

**Iredell-Statesville
Board of Education**
Financial Report

Year Ended June 30, 2023

IREDELL-STATESVILLE BOARD OF EDUCATION

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ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Board of Education
Iredell-Statesville Board of Education
Statesville, North Carolina

Opinions

We have audited accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Iredell-Statesville Board of Education, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise of 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 Iredell-Statesville Board of Education as of June 30, 2023, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, the State Public School Fund, the Federal Grants Fund, and the 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 *Governmental Auditing Standards*, issued by the Comptroller 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 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 GAAS and *Governmental Auditing Standards* will always detect material statement 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Governmental Auditing Standards* we

- Exercised professional judgement and maintained 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 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 Management's Discussion and Analysis on pages 4 through 11 and the Schedule of the Proportionate Share of the Net Pension Liability, OPEB Liabilities and the Schedule of Board Contributions on pages 53 to 58, be presented to supplement the basic financial statements. Such information is the responsibility of management, 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 Iredell-Statesville Board of Education's basic financial statements. The individual fund budgetary schedules, as well as the accompanying schedule of expenditures of federal and state awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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, individual fund budgetary schedules and the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2023 on our consideration of Iredell-Statesville Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Iredell-Statesville Board of Education's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

October 19, 2023
Elon, North Carolina
(336) 380-4123

**IREDELL-STATESVILLE BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

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, 2023. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- The Board's enrollment increased in 2022-2023. The ADM was 20,411 students which was an increase of 261 students.
- The county increased the Local Current Expense appropriation by \$4.25 million or 9.4%.
- The Board received \$27.7 million in federal ESSER funding that expires between September 2023 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 Auditors' Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental section that presents 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 and liabilities. 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 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 type of statement included in the basic financial statements is the *Fund Financial Statements*, which are presented for the Board's governmental funds, and proprietary funds. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The proprietary funds are presented on the full accrual basis of accounting. The fund financial statements focus on the Board's most significant funds. Because a different basis of accounting is used in the government wide statements, reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statements provide information about the Board as an economic unit while the fund financial statements provide information on the financial resources of each of the Board's major funds.

**IREDELL-STATESVILLE BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

Government-wide Statements

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

The two government-wide statements report the Board's net position and how they have changed. Net position – the difference between the Board's assets and liabilities – is one way to measure the unit's financial health or position.

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

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

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

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

Fund Financial Statements

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

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

**IREDELL-STATESVILLE BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

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

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

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

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

The proprietary fund statements are shown as Exhibits 6, 7, and 8 of this report.

Financial Analysis of the Schools as a Whole

Net position is an indicator of the fiscal health of the Board. Liabilities exceeded assets by \$121,470,795 as of June 30, 2023. The largest component of net position, other than unrestricted net position, is net investment in capital assets, of \$94,921,436.

**IREDELL-STATESVILLE BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

Following is a summary of the Statement of Net Position:

