's basic services are included in the governmental funds, which generally focus on two things – how cash and other assets can readily be converted to cash flow in and out, and the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the coming year to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation following the governmental funds statements, explains the relationship (or differences) between the government-wide and the fund financial statements.

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2022

Fund Financial Statements (Continued)

The Board has several governmental funds: the General Fund, the State Public School Fund, the Individual Schools Fund, the Capital Outlay Fund, the Federal Grants Fund, and the Other Special Revenue Fund.

The governmental fund statements are Exhibits C, D, E and F of this report.

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

The proprietary fund statements are Exhibits G, H, and I of this report.

(The remainder of this page intentionally left blank)

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2022

Financial Analysis of the Schools as a Whole

Net position is an indicator of the fiscal health of the Board. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$147,552,791 as of June 30, 2022. The largest component of net position is net investment in capital assets, of \$100,013,166.

Following is a summary of the Statement of Net Position:

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021
Current assets	\$ 27,366,722	\$ 29,718,879	\$ 5,879,616	\$ 1,528,712	\$ 33,246,338	\$ 31,247,591
Capital assets	101,766,986	94,232,821	379,440	357,512	102,146,426	94,590,333
Total assets	129,133,708	123,951,700	6,259,056	1,886,224	135,392,764	125,837,924
Deferred outflows of resources	61,873,281	51,201,834	1,896,626	1,545,564	63,769,907	52,747,398
Current and other liabilities	16,398,078	19,845,514	485,577	594,923	16,883,655	20,440,437
Long-term liabilities	222,405,586	254,020,137	6,729,732	7,556,066	229,135,318	261,576,203
Total liabilities	238,803,664	273,865,651	7,215,309	8,150,989	246,018,973	282,016,640
Deferred inflows of resources	99,726,116	87,299,170	3,056,930	2,637,390	102,783,046	89,936,560
Investment in capital assets	100,013,166	90,938,941	379,440	357,512	100,392,606	91,296,453
Restricted net position	4,811,897	4,901,693	14,038	8,949	4,825,935	4,910,642
Unrestricted net position (deficit)	(252,347,854)	(281,851,921)	(2,510,035)	(7,723,052)	(254,857,889)	(289,574,973)
Total net position	<u>\$ (147,522,791)</u>	<u>\$ (186,011,287)</u>	<u>\$ (2,116,557)</u>	<u>\$ (7,356,591)</u>	<u>\$ (149,639,348)</u>	<u>\$ (193,367,878)</u>

Note that net position increased during the year, indicating an improvement in the financial condition of the Board. The increase in governmental activities net position was largely due to the change in pension and OPEB related assets and liabilities. Unrestricted net position increased in the business-type activities primarily because of an increase in current assets in the School Food Service fund.

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2022

Financial Analysis of the Schools as a Whole (Continued)

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

Table 2
Condensed Statement of Activities
As of June 30, 2022 and 2021

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021
Revenues:						
Program revenues:						
Charges for services	\$ 6,311,298	\$ 845,001	\$ 2,730,556	\$ 1,191,980	\$ 9,041,854	\$ 2,036,981
Operating grants and contributions	183,269,399	146,675,966	13,231,140	7,567,166	196,500,539	154,243,132
Capital grants and contributions	2,259,219	1,739,277	-	-	2,259,219	1,739,277
General revenues:						
County revenues	58,310,982	58,199,287	-	-	58,310,982.00	58,199,287
Other revenues	1,153,059	9,439,538	7,712	(9,746)	1,160,771	9,429,792
Total revenues	251,303,957	216,899,069	15,969,408	8,749,400	267,273,365	225,648,469
Expenses:						
Governmental activities:						
Instructional services	151,057,639	150,750,239	-	-	151,057,639	150,750,239
System-wide support services	45,662,103	38,132,531	-	-	45,662,103	38,132,531
Ancillary services	1,360,405	576,790	-	-	1,360,405	576,790
Non-programmed charges	6,464,012	5,075,415	-	-	6,464,012	5,075,415
Interest on long-term debt	-	311	-	-	-	311
Depreciation	8,217,220	3,234,036	-	-	8,217,220	3,234,036
Business-type activities:						
Food service	-	-	10,580,461	6,296,731	10,580,461	6,296,731
Child care	-	-	202,995	694,079	202,995	694,079
Total expenses	212,761,379	197,769,322	10,783,456	6,990,810	223,544,835	204,760,132
Transfer in (out)	(54,082)	(252,555)	54,082	252,555	-	-
Change in net position	38,488,496	18,877,192	5,240,034	2,011,145	43,728,530	20,888,337
Net position, beginning	(186,011,287)	(204,888,479)	(7,356,591)	(9,367,736)	(193,367,878)	(214,256,215)
Net position, ending	\$ (147,522,791)	\$ (186,011,287)	\$ (2,116,557)	\$ (7,356,591)	\$ (149,639,348)	\$ (193,367,878)

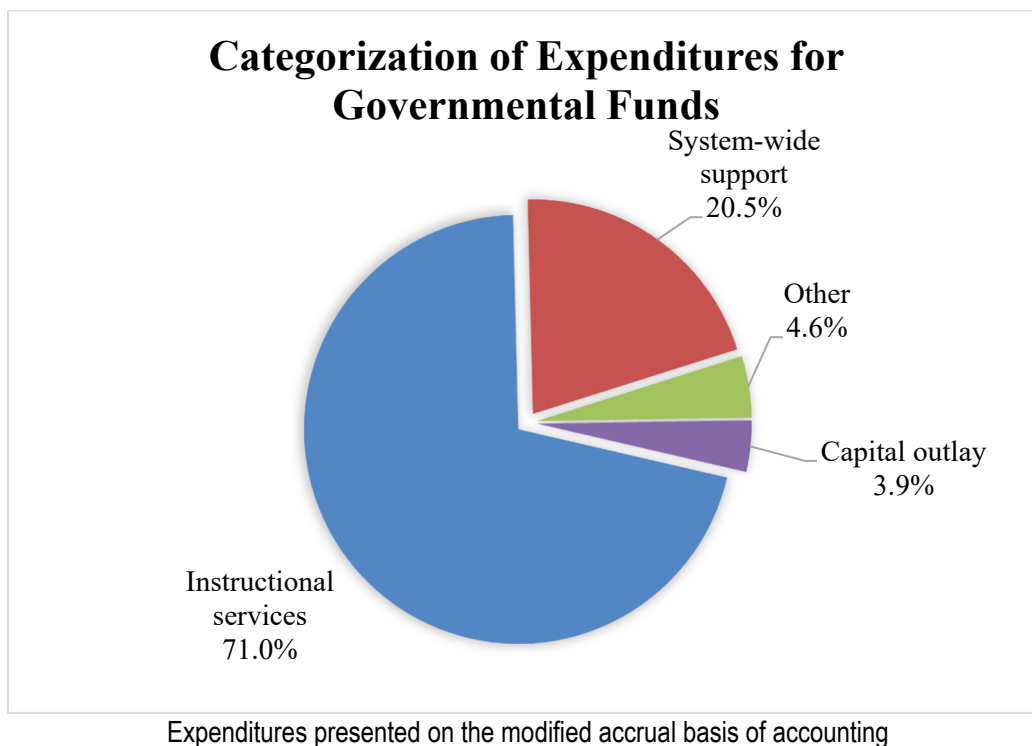
Total governmental activities generated revenues of \$251.3 million while expenses in this category totaled \$212.8 million for the year ended June 30, 2022. Comparatively, revenues were \$217.0 million, and expenses totaled \$197.8 million for the year ended June 30, 2021. After transfers to the business-type activities, the increase in net position stands at \$5,240,034 at June 30, 2022, compared to an increase of \$2,011,145 in 2021. Instructional services expenses comprised 71.0% of total governmental-type expenses while system-wide support services made up 21.5% of those expenses for 2022. County funding comprised 23.2% of total governmental revenue for 2022. In 2021, county funding was 26.8%. Much of the remaining 86.8% of total governmental revenue for 2022 consists of restricted State and federal money. This revenue represented 73.2% of total revenue in 2021. Business-type activities generated revenue of \$15.97 million and expenses of \$10.78 million. Net position increased in the business-type activities by \$5,240,034, after transfers from the governmental activities of \$54,082.

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2022

Financial Analysis of the Board's Funds

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

The Board's governmental funds reported a combined fund balance of \$20,627,402, a \$1,454,911 increase over the prior year. This increase was mainly due to federal and state funding. For 2022, federal funding was \$42.7 million, compared to \$18.9 million in 2021, an increase of \$23.8 million. State funding was \$140.0 million, compared to \$132.8 million in 2021, an increase of \$7.2 million for the year. Total expenditures also increased during the year by \$34.6 million.



Proprietary Funds: The Board's business-type funds had a net increase in net position in the past year. The School Food Service Fund reflected an increase in net position from the prior year of \$4,328,566. The Child Care Fund's net position increased by \$911,468. Both increases were primarily due to programs being able to run normally with less impact from COVID-19 leading to increased sales.

Budgetary Highlights

Over the course of the year, the Board revised the budget several times to account for changes in revenue expectations and to increase appropriations in light of the increased revenue estimates. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external source, such as Federal and State grants; and 3) increases and decreases in appropriations that become necessary to maintain services.

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2022

Budgetary Highlights (Continued)

Amendments to the Other Special Revenue increased the budget by approximately \$10.7 million. Funding from the Teacher and School Leader Incentive Program (STRIVE) of \$6.8 million makes up the largest portion of this increase.

Amendments to the Federal Grant Fund increased the budget by approximately \$5.0 million. ESSER III funding of \$4.2 million makes up the largest portion of this increase. Actual revenue and expenditures were \$31.2 million less than the final budget due to the funds being carried into the next fiscal year.

Amendments to the State Public School Fund increased the budget by approximately \$14.8 million. This change was the net of the increases and decreases in allotments received from the State. Approximately \$4 million of this increase relates to the Coronavirus State and Local Fiscal Recovery Funds.

Capital Assets

Capital assets decreased by \$7,458,095 from the previous year. This is due to capital additions exceeding depreciation for the current fiscal year.

The following is a summary of the capital assets, net of depreciation at year-end.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021
Land	\$ 18,826,212	\$ 18,531,146	\$ -	\$ -	\$ 18,826,212	\$ 18,531,146
Construction in progress	-	7,634,520	-	-	-	7,634,520
Buildings and improvements	62,542,743	51,053,164	-	-	62,542,743	51,053,164
Furniture and equipment	13,359,376	9,014,081	379,440	357,512	13,738,816	9,371,593
Vehicles	7,038,655	7,999,910	-	-	7,038,655	7,999,910
Total	\$ 101,766,986	\$ 94,232,821	\$ 379,440	\$ 357,512	\$ 102,146,426	\$ 94,590,333

Debt Outstanding

During the year, the Board's outstanding debt decreased by \$1,540,060 due mainly to the use of installment financing to pay for school buses. The Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used. The County holds the majority of the debt issued for school construction.

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2022

Economic Factors

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

- Iredell County's unemployment rate of 3.7% at June 2022 has decreased from 4.7% at June 2021. The State unemployment rate at June 2022 was 3.6%.
- Iredell County maintains the lowest property tax rate in the region and the 15th lowest in the State at \$0.5375 per \$100 of valuation.
- The State increased the minimum starting wage to \$15 per hour, and we continue to see fuel prices and cost of supplies increasing. These increased costs continue to put a strain on the budget.

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS
(Government-wide)

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA

Exhibit A

Statement of Net Position

June 30, 2022

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 25,662,638	\$ 5,280,138	\$ 30,942,776
Due from other governments	1,603,325	384,804	1,988,129
Accounts receivable	-	18,651	18,651
Net OPEB asset	100,759	3,089	103,848
Inventories	-	192,934	192,934
	<u>27,366,722</u>	<u>5,879,616</u>	<u>33,246,338</u>
Capital assets:			
Land	18,826,212	-	18,826,212
Construction in progress	-	-	-
Other capital assets, net of depreciation	82,940,774	379,440	83,320,214
Total capital assets	<u>101,766,986</u>	<u>379,440</u>	<u>102,146,426</u>
Total assets	<u>129,133,708</u>	<u>6,259,056</u>	<u>135,392,764</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>61,873,281</u>	<u>1,896,626</u>	<u>63,769,907</u>
LIABILITIES			
Accounts payable and accrued expenses	774,581	20,459	795,040
Accrued salaries and wages payable	4,335,772	93,349	4,429,121
Unearned revenue	1,528,208	162,953	1,691,161
Long-term liabilities:			
Due within one year	9,759,517	208,816	9,968,333
Due in more than one year	2,859,454	-	2,859,454
Net pension liability	32,773,312	1,004,631	33,777,943
Net OPEB liability	186,772,820	5,725,101	192,497,921
Total liabilities	<u>238,803,664</u>	<u>7,215,309</u>	<u>246,018,973</u>
DEFERRED INFLOWS OF RESOURCES	<u>99,726,116</u>	<u>3,056,930</u>	<u>102,783,046</u>
NET POSITION			
Net investment in capital assets	100,013,166	379,440	100,392,606
Restricted:			
Stabilization by State statute	1,588,248	-	1,588,248
Scholarships	109,751	-	109,751
Capital outlay	476,663	-	476,663
Individual schools	2,179,263	-	2,179,263
Other special revenue	-	-	-
DIPNC OPEB plan	457,972	14,038	472,010
Unrestricted	(252,347,854)	(2,510,035)	(254,857,889)
Total net position	<u>\$ (147,522,791)</u>	<u>\$ (2,116,557)</u>	<u>\$ (149,639,348)</u>

The accompanying notes to the financial statements are an integral part of these statements

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
Instructional services:				
Regular instructional	\$ 88,228,830	\$ 1,191,943	\$ 101,272,662	\$ -
Special populations	18,184,861	-	20,148,698	-
Alternative programs	12,686,872	-	13,473,376	-
School leadership	10,870,015	-	8,528,149	-
Co-curricular	841,372	-	53,762	-
School-based support	20,245,689	4,161,452	12,550,473	-
System-wide support services:				
Support and development	1,159,474	-	732,926	-
Special population support and development	786,812	-	903,498	-
Alternative programs and services support and development	334,229	-	370,823	-
Technology support	3,316,448	-	2,153,168	-
Operational support	34,557,577	957,903	18,245,126	2,259,219
Financial and human resource	2,733,497	-	912,579	-
Accountability	1,181,377	-	964,089	-
System-wide pupil support	25,165	-	-	-
Policy, leadership and public relations	1,567,524	-	687,623	-
Ancillary services	1,360,405	-	1,318,219	-
Non-programmed charges	6,464,012	-	954,228	-
Unallocated depreciation expense	8,217,220	-	-	-
Total governmental activities	<u>212,761,379</u>	<u>6,311,298</u>	<u>183,269,399</u>	<u>2,259,219</u>
Business-type activities:				
School food service	10,580,461	1,616,399	13,231,140	-
Child care	202,995	1,114,157	-	-
Total business-type activities	<u>10,783,456</u>	<u>2,730,556</u>	<u>13,231,140</u>	<u>-</u>
Total primary government	<u>\$ 223,544,835</u>	<u>\$ 9,041,854</u>	<u>\$ 196,500,539</u>	<u>\$ 2,259,219</u>
General revenues:				
Unrestricted county appropriations - operating				
Unrestricted county appropriations - capital				
Investment earnings, unrestricted				
Miscellaneous, unrestricted				
Transfers				
Total general revenues and transfers				
Change in net position				
Beginning net position				
Ending net position				

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ 14,235,775	\$ -	\$ 14,235,775
1,963,837	-	1,963,837
786,504	-	786,504
(2,341,866)	-	(2,341,866)
(787,610)	-	(787,610)
(3,533,764)	-	(3,533,764)
(426,548)	-	(426,548)
116,686	-	116,686
36,594	-	36,594
(1,163,280)	-	(1,163,280)
(13,095,329)	-	(13,095,329)
(1,820,918)	-	(1,820,918)
(217,288)	-	(217,288)
(25,165)	-	(25,165)
(879,901)	-	(879,901)
(42,186)	-	(42,186)
(5,509,784)	-	(5,509,784)
(8,217,220)	-	(8,217,220)
(20,921,463)	-	(20,921,463)
-	4,267,078	4,267,078
-	911,162	911,162
-	5,178,240	5,178,240
(20,921,463)	5,178,240	(15,743,223)
45,223,297	-	45,223,297
13,087,685	-	13,087,685
53,093	373	53,466
1,099,966	7,339	1,107,305
(54,082)	54,082	-
59,409,959	61,794	59,471,753
38,488,496	5,240,034	43,728,530
(186,011,287)	(7,356,591)	(193,367,878)
\$ (147,522,791)	\$ (2,116,557)	\$ (149,639,348)

The accompanying notes to the financial statements are an integral part of these statements

This page left intentionally blank

FUND FINANCIAL STATEMENTS

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA

**Balance Sheet
Governmental Funds
June 30, 2022**

	Major Funds			
	General	State Public School	Capital Outlay	Federal Grants
ASSETS				
Cash and cash equivalents	\$ 18,394,866	\$ -	\$ 1,324,020	\$ -
Due from other funds	-	-	-	154,860
Due from other governments	345,043	-	417,059	-
Total assets	<u>18,739,909</u>	<u>-</u>	<u>1,741,079</u>	<u>154,860</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	382,422	-	309,417	-
Accrued salaries and wages payable	4,335,772	-	-	-
Unearned revenue	250	-	-	154,860
Due to other funds	154,860	-	-	-
Total liabilities	<u>4,873,304</u>	<u>-</u>	<u>309,417</u>	<u>154,860</u>
Fund balances:				
Restricted:				
Stabilization by State statute	345,043	-	417,059	-
Scholarships	109,751	-	-	-
Capital outlay	-	-	476,663	-
Individual schools	-	-	-	-
Committed:				
Board designated	-	-	-	-
Assigned:				
Subsequent year's expenditures	1,897,266	-	537,940	-
Unassigned	11,514,545	-	-	-
Total fund balances	<u>13,866,605</u>	<u>-</u>	<u>1,431,662</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 18,739,909</u>	<u>\$ -</u>	<u>\$ 1,741,079</u>	<u>\$ 154,860</u>

Reconciliation of the Balance Sheet to the Statement of Net Position:

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Total fund balance - Governmental Funds

Net OPEB asset

Capital assets used in Governmental Activities are not financial resources and therefore are not reported as assets in Governmental Funds.

Cost of capital assets

Accumulated depreciation

Deferred outflows of resources related to pensions

Deferred outflows of resources related to OPEB

Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.

Compensated absences payable

Installment purchases

Net pension liability

Net OPEB liability

Deferred inflows of resources related to pensions

Deferred inflows of resources related to OPEB

Net position of Governmental Activities

Major Funds Other Special Revenue	Non-Major Fund Individual Schools	Total Governmental Funds
\$ 3,779,566	\$ 2,164,186	\$ 25,662,638
-	-	154,860
826,146	15,077	1,603,325
<u>4,605,712</u>	<u>2,179,263</u>	<u>27,420,823</u>
82,742	-	774,581
-	-	4,335,772
1,373,098	-	1,528,208
-	-	154,860
<u>1,455,840</u>	<u>-</u>	<u>6,793,421</u>
826,146	-	1,588,248
-	-	109,751
-	-	476,663
-	2,179,263	2,179,263
1,394,803	-	1,394,803
928,923	-	3,364,129
-	-	11,514,545
<u>3,149,872</u>	<u>2,179,263</u>	<u>20,627,402</u>
<u>\$ 4,605,712</u>	<u>\$ 2,179,263</u>	<u>\$ 27,420,823</u>
		\$ 20,627,402
		100,759
247,703,432		101,766,986
<u>(145,936,446)</u>		34,665,917
		27,207,364
		(10,865,151)
		(1,753,820)
		(32,773,312)
		(186,772,820)
		(41,996,022)
		(57,730,094)
		<u>\$ (147,522,791)</u>

The accompanying notes to the financial statements are an integral part of these statements

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	Major Funds			
	General	State Public School	Capital Outlay	Federal Grants
REVENUES				
State of North Carolina	\$ -	\$ 137,020,444	\$ 2,259,219	\$ -
Iredell County	45,223,297	-	13,087,685	-
U.S. Government	-	-	-	36,705,423
Other	1,148,920	-	107,069	-
Total revenues	<u>46,372,217</u>	<u>137,020,444</u>	<u>15,453,973</u>	<u>36,705,423</u>
EXPENDITURES				
Current:				
Instructional services:				
Regular instructional	9,224,282	83,376,337	-	16,811,298
Special populations	870,690	14,397,462	-	5,092,817
Alternative programs	438,013	5,211,871	-	6,576,432
School leadership	4,357,721	8,068,904	-	432,149
Co-curricular	933,949	-	-	53,286
School-based support	6,204,382	8,037,020	-	2,803,580
System-wide support services:				
Support and development	647,056	556,101	-	32,305
Special populations support and development	13,647	312,035	-	447,125
Alternative programs and services support and development	15,367	119,898	-	203,054
Technology support	1,316,547	1,346,207	-	109,635
Operational support	12,338,451	14,222,179	300,712	2,937,714
Financial and human resource	2,049,364	662,078	-	50,284
Accountability	24,905.00	-	-	-
System-wide pupil support	25,165.00	-	-	-
Policy, leadership and public relations	1,025,048	400,477	-	20,151
Ancillary services	4,500	264,875	-	507,199
Non-programmed charges	5,575,961	-	-	628,394
Debt service:				
Principal	-	-	1,540,060	-
Capital outlay	-	-	14,340,074	-
Total expenditures	<u>45,065,048</u>	<u>136,975,444</u>	<u>16,180,846</u>	<u>36,705,423</u>
Revenues over (under) expenditures	<u>1,307,169</u>	<u>45,000</u>	<u>(726,873)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Gain on disposal of capital assets	-	-	27,482	-
Transfers from (to) other funds	118,469	(45,000)	(9,082)	-
Total other financing sources (uses)	<u>118,469</u>	<u>(45,000)</u>	<u>18,400</u>	<u>-</u>
Net change in fund balance	1,425,638	-	(708,473)	-
Fund balances, beginning	<u>12,440,967</u>	<u>-</u>	<u>2,140,135</u>	<u>-</u>
Fund balances, ending	<u>\$ 13,866,605</u>	<u>\$ -</u>	<u>\$ 1,431,662</u>	<u>\$ -</u>