**Table 1
Condensed Statement of Net Position
As of June 30, 2023 and 2022**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2023	6/30/2022	6/30/2023	6/30/2022	6/30/2023	6/30/2022
Current assets	\$ 37,504,179	\$ 27,366,722	\$ 7,119,235	\$ 1,528,712	\$ 44,623,414	\$ 28,895,434
Capital assets	98,992,022	101,766,986	1,076,990	357,512	100,069,012	102,124,498
Total assets	<u>136,496,201</u>	<u>129,133,708</u>	<u>8,196,225</u>	<u>1,886,224</u>	<u>144,692,426</u>	<u>131,019,932</u>
Deferred outflows of resources	<u>95,475,470</u>	<u>61,873,281</u>	<u>3,035,923</u>	<u>1,896,626</u>	<u>98,511,393</u>	<u>63,769,907</u>
Current liabilities	9,311,564	6,638,561	217,439	485,577	9,529,003	7,124,138
Long-term liabilities	<u>269,562,850</u>	<u>232,165,103</u>	<u>8,259,096</u>	<u>6,729,732</u>	<u>277,821,946</u>	<u>238,894,835</u>
Total liabilities	<u>278,874,414</u>	<u>238,803,664</u>	<u>8,476,535</u>	<u>7,215,309</u>	<u>287,350,949</u>	<u>246,018,973</u>
Deferred inflows of resources	<u>74,940,704</u>	<u>99,726,116</u>	<u>2,382,961</u>	<u>3,056,930</u>	<u>77,323,665</u>	<u>102,783,046</u>
Net investment in capital assets	93,844,446	100,013,166	1,076,990	379,440	94,921,436	100,392,606
Restricted net position	15,300,340	4,811,897	-	14,038	15,300,340	4,825,935
Unrestricted net position	<u>(230,988,233)</u>	<u>(252,347,854)</u>	<u>(704,338)</u>	<u>(2,510,035)</u>	<u>(231,692,571)</u>	<u>(254,857,889)</u>
Total net position	<u>\$ (121,843,447)</u>	<u>\$ (147,522,791)</u>	<u>\$ 372,652</u>	<u>\$ (2,116,557)</u>	<u>\$ (121,470,795)</u>	<u>\$ (149,639,348)</u>

Note that net position of governmental activities increased by \$25,679,344 during the year. The increase in governmental activities net position was largely due to the change in pension and OPEB related assets and liabilities. Also note that the Board carries capital assets for which Iredell County carries the offsetting debt.

**IREDELL-STATESVILLE BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

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

**Table 2
Condensed Statement of Activities
For the Fiscal Years Ended June 30, 2023 and 2022**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2023	6/30/2022	6/30/2023	6/30/2022	6/30/2023	6/30/2022
Revenues:						
Program revenues:						
Charges for services	\$ 1,214,960	\$ 6,311,298	\$ 4,922,268	\$ 2,730,556	\$ 6,137,228	\$ 9,041,854
Operating grants and contributions	171,386,379	183,269,399	8,559,076	13,231,140	179,945,455	196,500,539
Capital grants and contributions	1,403,585	2,259,219	-	-	1,403,585	2,259,219
General revenues:						
Other revenues	88,714,823	59,464,041	48,024	7,712	88,762,847	59,471,753
Total revenues	<u>262,719,747</u>	<u>251,303,957</u>	<u>13,529,368</u>	<u>15,969,408</u>	<u>276,249,115</u>	<u>267,273,365</u>
Expenses:						
Governmental activities:						
Instructional services	179,557,215	151,057,639	-	-	179,557,215	151,057,639
System-wide support services	43,506,725	45,662,103	-	-	43,506,725	45,662,103
Ancillary services	1,928,743	1,360,405	-	-	1,928,743	1,360,405
Non-programmed charges	6,602,071	6,464,012	-	-	6,602,071	6,464,012
Interest on long-term debt	184,714	-	-	-	184,714	-
Unallocated depreciation	5,215,935	8,217,220	-	-	5,215,935	8,217,220
Business-type activities:						
School food service	-	-	10,717,650	10,580,461	10,717,650	10,580,461
Child care	-	-	367,509	202,995	367,509	202,995
Total expenses	<u>236,995,403</u>	<u>212,761,379</u>	<u>11,085,159</u>	<u>10,783,456</u>	<u>248,080,562</u>	<u>223,544,835</u>
Excess (deficiency) before transfers	25,724,344	38,542,578	2,444,209	5,185,952	28,168,553	43,728,530
Transfers in (out)	(45,000)	(54,082)	45,000	54,082	-	-
Change in net position	25,679,344	38,488,496	2,489,209	5,240,034	28,168,553	43,728,530
Beginning net position	(147,522,791)	(186,011,287)	(2,116,557)	(7,356,591)	(149,639,348)	(193,367,878)
Ending net position	<u>\$ (121,843,447)</u>	<u>\$ (147,522,791)</u>	<u>\$ 372,652</u>	<u>\$ (2,116,557)</u>	<u>\$ (121,470,795)</u>	<u>\$ (149,639,348)</u>