Major Funds Other Special Revenue	Non-Major Fund Individual Schools	Total Governmental Funds
\$ 755,558	\$ -	\$ 140,035,221
-	-	58,310,982
5,971,196	-	42,676,619
4,849,178	4,176,529	10,281,696
<u>11,575,932</u>	<u>4,176,529</u>	<u>251,304,518</u>
1,237,555	-	110,649,472
767,374	-	21,128,343
1,977,200	-	14,203,516
26,108	-	12,884,882
-	3,855,146	4,842,381
1,984,082	-	19,029,064
169,168	-	1,404,630
169,426	-	942,233
56,180	-	394,499
817,851	-	3,590,240
1,094,757	-	30,893,813
233,716	-	2,995,442
1,156,472.00	-	1,181,377
-	-	25,165
312,873	-	1,758,549
641,457	-	1,418,031
259,922	-	6,464,277
-	-	1,540,060
136,959	-	14,477,033
<u>11,041,100</u>	<u>3,855,146</u>	<u>249,823,007</u>
<u>534,832</u>	<u>321,383</u>	<u>1,481,511</u>
-	-	27,482
(118,469)	-	(54,082)
<u>(118,469)</u>	<u>-</u>	<u>(54,082)</u>
416,363	321,383	1,454,911
<u>2,733,509</u>	<u>1,857,880</u>	<u>19,172,491</u>
<u>\$ 3,149,872</u>	<u>\$ 2,179,263</u>	<u>\$ 20,627,402</u>

The accompanying notes to the financial statements are an integral part of these statements

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022

Exhibit E

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

Net changes in fund balances - total Governmental Funds	\$ 1,454,911
Change in fund balance due to change in reserve for inventory	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	7,540,126
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred revenue	(22,075)
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.	1,540,060
Difference in accrued interest payable and interest expensed on fund statements	
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	11,752,112
Net OPEB expense	16,861,083
Compensated absences	(631,756)
Loss on disposal of assets	(5,965)
	<hr/>
Total changes in net position of Governmental Activities	<u><u>\$ 38,488,496</u></u>

The accompanying notes to the financial statements are an integral part of these statements

This page left intentionally blank

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
General and State Public School Funds
For the Year Ended June 30, 2022

	General Fund			Variance with Final Budget - Positive (Negative)
	Budget		Actual Amounts	
	Original	Final		
REVENUES				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Iredell County	44,737,448	45,223,297	45,223,297	-
Other	1,072,500	1,203,862	1,148,920	(54,942)
Total revenues	45,809,948	46,427,159	46,372,217	(54,942)
EXPENDITURES				
Current:				
Instructional services:				
Regular instructional			9,224,282	
Special populations			870,690	
Alternative programs			438,013	
School leadership			4,357,721	
Co-curricular			933,949	
School-based support			6,204,382	
Total instructional services	25,082,571	23,088,180	22,029,037	1,059,143
System-wide support services:				
Support and development			647,056	
Special population support and development			13,647	
Alternative programs and services support and development			15,367	
Technology support			1,316,547	
Operational support			12,338,451	
Financial and human resource			2,049,364	
Accountability			24,905	
System-wide pupil support			25,165	
Policy, leadership and public relations			1,025,048	
Total system-wide support services	15,332,377	17,787,333	17,455,550	331,783
Ancillary services	35,000	4,500	4,500	-
Non-programmed charges	5,360,000	5,665,615	5,575,961	89,654
Total expenditures	45,809,948	46,545,628	45,065,048	1,480,580
Revenues over (under) expenditures	-	(118,469)	1,307,169	1,425,638
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	-	118,469	118,469	-
Total other financing sources (uses)	-	118,469	118,469	-
Net change in fund balance	\$ -	\$ -	1,425,638	\$ 1,425,638
Fund balances, beginning			12,440,967	
Fund balances, ending			\$ 13,866,605	

State Public School Fund			
Budget		Actual Amounts	Variance with Final Budget - Positive (Negative)
Original	Final		
\$ 124,836,416	\$ 139,632,844	\$ 137,020,444	\$ (2,612,400)
-	-	-	-
-	-	-	-
124,836,416	139,632,844	137,020,444	(2,612,400)
		83,376,337	
		14,397,462	
		5,211,871	
		8,068,904	
		-	
		8,037,020	
108,378,349	121,403,360	119,091,594	2,311,766
		556,101	
		312,035	
		119,898	
		1,346,207	
		14,222,179	
		662,078	
		-	
		-	
		400,477	
16,413,067	17,919,597	17,618,975	300,622
-	264,887	264,875	12
-	-	-	-
124,791,416	139,587,844	136,975,444	2,612,400
45,000	45,000	45,000	-
(45,000)	(45,000)	(45,000)	-
(45,000)	(45,000)	(45,000)	-
\$ -	\$ -	-	\$ -
		-	
		\$ -	

The accompanying notes to the financial statements are an integral part of these statements

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Federal Grants and Other Special Revenue Funds
For the Year Ended June 30, 2022

	Federal Grants Fund			Variance with Final Budget - Positive (Negative)
	Budget		Actual Amounts	
	Original	Final		
REVENUES				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
U.S. Government	62,907,925	67,871,846	36,705,423	(31,166,423)
Other				
Total revenues	62,907,925	67,871,846	36,705,423	(31,166,423)
EXPENDITURES				
Current:				
Instructional services:				
Regular instructional			16,811,298	
Special populations			5,092,817	
Alternative programs			6,576,432	
School leadership			432,149	
Co-curricular			53,286	
School-based support			2,803,580	
Total instructional services	48,786,758	59,140,513	31,769,562	27,370,951
System-wide support services:				
Support and development			32,305	
Special population support and development			447,125	
Alternative programs and services support and development			203,054	
Technology support			109,635	
Operational support			2,937,714	
Financial and human resource			50,284	
Accountability			-	
System-wide pupil support			-	
Policy, leadership and public relations			20,151	
Total system-wide support services	11,028,848	5,227,375	3,800,268	1,427,107
Ancillary services	-	508,208	507,199	1,009
Non-programmed charges	3,092,319	2,995,750	628,394	2,367,356
Capital outlay	-	-	-	-
Total expenditures	62,907,925	67,871,846	36,705,423	31,166,423
Revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Appropriated fund balance	-	-	-	-
Transfers from (to) other funds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balances, beginning			-	
Fund balances, ending			\$ -	

Other Special Revenue Fund			
Budget		Actual Amounts	Variance with Final Budget - Positive (Negative)
Original	Final		
\$ 51,703	\$ 1,916,586	\$ 755,558	\$ (1,161,028)
3,694,997	14,970,720	5,971,196	(8,999,524)
2,693,800	3,799,448	4,849,178	1,049,730
6,440,500	20,686,754	11,575,932	(9,110,822)
		1,237,555	
		767,374	
		1,977,200	
		26,108	
		-	
		1,984,082	
4,736,311	14,498,000	5,992,319	8,505,681
		169,168	
		169,426	
		56,180	
		817,851	
		1,094,757	
		233,716	
		1,156,472	
		-	
		312,873	
1,538,062	4,310,037	4,010,443	299,594
53,968	1,829,468	641,457	1,188,011
317,975	673,192	259,922	413,270
142,076	142,076	136,959	5,117
6,788,392	21,452,773	11,041,100	10,411,673
(347,892)	(766,019)	534,832	1,300,851
347,892	884,488	-	(884,488)
-	(118,469)	(118,469)	-
347,892	766,019	(118,469)	(884,488)
\$ -	\$ -	416,363	\$ 416,363
		2,733,509	
		\$ 3,149,872	

The accompanying notes to the financial statements are an integral part of these statements

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA

Exhibit G

Statement of Net Position

Proprietary Funds

June 30, 2022

	Enterprise Funds		
	Major Funds		
	School Food Service	Child Care	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,901,958	\$ 378,180	\$ 5,280,138
Due from other governments	382,596	2,208	384,804
Accounts receivable	18,651	-	18,651
OPEB asset	2,711	378	3,089
Inventories	192,934	-	192,934
Total current assets	5,498,850	380,766	5,879,616
Noncurrent assets:			
Capital assets, net of depreciation	379,440	-	379,440
Total assets	5,878,290	380,766	6,259,056
DEFERRED OUTFLOWS OF RESOURCES	1,664,802	231,824	1,896,626
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	20,224	235	20,459
Accrued salaries and wages payable	32,616	60,733	93,349
Unearned revenue	162,953	-	162,953
Compensated absences	193,545	15,271	208,816
Total current liabilities	409,338	76,239	485,577
Noncurrent liabilities:			
Net pension liability	881,835	122,796	1,004,631
Net OPEB liability	5,025,322	699,779	5,725,101
Total noncurrent liabilities	5,907,157	822,575	6,729,732
Total liabilities	6,316,495	898,814	7,215,309
DEFERRED INFLOWS OF RESOURCES	2,683,281	373,649	3,056,930
NET POSITION			
Net investment in capital assets	379,440	-	379,440
DIPNC OPEB Plan	12,322	1,716	14,038
Unrestricted	(1,848,446)	(661,589)	(2,510,035)
Total net position	\$ (1,456,684)	\$ (659,873)	\$ (2,116,557)

The accompanying notes to the financial statements are an integral part of these statements

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2022

Exhibit H

	Enterprise Funds		
	Major Funds		
	School Food	Child Care	Total
	Service		
OPERATING REVENUES			
Food sales	\$ 1,616,104	\$ -	\$ 1,616,104
Supplemental service fees	-	1,114,157	1,114,157
Other	295	-	295
Total operating revenues	<u>1,616,399</u>	<u>1,114,157</u>	<u>2,730,556</u>
OPERATING EXPENSES			
Food cost:			
Food costs	3,817,821	4,505	3,822,326
Donated commodities	718,304	-	718,304
Salaries and benefits	5,162,684	173,698	5,336,382
Professional and technical services	122,706	1,711	124,417
Property services	930	-	930
Transportation services	18,421	2,452	20,873
Communications	15,888	6,887	22,775
Supplies and materials	212,133	12,345	224,478
Furniture and equipment supplies	2	-	2
Field trips	-	775	
Depreciation	70,772	-	70,772
Indirect cost	429,354	-	429,354
Membership dues and fees	530	-	530
Other	10,916	622	11,538
Total operating expenses	<u>10,580,461</u>	<u>202,995</u>	<u>10,783,456</u>
Operating income (loss)	<u>(8,964,062)</u>	<u>911,162</u>	<u>(8,052,900)</u>
NONOPERATING REVENUES (EXPENSES)			
Federal reimbursements	12,083,482	-	12,083,482
Federal commodities	718,304	-	718,304
Indirect costs not paid	429,354	-	429,354
Interest earned	371	2	373
Gain on disposal of capital assets	4,702	-	4,702
Miscellaneous	2,333	304	2,637
Total nonoperating revenue (expenses)	<u>13,238,546</u>	<u>306</u>	<u>13,238,852</u>
Income (loss) before transfers	4,274,484	911,468	5,185,952
OTHER FINANCING SOURCES (USES):			
Transfers from (to) other funds	<u>54,082</u>	<u>-</u>	<u>54,082</u>
Change in net position	4,328,566	911,468	5,240,034
NET POSITION			
Total net position, beginning	<u>(5,785,250)</u>	<u>(1,571,341)</u>	<u>(7,356,591)</u>
Total net position, ending	<u>\$ (1,456,684)</u>	<u>\$ (659,873)</u>	<u>\$ (2,116,557)</u>

The accompanying notes to the financial statements are an integral part of these statements

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA

Exhibit I

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	Enterprise Funds		
	Major Funds		
	School Food Service	Child Care	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,348,371	\$ 1,138,655	\$ 2,487,026
Cash paid for goods and services	(4,356,549)	(75,549)	(4,432,098)
Cash paid to employees for services	(5,249,564)	(685,232)	(5,934,796)
Net cash provided from (used by) operating activities	(8,257,742)	377,874	(7,879,868)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Federal reimbursements	12,083,482	-	12,083,482
Miscellaneous	2,333	304	2,637
Net cash provided from noncapital financing activities	12,085,815	304	12,086,119
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Gain on disposal of capital assets	4,702	-	4,702
Acquisition of capital assets	(92,700)	-	(92,700)
Net cash used by capital and related financing activities	(87,998)	-	(87,998)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	371	2	373
Net increase in cash and cash equivalents	3,740,446	378,180	4,118,626
CASH AND CASH EQUIVALENTS			
Beginning of year	1,161,512	-	1,161,512
End of year	\$ 4,901,958	\$ 378,180	\$ 5,280,138

The accompanying notes to the financial statements are an integral part of these statements

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

Exhibit I
(Continued)

	Enterprise Funds		
	Major Funds		
	School Food Service	Child Care	Total
Reconciliation of operating income (loss) to net cash used by operating activities:			
Operating income (loss)	\$ (8,964,062)	\$ 911,162	\$ (8,052,900)
Adjustments to reconcile operating income (loss) to net cash used			
by operating activities:			
Depreciation	70,772	-	70,772
Donated commodities consumed	718,304	-	718,304
Transfers (to) from other funds	54,082	-	54,082
Indirect costs not paid	429,354	-	429,354
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
(Increase) decrease in due from other governments	(238,547)	24,498	
(Increase) decrease in accounts receivable	(15,591)	-	(15,591)
(Increase) decrease in OPEB asset	4,674	1,186	5,860
(Increase) decrease in inventory	(8,498)	-	(8,498)
(Increase) decrease in deferred outflows of resources	(389,352)	38,290	(351,062)
Increase (decrease) in accounts payable and accrued expenses	(148,704)	(46,252)	(194,956)
Increase (decrease) in accrued salaries and wages payable	32,616	60,733	93,349
Increase (decrease) in unearned revenues	(13,890)	-	(13,890)
Increase (decrease) in net pension liability	(1,201,725)	(318,454)	(1,520,179)
Increase (decrease) in net OPEB liability	873,356	(179,511)	693,845
Increase (decrease) in compensated absences	32,653	(26,502)	6,151
Increase (decrease) in deferred inflows of resources	506,816	(87,276)	419,540
Total adjustments	706,320	(533,288)	387,081
Net cash used by operating activities	\$ (8,257,742)	\$ 377,874	\$ (7,665,819)

Noncash investing, capital, and financing activities:

The State Public School Fund paid salaries and benefits of \$45,000 to personnel of the School Food Service Fund during the fiscal year. In addition, the Capital Outlay Fund transferred \$9,082 for an equipment purchase. These payments are reflected by a transfer in and an operating expense on Exhibit H.

The School Food Service Fund recorded donated commodities with a value of \$718,304 during the fiscal year. The revenue of the commodities is recognized as a nonoperating revenue on Exhibit H.

Indirect costs of \$429,354 that would be due to the Other Special Revenue Fund were not paid. These unpaid costs are reflected as a nonoperating revenue and an operating expense on Exhibit H.

The accompanying notes to the financial statements are an integral part of these statements

NOTES TO THE FINANCIAL STATEMENTS

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A) Reporting Entity

The Iredell-Statesville Board of Education, North Carolina (the Board) is a Local Education Agency empowered by State law [Chapter 115C of the North Carolina General Statutes] with the responsibility to oversee and control all activities related to public school education of the children of Iredell County not living within the boundaries of the Mooresville City Local Educational Agency. The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity.

B) Basis of Presentation

Government-wide Financial 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 non-major funds.

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

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) Basis of Presentation (Continued)

The Board reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Board. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. This fund is the "Local Current Expense Fund," which is mandated by State law [G.S. 115C-426].

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

Individual Schools Fund. The Individual Schools Fund includes revenues and expenditures of the activity funds of the individual schools. The primary revenue sources include funds held on 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 Individual Schools Fund is reported as a special revenue fund.

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

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

The Board reports the following major enterprise fund:

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

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

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.

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) Measurement Focus and Basis of Accounting (Continued)

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Board considers all revenues reported in the governmental funds to be available if the revenues are collected within 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 are both restricted and unrestricted net positions 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 fund, as required by 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 move monies (up to \$1,000) from one appropriation to another within the same fund. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$1,000. All amendments must be approved by the governing board. During the year, several amendments to the budget were necessary, including increasing budgets for the State Public School Fund for \$14,796,425, the Federal Grants Fund for \$4,963,468, the Capital Outlay Fund for \$5,128,987, the Child Nutrition Fund for \$6,757,300, and the Other Special Revenue Fund for \$10,676,823. 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 money market mutual fund allowed by G.S. 159-30(c)(8). The NCCMT Government Portfolio is a 2a-7 fund maintaining an AAAm rating at S & P Global Ratings and AAAmf by Moody's Investors Service. The NCCMT Government Portfolio is reported at fair value.

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity (Continued)

1) Deposits and Investments (Continued)

The Short-Term Investment Fund (STIF) is managed by the staff of the Department of State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC. It consists of an internal portion and an external portion in which the Board participates. Investments are to those enumerated in G.S. 147-69.1.

The Board's investments are reported at fair value as determined by either quoted market prices or a matrix pricing model. Bank deposits are measured at amortized cost. Ownership in the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involve inputs – other than quoted prices – included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity on June 30, 2022 of .9 years. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

2) Cash and Cash Equivalents

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

3) Inventories

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

4) Capital Assets

Donated assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 1, 1970 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

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

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity (Continued)

4) Capital Assets (Continued)

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

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

	<u>Years</u>
Building	30
Equipment and furniture	12
Vehicles	7
Computer equipment	5

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

5) Deferred Outflows and Inflows of Resources

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

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 salary-related payments as of June 30, 2022 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years' records of the current portion of compensated absences.

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity (Continued)

7) Compensated Absences (Continued)

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

8) Net Position/Fund Balances

Net Position

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

Fund Balance

In the governmental fund financial statements, fund balance is composed of four classifications designated 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. The Board does not have Nonspendable fund balances at June 30, 2022.

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

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

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

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

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

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity (Continued)

8) Net Position/Fund Balances (Continued)

Committed Fund Balance – Portion of fund balance that can only be used for a specific purpose imposed by a majority vote by quorum of the Board of Education's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body that approved the original action.

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

Assigned Fund Balance – Portion of fund balance that the Board intends to use for specific purposes.

Subsequent Year's Expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

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

9) Reconciliation of Government-wide and Fund Financial Statements

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

The governmental funds balance sheet includes a reconciliation between total fund balance of the governmental funds and net position of the governmental activities as reported in the government-wide statement of net position.

(The remainder of this page intentionally left blank)

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity (Continued)

9) Reconciliation of Government-wide and Fund Financial Statements (Continued)

a) The net adjustment of \$(168,150,193) consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 247,703,432
Less accumulated depreciation	(145,936,446)
Net capital assets	<u>101,766,986</u>
 Net OPEB asset	 100,759
 Pension related deferred outflows of resources	 34,665,917
OBEB related deferred outflows of resources	27,207,364
 Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Compensated absences	(10,865,151)
Installment purchases	(1,753,820)
Net pension liability	(32,773,312)
Net OPEB liability	(186,772,820)
 Deferred inflows of resources related to pensions	 (41,996,022)
Deferred inflows of resources related to OPEB	(57,730,094)
 Total adjustments	 <u><u>\$ (168,150,193)</u></u>

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity (Continued)

9) Reconciliation of Government-wide and Fund Financial Statements (Continued)

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

The governmental funds 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.

The net adjustment of \$39,055,660 consists of several elements as follows:

Description	Amount
Capital outlay expenditures are recorded in the fund statements but capitalized as assets in the Statement of Activities	\$ 17,534,717
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the Statement of Activities but not in the fund statements	(9,994,591)
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 those differences in the treatment of long-term debt and related items	1,540,060
Expenses report in the Statement of Activities that do not require the use of current resources to pay are not not recorded as expenditures in the fund statements:	
Pension expense	11,752,112
Net OPEB expense	16,861,083
Compensated absences	(631,756)
Loss on disposal of assets	(5,965)
Total adjustments	<u>\$ 37,055,660</u>

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity (Continued)

10) Defined Benefit Pension Plan and OPEB Plans

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

II) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A) Significant Violations of Finance - Legal and Contractual Provision

None

B) Excess of Expenditures Appropriations

None

C) Deficits in Fund Balance or Net Position of Individual Funds

None

III) 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 agent in the Board's name. Under the pooling method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Board, these deposits are considered to be held by the agent in the Board's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits.

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

III) DETAIL NOTES ON ALL FUNDS (Continued)

A) Assets (Continued)

1) Deposits (Continued)

Depositories using the pooling method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Board under the pooling method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the pooling method. The Board has no policy regarding custodial credit risk for deposits.

At June 30, 2022, the Board had deposits with banks and savings and loans with a carrying amount of \$27,723,210 and with the State Treasurer of \$3,199,908. The bank balances with the financial institutions and the State Treasurer were \$29,556,124 and \$3,094,516, respectively. Of these balances, \$250,000 was covered by federal depository insurance and \$32,400,639 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2) Investments

At June 30, 2022, the Board had \$7,500 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating AAAm by S & P Global Ratings and AAAmf by Moody's Investors Service. There was \$12,166 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of .9 years at June 30, 2022. The Board has no policy for managing interest rate risk or credit risk.