Total governmental activities generated revenues of \$262.7 million while expenses in this category totaled \$237.0 million for the year ended June 30, 2023. Comparatively, revenues were \$251.3 million and expenses totaled \$212.8 million for the year ended June 30, 2022. After transfers to the business-type activities, the increase in net position stands at \$25,679,344 at June 30, 2023, compared to an increase of \$38,488,496 in 2022. Instructional services comprised 76% of total governmental-type expenses while system-wide support services made up 18% of those expenses for

**IREDELL-STATESVILLE BOARD OF EDUCATION
MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2023**

2023. County funding comprised 22% of total governmental revenue in 2023. In 2022, county funding was 23%. Much of the remaining 78% of total governmental revenue for 2023 consists of restricted State and federal money. Business-type activities generated revenue of \$13.5 million and had expenses of \$11.1 million. Net position increased in the business-type activities by \$2,489,209, after transfers in from the governmental activities of \$45,000.

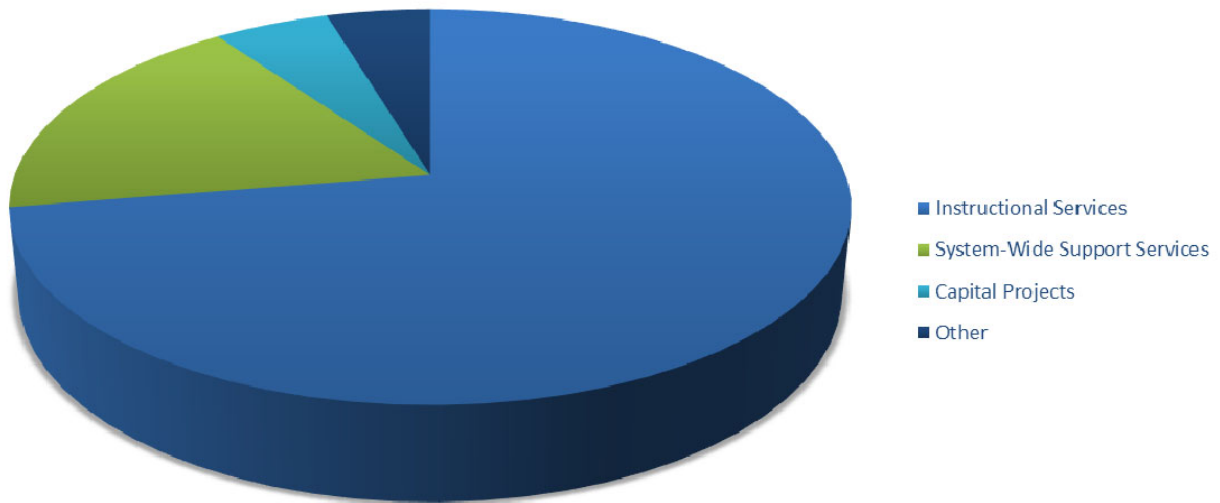
Financial Analysis of the Board’s Funds

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 \$28,192,615, a \$7,565,213 increase from last year. The General Fund decreased by \$4,265,910.

Proprietary Funds: The Board’s business-type funds had a combined increase in net position of \$2,489,209 in the past year. The School Food Service Fund reflected an increase in net position of \$1,783,724 while the Child Care Fund’s net position increased by \$705,485.

Categorization of Expenditures for Governmental Funds



Expenditures are presented on the modified accrual basis of accounting.

**IREDELL-STATESVILLE BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget several times to account for changes in expenditures. Generally, budget amendments fall into one of three categories: 1. Amendments 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 sources, such as Federal and State grants; and 3. Increases and decreases in appropriations that become necessary to maintain services.