3) Accounts Receivable

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

	Due from other funds (Internal balances)	Due from other governments	Other	Total
Governmental activities:				
General Fund	\$ -	\$ 345,043	\$ -	\$ 345,043
Other Special Revenue Fund	-	826,146	-	826,146
Other Governmental Activities	154,860	432,136	-	586,996
Total	<u>\$ 154,860</u>	<u>\$ 1,603,325</u>	<u>\$ -</u>	<u>\$ 1,758,185</u>
Business-type activities:				
School Food Services Fund	\$ -	\$ 382,596	\$ 18,651	\$ 401,247
Child Care Fund	-	2,208	-	2,208
Total	<u>\$ -</u>	<u>\$ 384,804</u>	<u>\$ 18,651</u>	<u>\$ 403,455</u>

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

III) DETAIL NOTES ON ALL FUNDS (Continued)

A) Assets (Continued)

3) Accounts Receivable (Continued)

Due from other governments consists of the following:

Governmental activities:

General Fund	\$ 316,063	Sales tax refund due from the State
General Fund	28,980	Other
Other Special Revenue Fund	826,146	Grant funds
Capital Outlay Fund	299,412	Iredell County revenues
Capital Outlay Fund	117,647	Sales tax refund due from the State
Individual Schools Fund	15,077	Sales tax refund due from the State
Total	<u>\$ 1,603,325</u>	

Business-type activities:

School Food Services Fund	\$ 382,596	Federal reimbursements
Child Care Fund	2,208	Grant funds
Total	<u>\$ 384,804</u>	

(The remainder of this page intentionally left blank)

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

III) DETAIL NOTES ON ALL FUNDS (Continued)

A) Assets (Continued)

4) Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 18,531,146	\$ 295,066	\$ -	\$ 18,826,212
Construction in progress	7,634,520	-	(7,634,520)	-
Total capital assets not being depreciated	<u>26,165,666</u>	<u>295,066</u>	<u>(7,634,520)</u>	<u>18,826,212</u>
Capital assets being depreciated:				
Buildings and improvements	151,931,244	15,941,424	(6,264)	167,866,404
Furniture and equipment	26,158,208	8,116,634	(160,308)	34,114,534
Vehicles	27,377,835	816,117	(1,297,670)	26,896,282
Total capital assets being depreciated	<u>205,467,287</u>	<u>24,874,175</u>	<u>(1,464,242)</u>	<u>228,877,220</u>
Less accumulated depreciation for:				
Buildings and improvements	100,878,080	4,451,845	(6,264)	105,323,661
Furniture and equipment	17,144,127	3,765,374	(154,343)	20,755,158
Vehicles	19,377,925	1,777,372	(1,297,670)	19,857,627
Total accumulated depreciation	<u>137,400,132</u>	<u>\$ 9,994,591</u>	<u>\$ (1,458,277)</u>	<u>145,936,446</u>
Total capital assets being depreciated, net	<u>68,067,155</u>			<u>82,940,774</u>
Governmental activity capital assets, net	<u>\$ 94,232,821</u>			<u>\$ 101,766,986</u>

Depreciation was charged to governmental functions as follows:

Operational support services	\$ 1,777,371
Unallocated depreciation	8,217,220
	<u>\$ 9,994,591</u>

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

III) DETAIL NOTES ON ALL FUNDS (Continued)

A) Assets (Continued)

4) Capital Assets (Continued)

Business-type fund capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Furniture and office equipment	\$ 2,356,131	\$ 92,701	\$ (14,411)	\$ 2,434,421
Less accumulated depreciation for:				
Furniture and office equipment	1,998,619	70,773	(14,411)	2,054,981
Total business activity capital assets, net	<u>\$ 357,512</u>			<u>\$ 379,440</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 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.

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

1) Pension Plan and Other Postemployment Obligations (Continued)

a) Teachers' and State Employees' Retirement System (Continued)

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

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2022, was 16.90% 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 was \$20,732,647 for the year ended June 30, 2022.

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

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

1) Pension Plan and Other Postemployment Obligations (Continued)

a) Teachers' and State Employees' Retirement System (Continued)

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

At June 30, 2022, the Board reported a liability of \$33,777,943 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. The Board's proportion was .72135% as of June 30, 2022.

For the year ended June 30, 2022, the Board recognized pension expense of \$8,630,436. At June 30, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,898,701	\$ 767,134
Changes of assumptions	12,670,469	-
Net difference between projected and actual earnings on pension plan	-	41,851,292
Changes in proportion and differences between employer contributions	426,746	664,939
Employer contributions subsequent to the measurement date	20,732,647	-
Total	<u>\$ 35,728,563</u>	<u>\$ 43,283,365</u>

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

1) Pension Plan and Other Postemployment Obligations (Continued)

a) Teachers' and State Employees' Retirement System (Continued)

\$20,732,647 was 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 ending June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2023	\$ (4,408,121)
2024	(5,189,441)
2025	(5,854,262)
2026	(12,835,625)
2027	-
Thereafter	-
	<u><u>\$ (28,287,449)</u></u>

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

Inflation	2.5 percent
Salary increases	3.25 to 8.05 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2014 through January 1, 2016. Future ad hoc cost-of-living allowance (COLA) amounts are not considered to be substantively automatic and are therefore not included in the measurement.

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

1) Pension Plan and Other Postemployment Obligations (Continued)

a) Teachers' and State Employees' Retirement System (Continued)

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:

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 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 2.5%. All rates of return and inflation are annualized.

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

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

1) Pension Plan and Other Postemployment Obligations (Continued)

a) Teachers' and State Employees' Retirement System (Continued)

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Board's proportionate share of the net pension liability (asset)	\$ 113,303,945	\$ 33,777,942	\$ (32,328,101)

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

b) Other Postemployment Benefits

1) Healthcare Benefits (Continued)

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 35, 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 <http://www.osc.nc.gov/public-information/reports>.

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

1) Pension Plan and Other Postemployment Obligations (Continued)

b) Other Postemployment Benefits (Continued)

1) Healthcare Benefits (Continued)

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

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

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

RHBF's benefit and contribution provisions are established by Chapter 135-7, Article 1 and Chapter 135, Article 3B of the General Statutes and may be amended only by the North Carolina General Assembly. RHBF does not provide for automatic post-retirement benefit increases.

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

1) Pension Plan and Other Postemployment Obligations (Continued)

b) Other Postemployment Benefits (Continued)

1) Healthcare Benefits (Continued)

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 6.49% of covered payroll. Contributions to the RHBF from the Board were \$7,961,438, for the year ended June 30, 2022.

At June 30, 2022, Board reported a liability of \$192,497,921 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. The total OPEB liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2022, the Board's proportion was .62266%.

For the year ended June 30, 2022, the Board recognized RHBP expense of \$(8,265,176). At June 30, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to RHBP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,136,480	\$ 3,583,282
Changes of assumptions	15,744,673	46,781,178
Net difference between projected and actual earnings on pension plan investments	-	98,470
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,780,028	8,986,186
Employer contributions subsequent to the measurement date	7,961,438	-
Total	<u>\$ 27,622,619</u>	<u>\$ 59,449,116</u>

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

1) Pension Plan and Other Postemployment Obligations (Continued)

b) Other Postemployment Benefits (Continued)

1) Healthcare Benefits (Continued)

\$7,961,438 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:

Year ended June 30:

2023	\$ (23,914,504)
2024	(11,184,823)
2025	(3,273,143)
2026	(3,901,752)
2027	2,486,287
Thereafter	-
	\$ (39,787,935)

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

Inflation	2.50%
Salary increases based on service	Teachers: 7.55% grading down to 3.50%, Law Enforcement Officers: 8.10% grading down to 3.50%, General Employees: 5.50% grading down to 3.50%
Investment rate of return	6.50%
Healthcare cost trend rates	
Medical	6.00% grading down to 5.00% by 2027
Prescription drug	9.50% grading down to 5.00% by 2031
Administrative cost	3.00%
Post-retirement mortality rates	RP-2014 Healthy Annuitant Mortality Table for males and females, adjust 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

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

1) Pension Plan and Other Postemployment Obligations (Continued)

b) Other Postemployment Benefits (Continued)

1) Healthcare Benefits (Continued)

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

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

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Net OPEB liability	\$ 228,973,479	\$ 192,497,921	\$ 162,956,823

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

	1% Decrease	Healthcare Trend Rates	1% Increase
	Medical - 4% - 5%, Pharmacy - 4% - 8.5%, Medicare Advantage - 0% - 4%, Administrative - 2%	Medical - 5% - 6%, Pharmacy - 5% - 9.5%, Medicare Advantage - 0% - 5%, Administrative - 3%	Medical - 6% - 7%, Pharmacy - 6% - 10.5%, Medicare Advantage - 0% - 6%, Administrative - 4%
Net OPEB liability	\$ 155,890,851	\$ 192,497,921	\$ 241,060,568

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.

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

1) Pension Plan and Other Postemployment Obligations (Continued)

b) Other Postemployment Benefits (Continued)

2) Disability Benefits

Plan description. Short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan, to the eligible members of TSERS which includes employees of the State, the University of North Carolina System, community colleges, certain Local Education Agencies, and ORP. Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer, the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members.

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

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.

For employees who had five or more years of membership service as of July 31, 2007, during the first 36 months of the long-term disability period, the monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one-twelfth of the annual longevity payment and local supplements to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of \$3,900 per month reduced by any primary Social Security disability benefits and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled, but the benefits payable shall be no less than \$10 a month. After the first 36 months of the long-term disability, the long-term benefit is calculated in the same manner as described above except the monthly benefit is reduced by an amount equal to a monthly primary Social Security disability benefit to which the participant or beneficiary might be entitled had Social Security disability benefits been awarded. When an employee qualifies for an unreduced service retirement allowance from the TSERS, the benefits payable from DIPNC will cease, and the employee will commence retirement under the Teachers' and State Employees' Retirement System or the University Employees' Optional Retirement Program.

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

1) Pension Plan and Other Postemployment Obligations (Continued)

b) Other Postemployment Benefits (Continued)

2) Disability Benefits (Continued)

For employees who had less than five years of membership service as of July 31, 2007, and meet the requirements for long-term disability on or after August 1, 2007, during the first 36 months of the long-term disability period, the monthly long-term benefit shall be reduced by an amount equal to the monthly primary Social Security retirement benefit to which the employee might be entitled should the employee become age 62 during the first 36 months. This reduction becomes effective as of the first day of the month following the month of initial entitlement to Social Security benefits. After the first 36 months of the long-term disability, no further benefits are payable under the terms of this section unless the employee has been approved and is in receipt of primary Social Security disability benefits.

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2022, employers made a statutory contribution of 0.09% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$113,916 for the year ended June 30, 2022.

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

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

At June 30, 2022, Board reported an asset of \$103,848 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020. The total OPEB asset was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB asset was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2022, the Board's proportion was .63578%.

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

1) Pension Plan and Other Postemployment Obligations (Continued)

b) Other Postemployment Benefits (Continued)

2) Disability Benefits (Continued)

For the year ended June 30, 2022, the Board recognized DIPNC expense of \$230,300. At June 30, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to DIPNC from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 264,783	\$ -
Changes of assumptions	18,234	37,702
Net difference between projected and actual earnings on pension plan investments	10,134	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,660	12,862
Employer contributions subsequent to the measurement date	113,916	-
Total	<u>\$ 418,727</u>	<u>\$ 50,564</u>

\$113,916 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 inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2023	\$ 69,900
2024	48,270
2025	62,038
2026	30,129
2027	11,831
Thereafter	32,079
	<u>\$ 254,247</u>

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

1) Pension Plan and Other Postemployment Obligations (Continued)

b) Other Postemployment Benefits (Continued)

2) Disability Benefits (Continued)

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

Inflation	2.50%
Salary increases	3.25%-8.05%
Investment rate of return	3.00%

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 liability, as well as what the Board's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00 percent) or 1-percentage point higher (4.00 percent) than the current discount rate:

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
Net OPEB asset	\$ 65,658	\$ 103,848	\$ 139,261

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

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

The actuarial assumptions were based on the results of an actuarial experience review for the period January 1, 2010 through December 31, 2014.