Capital Assets

Capital assets decreased by \$2,077,414 (2.0%) from the previous year. This was due to current year depreciation expense exceeding capital assets. The following is a summary of the capital assets, net of depreciation at year-end.

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2023	6/30/2022	6/30/2023	6/30/2022	6/30/2023	6/30/2022
Land	\$ 19,297,031	\$ 18,826,212	\$ -	\$ -	\$ 19,297,031	\$ 18,826,212
Construction in progress	628,408	-	-	-	628,408	-
Buildings	58,106,045	62,542,743	-	-	58,106,045	62,542,743
Equipment and furniture	14,616,599	13,359,376	1,076,990	379,440	15,693,589	13,738,816
Vehicles	6,343,939	7,038,655	-	-	6,343,939	7,038,655
Total	<u>\$ 98,992,022</u>	<u>\$ 101,766,986</u>	<u>\$ 1,076,990</u>	<u>\$ 379,440</u>	<u>\$ 100,069,012</u>	<u>\$ 102,146,426</u>

Debt Outstanding

During the year, the Board's outstanding debt increased by \$3,393,756 during the year to \$5,147,576. The debt consists of installment purchase agreements for school buses and security equipment. 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. Iredell County holds the majority of the debt issued for school construction.

Economic Factors

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

**IREDELL-STATESVILLE BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

- Iredell County enjoys its close proximity to Charlotte and Lake Norman drawing many to relocate here.
- Iredell County's unemployment rate of 3.3% at June 2023 has decreased from 3.7% at June 2022. The State unemployment rate at June 2023 was 3.3%.
- Iredell County maintains one of the lower property tax rates (53.75) in the state.
- Our County Commissioners understand the value of good schools to attract new business and industry to our county.
- The State has 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, Chief Financial Officer
Iredell-Statesville Board of Education
549 North Race Street
Statesville, NC 28677

IREDELL-STATESVILLE BOARD OF EDUCATION
STATEMENT OF NET POSITION
June 30, 2023

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 35,053,427	\$ 6,413,345	\$ 41,466,772
Due from other governments	1,554,092	299,519	1,853,611
Receivables	896,660	153,265	1,049,925
Inventories	-	253,106	253,106
Capital assets:			
Land and construction in progress	19,925,439	-	19,925,439
Other capital assets, net of depreciation	79,066,583	1,076,990	80,143,573
Total capital assets	98,992,022	1,076,990	100,069,012
Total assets	136,496,201	8,196,225	144,692,426
DEFERRED OUTFLOWS OF RESOURCES	95,475,470	3,035,923	98,511,393
LIABILITIES			
Accounts payable and accrued expenses	6,066,748	45,442	6,112,190
Unavailable revenues	3,244,816	171,997	3,416,813
Long-term liabilities:			
Net pension liability	105,544,374	3,356,095	108,900,469
Net OPEB liability	147,885,990	4,702,471	152,588,461
Due within one year	7,384,470	128,618	7,513,088
Due in more than one year	8,748,016	71,912	8,819,928
Total liabilities	278,874,414	8,476,535	287,350,949
DEFERRED INFLOWS OF RESOURCES	74,940,704	2,382,961	77,323,665
NET POSITION			
Net investment in capital assets	93,844,446	1,076,990	94,921,436
Restricted for:			
Individual school activities	2,388,254	-	2,388,254
Stabilization by State statute	1,705,062	-	1,705,062
School Capital Outlay	11,207,024	-	11,207,024
Unrestricted	(230,988,233)	(704,338)	(231,692,571)
Total net position	\$ (121,843,447)	\$ 372,652	\$ (121,470,795)

IREDELL-STATESVILLE BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Functions/Programs	<i>Exhibit 2</i>						
	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
Instructional services:							
Regular instructional	\$ 112,838,774	\$ 859,269	\$ 98,765,446	\$ -	\$ (13,214,059)	\$ -	\$ (13,214,059)
Special populations	20,949,153	-	21,230,978	-	281,825	-	281,825
Alternative programs	12,029,623	-	10,622,866	-	(1,406,757)	-	(1,406,757)
School leadership	12,042,703	-	10,048,861	-	(1,993,842)	-	(1,993,842)
Co-curricular services	5,476,668	-	26,796	-	(5,449,872)	-	(5,449,872)
School-based support	16,220,294	-	9,482,427	-	(6,737,867)	-	(6,737,867)
System-wide support services							
Support and development	1,388,469	-	549,809	-	(838,660)	-	(838,660)
Special population support and development	928,549	-	828,772	-	(99,777)	-	(99,777)
Alternative programs	531,002	-	330,458	-	(200,544)	-	(200,544)
Technology support	3,515,928	-	2,110,564	-	(1,405,364)	-	(1,405,364)
Operational support	31,199,455	355,691	15,049,384	1,403,585	(14,390,795)	-	(14,390,795)
Financial and human resource services	1,536,799	-	831,483	-	(705,316)	-	(705,316)
Accountability	22,428	-	-	-	(22,428)	-	(22,428)
System-wide pupil support	2,643,502	-	-	-	(2,643,502)	-	(2,643,502)
Policy, leadership and public relations	1,740,593	-	644,257	-	(1,096,336)	-	(1,096,336)
Ancillary services	1,928,743	-	1,010	-	(1,927,733)	-	(1,927,733)
Non-programmed charges	6,602,071	-	863,268	-	(5,738,803)	-	(5,738,803)
Interest on long-term debt	184,714	-	-	-	(184,714)	-	(184,714)
Unallocated depreciation expense**	5,215,935	-	-	-	(5,215,935)	-	(5,215,935)
Total governmental activities	236,995,403	1,214,960	171,386,379	1,403,585	(62,990,479)	-	(62,990,479)
Business-type activities:							
School food service	10,717,650	3,849,274	8,559,076	-	-	1,690,700	1,690,700
Child care	367,509	1,072,994	-	-	-	705,485	705,485
Total business-type activities	11,085,159	4,922,268	8,559,076	-	-	2,396,185	2,396,185
Total primary government	\$ 248,080,562	\$ 6,137,228	\$ 179,945,455	\$ 1,403,585	(62,990,479)	2,396,185	(60,594,294)
General revenues:							
Unrestricted county appropriations - operating					49,475,584	-	49,475,584
Unrestricted county appropriations - capital					9,325,934	-	9,325,934
Investment earnings, unrestricted					759,109	38,696	797,805
Miscellaneous, unrestricted					29,154,196	9,328	29,163,524
Transfers					(45,000)	45,000	-
Total general revenues and transfers					88,669,823	93,024	88,762,847
Change in net position					25,679,344	2,489,209	28,168,553
Net position-beginning					(147,522,791)	(2,116,557)	(149,639,348)
Net position-ending					\$ (121,843,447)	\$ 372,652	\$ (121,470,795)