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

1) Pension Plan and Other Postemployment Obligations (Continued)

b) Other Postemployment Benefits (Continued)

2) Disability Benefits (Continued)

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

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

(The remainder of this page intentionally left blank)

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

1) Pension Plan and Other Postemployment Obligations (Continued)

b) Other Postemployment Benefits (Continued)

2) Disability Benefits (Continued)

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

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

	RHBF	DIPNC	Total
OPEB expense	\$ (8,265,176)	\$ 230,300	\$ (8,034,876)
OPEB liability (asset)	192,497,921	(101,978)	192,395,943
Proportionate share (%) of the net OPEB liability (asset)	0.6227%	0.6358%	

Deferred outflows of resources:

Differences between expected and actual experience	\$ 1,136,480	\$ 264,783	\$ 1,401,263
Changes of assumptions	15,744,673	18,234	15,762,907
Net difference between projected and actual earnings on pension plan investments	-	10,134	10,134
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,780,028	11,660	2,791,688
Employer contributions subsequent to the measurement date	7,961,438	113,916	8,075,354
	<u>\$ 27,622,619</u>	<u>\$ 418,727</u>	<u>\$ 28,041,346</u>

Deferred inflows of resources:

Differences between expected and actual experience	\$ 3,583,282	\$ -	\$ 3,583,282
Changes of assumptions	46,781,178	37,702	46,818,880
Net difference between projected and actual earnings on pension plan investments	98,470	-	98,470
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,986,186	12,862	8,999,048
Employer contributions subsequent to the measurement date	-	-	-
	<u>\$ 59,449,116</u>	<u>\$ 50,564</u>	<u>\$ 59,499,680</u>

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

2) Accounts Payable

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

	Vendors	Accrued Salaries and Benefits	Total
Governmental activities:			
General Fund	\$ 382,422	\$ 4,335,772	\$ 4,718,194
Other Special Revenue Fund	82,742	-	82,742
Capital Outlay Fund	309,417	-	309,417
Total governmental activities	<u>\$ 774,581</u>	<u>\$ 4,335,772</u>	<u>\$ 5,110,353</u>
Business-type activities:			
School Food Service Fund	\$ 20,224	\$ 32,616	\$ 52,840
Child Care Fund	235	60,733	60,968
Total business-type activities	<u>\$ 20,459</u>	<u>\$ 93,349</u>	<u>\$ 113,808</u>

3) Unearned Revenues

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

Governmental activities:

Other Special Revenue Fund	<u>\$ 1,373,098</u>	Unspent donations and grants
----------------------------	---------------------	------------------------------

Business-type activities:

School Food Service Fund	<u>\$ 162,953</u>	Prepayments of meals
--------------------------	-------------------	----------------------

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

4) Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,299,964	\$ 4,350,416
Changes of assumptions	28,433,374	46,818,881
Net difference between projected and actual earnings on pension plan investments	10,134	41,949,762
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,218,434	9,663,987
Employer contributions subsequent to the measurement date	28,808,001	-
Total	\$ 63,769,907	\$ 102,783,046

5) Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in the North Carolina School Boards Trust (the Trust), a member funded risk management program administered by the North Carolina School Boards Association. Through the Trust, the Board maintains general liability and errors and omissions insurance coverage of \$1 million per claim. The Trust has an annual aggregate limit for general liability of \$3,150,000 and an annual aggregate limit of \$3,150,000 for errors and omissions claims. Workers' compensation coverage is provided by Liberty Mutual Insurance Company up to \$100,000 per accident for employees to the extent they are paid from local or federal funds. The Board also participates in the Public School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing fund administered by the North Carolina Department of Public Instruction, insuring 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 for earthquake and business interruption and extra expenses. \$10 million per occurrence is provided on increased cost of construction.

The Board insures its tangible property through Fireman's Insurance Company with coverage for approximately \$892 million (replacement value for direct damage to the real and personal property scheduled in the policy). The property deductible is \$2,500 per loss.

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

5) Risk Management (Continued)

In accordance with G.S. 115C-442, the Board's employees who have custody of the Board's monies at any given time of the Board's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000 per person.

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

6) Contingent Liabilities

At June 30, 2022, the Board was a defendant to various lawsuits and claims. In the opinion of the Board's management and the Board's attorney, the ultimate effect of these lawsuits and claims will not have a material adverse effect on the Board's financial position.

7) Long-Term Obligations

a) Installment Purchases

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

The future minimum payments of the installment purchases as of June 30, 2022, are as follows:

Year Ending June 30,	
2023	\$ 1,089,405
2024	664,415
2025	-
2026	-
	<u>\$ 1,753,820</u>

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

III) DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

7) Long-Term Obligations (Continued)

b) Long-Term Obligation Activity

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

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022	Current Portion
Governmental activities:					
Installment purchases	\$ 3,293,880	\$ -	\$ 1,540,060	\$ 1,753,820	\$ 1,089,405
Net pension liability	83,572,709	-	50,799,397	32,773,312	-
Net OPEB liability	166,537,593	20,235,227	-	186,772,820	-
Compensated absences	10,233,394	9,301,869	8,670,112	10,865,151	8,670,112
Total	<u>\$ 263,637,576</u>	<u>\$ 29,537,096</u>	<u>\$ 61,009,569</u>	<u>\$ 232,165,103</u>	<u>\$ 9,759,517</u>
	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022	Current Portion
Business-type activities:					
Net pension liability	\$ 2,524,810	\$ -	\$ 1,520,179	\$ 1,004,631	\$ -
Net OPEB liability	5,031,256	693,845	-	5,725,101	-
Compensated absences	202,665	343,121	336,970	208,816	208,816
Total	<u>\$ 7,758,731</u>	<u>\$ 1,036,966</u>	<u>\$ 1,857,149</u>	<u>\$ 6,938,548</u>	<u>\$ 208,816</u>

Compensated absences for governmental activities are typically liquidated by the General and other governmental funds.

C) Interfund Balances and Activity

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

	Amount
Due to the Federal Grants Fund from the General Fund for sales tax refund from the State	<u>\$ 154,860</u>
From the State Public School Fund to the School Food Service Fund for administrative cost	<u>\$ 45,000</u>
From the Capital Outlay Fund to the School Food Service Fund for capital outlay cost	<u>\$ 9,082</u>
From the Other Special Revenue Fund to the General Fund for Stabilization Grant	<u>\$ 118,469</u>

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

IV) SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND 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 monies 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 monies.

V) FUND BALANCE

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

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

Total fund balance – General Fund	\$ 13,866,605
Less:	
Stabilization by State statute	345,043
Scholarships	109,751
Remaining fund balance	<u><u>\$ 13,411,811</u></u>

VI) SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 31, 2023, which is the date the financial statements were available to be issued. There were no recognized subsequent events meriting disclosure.

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
State Health Benefit Fund

Schedule of Board Contributions
State 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

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Schedule of the Board's Proportionate Share of the Net Pension Liability
Teachers' and State Employees' Retirement System
Last Nine Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Board's proportion of the net pension liability	0.721%	0.713%	0.723%	0.722%
Board's proportionate share of the net pension liability	\$ 33,777,942	\$ 86,097,519	\$ 74,955,173	\$ 71,842,143
Board's covered-employee payroll	\$ 113,308,244	\$ 109,392,817	\$ 108,792,545	\$ 104,322,182
Board's proportionate share of the net pension liability as a percentage of its covered-employee payroll	29.81%	78.70%	68.90%	68.87%
Plan fiduciary net position as a percentage of the total pension liability	84.14%	94.86%	85.98%	87.56%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Board's proportion of the net pension liability	0.733%	0.737%	0.757%	0.754%
Board's proportionate share of the net pension liability	\$ 58,175,322	\$ 67,730,562	\$ 27,883,682	\$ 8,837,119
Board's covered-employee payroll	\$ 102,838,697	\$ 98,459,836	\$ 100,923,997	\$ 96,688,155
Board's proportionate share of the net pension liability as a percentage of its covered-employee payroll	56.57%	68.79%	27.63%	9.14%
Plan fiduciary net position as a percentage of the total pension liability	87.61%	89.51%	87.32%	94.64%
				<u>2014</u>
Board's proportion of the net pension liability				0.775%
Board's proportionate share of the net pension liability				\$ 47,044,326
Board's covered-employee payroll				\$ 98,880,344
Board's proportionate share of the net pension liability as a percentage of its covered-employee payroll				47.58%
Plan fiduciary net position as a percentage of the total pension liability				98.24%

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

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Board Contributions
Teachers' and State Employees' Retirement System
Last Nine Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 20,732,647	\$ 16,746,958	\$ 14,188,248	\$ 13,370,604
Contributions in relation to the contractually required contribution	<u>20,732,647</u>	<u>16,746,958</u>	<u>14,188,248</u>	<u>13,370,604</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 122,661,660	\$ 113,308,244	\$ 109,392,817	\$ 108,792,545
Contributions as a percentage of covered-employee payroll	16.90%	14.78%	12.97%	12.29%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 11,245,931	\$ 10,263,302	\$ 9,009,075	\$ 9,234,546
Contributions in relation to the contractually required contribution	<u>11,245,931</u>	<u>10,263,302</u>	<u>9,009,075</u>	<u>9,234,546</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 104,322,182	\$ 102,838,697	\$ 98,459,836	\$ 100,923,997
Contributions as a percentage of covered-employee payroll	10.78%	9.98%	9.15%	9.15%
				<u>2014</u>
Contractually required contribution				\$ 8,402,201
Contributions in relation to the contractually required contribution				<u>8,402,201</u>
Contribution deficiency (excess)				<u>\$ -</u>
Board's covered-employee payroll				\$ 96,688,155
Contributions as a percentage of covered-employee payroll				8.69%

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

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Schedule of the Board's Proportionate Share of the Net OPEB Liability
Retiree Health Benefit Fund
Last Six Fiscal Years *

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Board's proportion of the net OPEB liability	0.6227%	0.6185%	0.6274%	0.6435%
Board's proportionate share of the net OPEB liability	\$ 192,497,921	\$ 171,568,850	\$ 198,492,628	\$ 183,323,700
Board's covered-employee payroll	\$ 113,308,244	\$ 109,392,817	\$ 108,792,545	\$ 104,322,182
Board's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	169.89%	156.84%	182.45%	175.73%
Plan fiduciary net position as a percentage of the total OPEB liability	10.58%	7.72%	6.92%	4.40%
			<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability			0.6631%	0.6427%
Board's proportionate share of the net OPEB liability			\$ 217,402,150	\$ 279,591,436
Board's covered-employee payroll			\$ 102,838,697	\$ 98,459,836
Board's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll			211.40%	283.96%
Plan fiduciary net position as a percentage of the total OPEB liability			3.52%	3.52%