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

**IREDELL-STATESVILLE BOARD OF EDUCATION
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2023**

Exhibit 3

	Major Funds						Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants	Other Special Revenue	
ASSETS							
Cash and cash equivalents	\$ 14,918,015	\$ -	\$ 2,388,254	\$ 13,003,962	\$ -	\$ 4,743,196	\$ 35,053,427
Receivables	93,895	-	-	2,500	-	800,265	896,660
Due from other governments	21,250	-	-	743,190	-	789,652	1,554,092
Total assets	<u>\$ 15,033,160</u>	<u>\$ -</u>	<u>\$ 2,388,254</u>	<u>\$ 13,749,652</u>	<u>\$ -</u>	<u>\$ 6,333,113</u>	<u>\$ 37,504,179</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 5,432,465	\$ -	\$ -	\$ 542,628	\$ -	\$ 91,655	\$ 6,066,748
Unearned revenue	-	-	-	2,000,000	-	1,244,816	3,244,816
Total liabilities	<u>5,432,465</u>	<u>-</u>	<u>-</u>	<u>2,542,628</u>	<u>-</u>	<u>1,336,471</u>	<u>9,311,564</u>
Fund balances:							
Restricted:							
Stabilization by State statute	115,145	-	-	-	-	1,589,917	1,705,062
Scholarships	120,702	-	-	-	-	-	120,702
School capital outlay	-	-	-	11,207,024	-	-	11,207,024
Individual schools	-	-	2,388,254	-	-	-	2,388,254
Assigned:							
Special revenues	-	-	-	-	-	3,406,725	3,406,725
Subsequent year's expenditures	2,000,000	-	-	-	-	-	2,000,000
Unassigned	7,364,848	-	-	-	-	-	7,364,848
Total fund balances	<u>9,600,695</u>	<u>-</u>	<u>2,388,254</u>	<u>11,207,024</u>	<u>-</u>	<u>4,996,642</u>	<u>28,192,615</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,033,160</u>	<u>\$ -</u>	<u>\$ 2,388,254</u>	<u>\$ 13,749,652</u>	<u>\$ -</u>	<u>\$ 6,333,113</u>	
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:							
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.							98,992,022
Deferred outflows of resources related to pensions.							65,565,924
Deferred outflows of resources related to OPEB							29,909,546
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.							(16,132,486)
Net pension liability							(105,544,374)
Net OPEB liability							(147,885,990)
Deferred inflows of resources related to OPEB							(73,208,658)
Deferred inflows of resources related to pensions							(1,732,046)
Net position of governmental activities							<u>\$ (121,843,447)</u>

IREDELL-STATESVILLE BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit 4

	Major Funds						Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants	Other Special Revenue	
REVENUES							
State of North Carolina	\$ -	\$ 143,708,943	\$ -	\$ 1,403,585	\$ -	\$ 140,880	\$ 145,253,408
Iredell County	49,475,584	-	-	9,325,934	-	-	58,801,518
U.S. Government	-	28,520	-	-	27,693,916	8,441,140	36,163,576
Other	1,907,224	-	5,299,496	6,317,337	-	9,013,926	22,537,983
Total revenues	51,382,808	143,737,463	5,299,496	17,046,856	27,693,916	17,595,946	262,756,485
EXPENDITURES							
Current:							
Instructional services:							
Regular instructional	12,163,796	87,579,239	-	-	11,186,207	4,262,843	115,192,085
Special populations	984,952	15,525,030	-	-	5,705,948	928,885	23,144,815
Alternative programs	420,574	4,808,293	-	-	5,814,573	2,155,087	13,198,527
School leadership	3,303,005	9,945,436	-	-	103,425	68,057	13,419,923
Co-curricular services	985,519	-	5,090,505	-	26,796	900	6,103,720
School-based support	6,931,568	7,040,388	-	-	2,442,039	1,577,886	17,991,881
System-wide support services:							
Support and development	735,626	499,753	-	-	50,056	262,254	1,547,689
Special population support and development	8,567	290,317	-	-	538,455	178,191	1,015,530
Alternative programs and services	18,679	123,465	-	-	206,993	217,913	567,050
Technology support	1,326,924	1,424,554	-	-	686,010	480,465	3,917,953
Operational support	15,704,503	15,017,485	-	1,190,888	31,899	738,137	32,682,912
Financial and human resource services	1,938,219	794,246	-	-	37,237	176,936	2,946,638
Accountability	7,398	-	-	-	-	1,705,630	1,713,028
System-wide pupil support	25,000	-	-	-	-	-	25,000
Policy, leadership and public relations	973,193	644,257	-	-	-	322,741	1,940,191
Ancillary services	-	-	-	-	1,010	2,148,906	2,149,916
Non-programmed charges	6,121,195	-	-	-	863,268	480,876	7,465,339
Debt service:							
Principal payments	-	-	-	2,520,588	-	-	2,520,588
Interest and other charges	-	-	-	28,805	-	-	28,805
Capital outlay	-	-	-	13,445,557	-	43,469	13,489,026
Total expenditures	51,648,718	143,692,463	5,090,505	17,185,838	27,693,916	15,749,176	261,060,616
Revenues over (under) expenditures	(265,910)	45,000	208,991	(138,982)	-	1,846,770	1,695,869
OTHER FINANCING SOURCES (USES)							
Transfers from (to) other funds	(4,000,000)	(45,000)	-	4,000,000	-	-	(45,000)
Installment purchase obligations issued	-	-	-	5,914,344	-	-	5,914,344
Total other financing sources (uses)	(4,000,000)	(45,000)	-	9,914,344	-	-	5,869,344
Net change in fund balance	(4,265,910)	-	208,991	9,775,362	-	1,846,770	7,565,213
Fund balances-beginning	13,866,605	-	2,179,263	1,431,662	-	3,149,872	20,627,402
Fund balances-ending	\$ 9,600,695	\$ -	\$ 2,388,254	\$ 11,207,024	\$ -	\$ 4,996,642	\$ 28,192,615