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

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Board Contributions
Retiree Health Benefit Fund
Last Ten Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 7,961,438	\$ 7,568,991	\$ 7,077,715	\$ 6,821,293
Contributions in relation to the contractually required contribution	<u>7,961,438</u>	<u>7,568,991</u>	<u>7,077,715</u>	<u>6,821,293</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 122,661,660	\$ 113,308,244	\$ 109,392,817	\$ 108,792,545
Contributions as a percentage of covered-employee payroll	6.49%	6.68%	6.47%	6.27%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 6,311,492	\$ 5,974,928	\$ 5,513,751	\$ 5,540,727
Contributions in relation to the contractually required contribution	<u>6,311,492</u>	<u>5,974,928</u>	<u>5,513,751</u>	<u>5,540,727</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 104,322,182	\$ 102,838,697	\$ 98,459,836	\$ 100,923,997
Contributions as a percentage of covered-employee payroll	6.05%	5.81%	5.60%	5.49%
			<u>2014</u>	<u>2013</u>
Contractually required contribution			\$ 5,221,160	\$ 5,240,658
Contributions in relation to the contractually required contribution			<u>5,221,160</u>	<u>5,240,658</u>
Contribution deficiency (excess)			<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll			\$ 96,688,155	\$ 98,880,340
Contributions as a percentage of covered-employee payroll			5.40%	5.30%

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

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Schedule of the Board's Proportionate Share of the Net OPEB Asset
Disability Income Plan of North Carolina
Last Six Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Board's proportion of the net OPEB asset	0.6358%	0.6204%	0.6351%	0.6361%
Board's proportionate share of the net OPEB asset	\$ 103,848	\$ 305,184	\$ 274,024	\$ 193,225
Board's covered employee payroll	\$ 113,308,244	\$ 109,392,817	\$ 108,792,545	\$ 104,322,182
Board's proportionate share of the net OPEB asset as a percentage of its covered-employee payroll	0.09%	0.28%	0.25%	0.19%
Contributions as a percentage of covered-employee payroll	90.34%	105.18%	115.57%	113.00%
			<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB asset			0.6435%	0.6534%
Board's proportionate share of the net OPEB asset			\$ 393,283	\$ 405,786
Board's covered employee payroll			\$ 102,838,697	\$ 98,459,836
Board's proportionate share of the net OPEB asset as a percentage of its covered-employee payroll			0.38%	0.41%
Contributions as a percentage of covered-employee payroll			108.47%	116.23%

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

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Board Contributions
Disability Income Plan of North Carolina
Last Ten Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 113,916	\$ 101,977	\$ 109,393	\$ 152,310
Contributions in relation to the contractually required contribution	<u>113,916</u>	<u>101,977</u>	<u>109,393</u>	<u>152,310</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered employee payroll	\$ 122,661,660	\$ 113,308,244	\$ 109,392,817	\$ 108,792,545
Contributions as a percentage of covered-employee payroll	0.09%	0.09%	0.10%	0.14%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 146,051	\$ 390,787	\$ 403,685	\$ 413,788
Contributions in relation to the contractually required contribution	<u>146,051</u>	<u>390,787</u>	<u>403,685</u>	<u>413,788</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered employee payroll	\$ 104,322,182	\$ 102,838,697	\$ 98,459,836	\$ 100,923,997
Contributions as a percentage of covered-employee payroll	0.14%	0.38%	0.41%	0.41%
			<u>2014</u>	<u>2013</u>
Contractually required contribution			\$ 425,428	\$ 435,073
Contributions in relation to the contractually required contribution			<u>425,428</u>	<u>435,073</u>
Contribution deficiency (excess)			<u>\$ -</u>	<u>\$ -</u>
Board's covered employee payroll			\$ 96,688,155	\$ 98,880,340
Contributions as a percentage of covered-employee payroll			0.44%	0.44%

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

INDIVIDUAL FUND SCHEDULES

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2022

Schedule 1

	Budget	Actual	Positive (Negative) Variance
REVENUES			
Iredell County	\$ 45,223,297	\$ 45,223,297	\$ -
Other:			
Fines and forfeitures	884,437	865,135	(19,302)
Interest	68,300	53,093	(15,207)
Rental of school property	29,451	42,928	13,477
Miscellaneous	221,674	187,764	(33,910)
Total other revenues	<u>1,203,862</u>	<u>1,148,920</u>	<u>(54,942)</u>
Total revenues	<u>46,427,159</u>	<u>46,372,217</u>	<u>(54,942)</u>
EXPENDITURES			
Instructional services:			
Regular instructional		9,224,282	
Special populations		870,690	
Alternative programs		438,013	
School leadership		4,357,721	
Co-curricular		933,949	
School-based support		6,204,382	
Total instructional services	<u>23,088,180</u>	<u>22,029,037</u>	<u>1,059,143</u>
System-wide support services:			
Support and development		647,056	
Special population support and development		13,647	
Alternative programs and services support and development		15,367	
Technology support		1,316,547	
Operational support		12,338,451	
Financial and human resource		2,049,364	
Accountability		24,905	
System-wide pupil support		25,165	
Policy, leadership and public relations		1,025,048	
Total system-wide supporting services	<u>17,787,333</u>	<u>17,455,550</u>	<u>331,783</u>
Ancillary services	<u>4,500</u>	<u>4,500</u>	<u>-</u>
Non-programmed charges	<u>5,665,615</u>	<u>5,575,961</u>	<u>89,654</u>
Total expenditures	<u>46,545,628</u>	<u>45,065,048</u>	<u>1,480,580</u>
Revenues over (under) expenditures	<u>(118,469)</u>	<u>1,307,169</u>	<u>1,425,638</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	118,469	118,469	-
Total other financing sources (uses)	<u>118,469</u>	<u>118,469</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>1,425,638</u>	<u>\$ 1,425,638</u>
FUND BALANCE			
Beginning of year		<u>12,440,967</u>	
End of year		<u>\$ 13,866,605</u>	

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Federal Grants Fund
For the Year Ended June 30, 2022

Schedule 2

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
U. S. Government	\$ 67,871,846	\$ 36,705,423	\$ (31,166,423)
EXPENDITURES			
Instructional services:			
Regular instructional		16,811,298	
Special populations		5,092,817	
Alternative programs		6,576,432	
School leadership		432,149	
Co-curricular		53,286	
School-based support		2,803,580	
Total instructional services	59,140,513	31,769,562	27,370,951
System-wide support services:			
Support and development		32,305	
Special population support and development		447,125	
Alternative programs and service support and development		203,054	
Technology support		109,635	
Operational support		2,937,714	
Financial and human resource		50,284	
Policy, leadership and public relations		20,151	
Total system-wide supporting services	5,227,375	3,800,268	1,427,107
Ancillary services	508,208	507,199	1,009
Non-programmed charges	2,995,750	628,394	2,367,356
Total expenditures	67,871,846	36,705,423	31,166,423
Net change in fund balance	\$ -	-	\$ -
FUND BALANCE			
Beginning of year		-	
End of year		\$ -	

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Outlay Fund
For the Year Ended June 30, 2022

Schedule 3

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
State of North Carolina:			
Public School Building Capital Fund - Lottery	\$ 574,207	\$ 574,207	\$ -
State appropriations - buses	1,540,060	1,540,060	-
State appropriations - facility repairs and renovations	-	144,952	144,952
Total State of North Carolina	<u>2,114,267</u>	<u>2,259,219</u>	<u>144,952</u>
 Iredell County:			
Debt reserve fund	6,645,470	5,578,442	(1,067,028)
General county revenues	15,971,221	7,509,243	(8,461,978)
Total Iredell County	<u>22,616,691</u>	<u>13,087,685</u>	<u>(9,529,006)</u>
 Other:			
Sales tax refund	-	107,069	107,069
Total Other	<u>-</u>	<u>107,069</u>	<u>107,069</u>
 Total revenues	<u>24,730,958</u>	<u>15,453,973</u>	<u>(9,276,985)</u>
 EXPENDITURES			
Current:			
System-wide support services	1,409,081	300,712	1,108,369
 Capital Outlay	21,078,398	14,340,074	6,738,324
 Debt service:			
Principal	<u>3,540,060</u>	<u>1,540,060</u>	<u>2,000,000</u>
 Total expenditures	<u>26,027,539</u>	<u>16,180,846</u>	<u>9,846,693</u>
 Revenues over (under) expenditures	<u>(1,296,581)</u>	<u>(726,873)</u>	<u>569,708</u>
 OTHER FINANCING SOURCES (USES)			
Installment purchase obligations issued	628,358	-	(628,358)
Gain on disposal of capital assets	-	27,482	-
Transfers to other funds	-	(9,082)	-
Appropriated fund balance	668,223	-	(668,223)
Total other financing sources (uses)	<u>1,296,581</u>	<u>18,400</u>	<u>(1,278,181)</u>
 Net change in fund balance	<u>\$ -</u>	<u>(708,473)</u>	<u>\$ (708,473)</u>
 FUND BALANCE			
Beginning of year		<u>2,140,135</u>	
End of year		<u>\$ 1,431,662</u>	

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
School Food Service Fund
For the Year Ended June 30, 2022

Schedule 4

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES			
Food sales	\$ 1,614,600	\$ 1,616,104	\$ 1,504
Other	350	295	(55)
Total operating revenues	<u>1,614,950</u>	<u>1,616,399</u>	<u>1,449</u>
OPERATING EXPENDITURES			
Business support services:			
Salaries and benefits		4,923,800	
Utilities and telephone		15,888	
Contracted services		122,706	
Materials and supplies		212,133	
Food costs		4,544,623	
Travel		18,421	
Property services		930	
Capital outlay		2	
Other		11,446	
Total operating expenditures	<u>14,597,650</u>	<u>9,849,949</u>	<u>4,747,701</u>
Operating income (loss)	<u>(12,982,700)</u>	<u>(8,233,550)</u>	<u>4,749,150</u>
NONOPERATING REVENUES (EXPENDITURES)			
Federal reimbursements	12,369,808	12,083,482	(286,326)
Federal commodities	563,892	718,304	154,412
Interest earned	2,000	371	(1,629)
Gain on disposal of capital assets	2,000	4,702	2,702
Other	-	2,333	2,333
Total nonoperating revenues (expenditures)	<u>12,937,700</u>	<u>12,809,192</u>	<u>(128,508)</u>
Income (loss) before transfers	<u>(45,000)</u>	<u>4,575,642</u>	<u>4,620,642</u>
OTHER FINANCING SOURCES			
Transfers from other funds	45,000	54,082	9,082
Total other financing sources (uses)	<u>45,000</u>	<u>54,082</u>	<u>9,082</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>4,629,724</u>	<u>\$ 4,629,724</u>
Reconciliation of modified accrual to full accrual basis:			
Depreciation		(70,772)	
Net OPEB asset		4,674	
Net OPEB liability		873,356	
Net pension liability		(1,201,725)	
Deferred outflows - pension		(112,678)	
Deferred outflows - OPEB		(276,674)	
Deferred inflows - pension		1,099,586	
Deferred inflows - OPEB		(592,770)	
Indirect costs		(429,354)	
Indirect costs not paid		429,354	
Increase in inventory		8,498	
Increase in compensated absences payable		(32,653)	
Change in net position (full accrual)		<u>\$ 4,328,566</u>	

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Child Care Fund
For the Year Ended June 30, 2022

Schedule 5

	Final Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES			
Child care fees	\$ 1,588,000	\$ 1,114,157	\$ (473,843)
OPERATING EXPENDITURES			
Regular community service:			
Food purchases	52,000	4,505	47,495
Salaries and benefits	1,454,000	(345,564)	1,799,564
Utilities and telephone	11,500	6,887	4,613
Contracted services	3,000	1,711	1,289
Materials and supplies	33,500	12,345	21,155
Travel	4,500	2,452	2,048
Field trips	25,000	775	24,225
Other	4,500	622	3,878
Total expenditures	<u>1,588,000</u>	<u>(316,267)</u>	<u>1,904,267</u>
Operating income (loss)	<u>-</u>	<u>1,430,424</u>	<u>1,430,424</u>
NONOPERATING REVENUE (EXPENDITURES)			
Interest earned	-	2	2
Miscellaneous	-	304	304
Total nonoperating revenues	<u>-</u>	<u>306</u>	<u>306</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	1,430,730	<u>\$ 1,430,730</u>
Reconciliation of modified accrual to full accrual basis:			
Decrease in compensated absences payable		26,502	
Net OPEB asset		1,186	
Net pension liability		(318,454)	
Net OPEB liability		(179,511)	
Deferred outflows - pension		43,791	
Deferred outflows - OPEB		(5,500)	
Deferred inflows - pension		150,913	
Deferred inflows - OPEB		<u>(238,189)</u>	
Change in net position (full accrual)		<u>\$ 911,468</u>	

COMPLIANCE SECTION



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Iredell-Statesville Board of Education, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Iredell-Statesville Board of Education, North Carolina's basic financial statements, and have issued our report thereon dated March 31, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Iredell-Statesville Board of Education, North Carolina'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 Iredell-Statesville Board of Education, North Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of the Iredell-Statesville Board of Education, North Carolina's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Strickland Hardee PLLC

Lexington, North Carolina
March 31, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE
STATE SINGLE AUDIT IMPLEMENTATION ACT**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Iredell-Statesville Board of Education, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Iredell-Statesville Board of Education, North Carolina's major federal programs for the year ended June 30, 2022. Iredell-Statesville Board of Education, North Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Iredell-Statesville Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Iredell-Statesville Board of Education's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Strickland Hardee PLLC

Lexington, North Carolina
March 31, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE
STATE SINGLE AUDIT IMPLEMENTATION ACT**

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Iredell-Statesville Board of Education, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Iredell-Statesville Board of Education, North Carolina's major state programs for the year ended June 30, 2022. Iredell County Board of Education, North Carolina's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Iredell-Statesville Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of Iredell-Statesville Board of Education's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Strickland Hardee PLLC

Lexington, North Carolina
March 31, 2023

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Schedule 6

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? _____ yes ✓ no

Significant deficiencies identified that are not considered to be material weaknesses? _____ yes ✓ none reported

Noncompliance material to financial statements noted _____ yes ✓ no

Federal Awards

Internal control over major federal programs:

Material weaknesses identified? _____ yes ✓ no

Significant deficiencies identified that are not considered to be material weaknesses? _____ yes ✓ none reported

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 §200.516 of the Uniform Guidance _____ yes ✓ no

Identification of major federal programs:

CFDA Numbers

84.010

84.425

21.027

Names of Federal Program or Cluster

Grants to Local Educational Agencies (Title I, Part A of ESEA)

COVID-19 - Education Stabilization Fund

COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Employee Bonuses

Dollar threshold used to distinguish between Type A and Type B programs: \$ 1,779,284

Auditee qualified as low-risk auditee? ✓ yes _____ no

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

Schedule 6
(Continued)

SECTION I - SUMMARY OF AUDITORS' RESULTS (Continued)

State Awards

Internal control over major State programs:

Material weaknesses identified? _____ yes ✓ no

Significant deficiencies identified that are
not considered to be material weaknesses? _____ yes ✓ none reported

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

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

Identification of major state programs:

<u>Program Name</u>
State Public School Fund

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

Schedule 6
(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2022

Schedule 7

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Corrective Action Plan
For the Year Ended June 30, 2022

Schedule 8

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2022

Schedule 9

Grantor/Pass-through <u>Grantor/Program Title</u>	Assistance Listing Number	State/ Pass-through Grantor's Number	Expenditures
Federal Grants:			
<u>U. S. Department of Agriculture:</u>			
School Nutrition Program (Note 3)			
<u>Child Nutrition Cluster:</u>			
Non-Cash Assistance (Commodities):			
Passed-through the N.C. Department of Agriculture:			
National School Lunch Program	10.555	PRC 035	\$ 718,304
Cash Assistance:			
Passed-through the N.C. Department of Public Instruction:			
Seamless Summer Program			
School Breakfast Program	10.555	PRC 035	2,632,016
National School Lunch Program	10.555	PRC 035	8,426,801
School Programs Emergency Operational Cost	10.555	PRC 035	33,504
Supply Chain Assistance	10.556	PRC 035	392,238
Summer Food Service Program for Children	10.559	PRC 035	267,079
Total Child Nutrition Cluster			<u>12,469,942</u>
Child and Adult Care Food Program	10.558	PRC 035	331,844
Total School Nutrition Program			<u>12,801,786</u>
Total U. S. Department of Agriculture			<u>12,801,786</u>
<u>U. S. Department of Education:</u>			
Cash Assistance:			
Direct Programs:			
Gear-Up Program	84.334	PRC 311	842,009
Education Innovation and Research Grant	84.411C	PRC 371	836,385
School Climate Transformation Grant	84.184G	PRC 372	717,955
Project Prevent Grant	84.184M	PRC 380	1,040,782
Teacher and School Leader Incentive Program	84.374B	PRC 381	992,304
Total Direct Programs			<u>4,429,435</u>
Passed-through the N.C. Department of Public Instruction:			
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA)	84.010	PRC 050, 115	3,959,181
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA) - School Improvement	84.010	PRC 105	148,470
Total Title I Grants to Local Educational Agencies			<u>4,107,651</u>
<u>Special Education Cluster:</u>			
Special Education - Grants to States (IDEA, Part B) - Education of the Handicapped	84.027	PRC 060	4,714,761
Special Needs Targeted Assistance (IDEA, Part B)	84.027	PRC 118	15,623
Special Education - Preschool Grants (IDEA Preschool) - Preschool Handicapped	84.173	PRC 049	35,570
Special Needs Targeted Assistance (Preschool)	84.173	PRC 119	1,417
Total Special Education Cluster			<u>\$ 4,767,371</u>

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2022

Schedule 9
(Continued)

Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	State/ Pass-through Grantor's Number	Expenditures
<u>U. S. Department of Education (Continued):</u>			
Cash Assistance (Continued):			
Passed-through the N.C. Department of Public Instruction (Continued):			
<u>Education Stabilization Fund:</u>			
CARES Act:			
COVID-19 - ESSER I - K-12 Emergency Relief Fund	84.425D	PRC 163	1,819,294
COVID-19 - ESSER I - Exceptional Children Grants	84.425D	PRC 167	883
COVID-19 - GEER I - Specialized Instructional Support Personnel for COVID-19 Response	84.425C	PRC 169	347,239
COVID-19 - GEER I - Supplemental Instructional Services	84.425C	PRC 170	193,993
CRRSA:			
COVID-19 - ESSER II - K-12 Emergency Relief Fund	84.425D	PRC 171	6,286,068
COVID-19 - ESSER II - Instructional Support Contract	84.425D	PRC 173	53,217
COVID-19 - ESSER II - School Nutrition COVID Support	84.425D	PRC 174	144,008
COVID-19 - ESSER II - Learning Loss Funding	84.425D	PRC 176	5,306
COVID-19 - ESSER II - Summer Career Accel. Program	84.425D	PRC 177	73,673
COVID-19 - ESSER II - Competency-Based Assessment	84.425D	PRC 178	110,464
ARP:			
COVID-19 - ESSER III - K-12 Emergency Relief Fund	84.425D	PRC 181	15,539,387
COVID-19 - ESSER III - Homeless I	84.425W	PRC 183	40,000
COVID-19 - ESSER III - Homeless II	84.425W	PRC 184	115,339
COVID-19 - ESSER III - Teacher Bonuses	84.425U	PRC 203	1,486,897
COVID-19 - ESSER III - Driver Training	84.425U	PRC 205	6,676
Total Education Stabilization Fund			<u>26,222,444</u>
Career and Technical Education			
Basic Grants to States	84.048	PRC 017	273,379
Education for Homeless Children and Youth	84.196	PRC 026	28,081
NC State Improvement Grant	84.323	PRC 082	17,983
Improving Teacher Quality State Grant	84.367	PRC 103	557,875
English Language Acquisition Grant	84.365	PRC 104, 111	120,534
Student Support and Academic Enrichment	84.424	PRC 108	344,265
21st Century Community Learning Centers	84.287	PRC 110	265,800
Total Other			<u>1,607,917</u>
Total U. S. Department of Education			<u>41,134,818</u>
<u>U.S. Department of Treasury</u>			
Passed-through the N.C. Department of Public Instruction:			
Coronavirus State and Local Fiscal Recovery Funds	21.027	PRC 141	<u>3,975,546</u>
<u>U.S. Department of Health and Human Services</u>			
Passed-through the N.C. Department of Health and Human Services:			
COVID-19 - CARES Act - Child Care and Development Block Grant	93.575	PRC 470	<u>705,558</u>
<u>U.S. Department of Justice</u>			
Direct Program:			
Public Safety Partnership and Community Policing Grant	16.710	PRC 382	<u>432,096</u>

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2022

Schedule 9
(Continued)

Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	State/ Pass-through Grantor's Number	Expenditures
<u>U.S. Department of Defense</u>			
Direct Program:			
ROTC	NONE	PRC 301	\$ 259,690
Total Federal Assistance			<u>59,309,494</u>
State Grants:			
Cash Assistance:			
<u>N.C. Department of Public Instruction:</u>			
State Public School Fund	N/A	N/A	124,819,673
Public School Building Capital Fund	N/A	N/A	574,207
Driver Training - SPSF	N/A	PRC 012	448,070
School Technology Fund - SPSF	N/A	PRC 015	235,501
Vocational Education			
- State Months of Employment	N/A	PRC 013	6,550,914
- Program Support Funds	N/A	PRC 014	993,856
Total N.C. Department of Public Instruction			<u>133,622,221</u>
<u>N.C. Department of Health and Human Services:</u>			
Passed through Iredell County Health Department:			
School Nursing Funding Initiative	N/A	PRC 443	50,000
Total Cash Assistance			<u>133,672,221</u>
Non-Cash Assistance:			
<u>N.C. Department of Public Instruction:</u>			
School Buses Appropriation	N/A	PRC 120	1,540,060
Total Non-Cash Assistance			<u>1,540,060</u>
Total State Assistance			<u>135,212,281</u>
Total Federal and State Assistance			<u>\$ 194,521,775</u>

IREDELL-STATESVILLE BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2022

Schedule 9
(Continued)

Note 1: Basis of Presentation

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

Note 2: Summary of Significant Accounting Policies

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

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

Note 3: Cluster of Programs

The School Nutrition Program is clustered by the N.C. Department of Public Instruction and is treated separately for state audit requirement purposes.