IREDELL-STATESVILLE BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit 4
(Continued)

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

Net changes in fund balances - total governmental funds	\$ 7,565,213
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay expense in the current period.	(2,738,226)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	1,122,720
Contributions to the OPEB plan in the current fiscal year are not included in the Statement of Activities.	8,590,029
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities.	21,358,326
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(3,237,847)
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	(22,965,405)
Net OPEB expense	16,296,940
Compensated absences	36,150
Loss on disposal of assets	(36,738)
	<u> </u>
Total changes in net position of governmental activities	<u>\$ 25,991,162</u>

IREDELL-STATESVILLE BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR
SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2023

Exhibit 5

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Iredell County	49,475,584	49,475,584	49,475,584	-
U.S. Government	-	-	-	-
Other	1,223,000	1,913,682	1,907,224	(6,458)
Total revenues	<u>50,698,584</u>	<u>51,389,266</u>	<u>51,382,808</u>	<u>(6,458)</u>
Expenditures:				
Current:				
Instructional services:	25,674,308	25,732,827	24,789,414	943,413
System-wide support services:	21,241,542	21,358,705	20,738,109	620,596
Ancillary services	-	-	-	-
Non-programmed charges	5,680,000	6,195,000	6,121,195	73,805
Total expenditures	<u>52,595,850</u>	<u>53,286,532</u>	<u>51,648,718</u>	<u>1,637,814</u>
Revenues over (under) expenditures	(1,897,266)	(1,897,266)	(265,910)	1,631,356
Other financing uses:				
Transfers to other funds	-	(4,000,000)	(4,000,000)	-
Revenues over (under) expenditures and other uses	(1,897,266)	(5,897,266)	(4,265,910)	1,631,356
Appropriated fund balance	<u>1,897,266</u>	<u>5,897,266</u>	-	<u>5,897,266</u>
Revenue and appropriated fund balance over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	(4,265,910)	<u>\$ (4,265,910)</u>
Fund balances, beginning of year			13,866,605	
Fund balances, end of year			<u>\$ 9,600,695</u>	

**IREDELL-STATESVILLE BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR
SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2023**

Exhibit 5 (Continued)

	State Public School Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
State of North Carolina	\$ 145,683,280	\$ 147,988,104	\$ 143,708,943	\$ (4,279,161)
Iredell County	-	-	-	-
U.S. Government	-	-	28,520	28,520
Other	-	-	-	-
Total revenues	<u>145,683,280</u>	<u>147,988,104</u>	<u>143,737,463</u>	<u>(4,250,641)</u>
Expenditures:				
Current:				
Instructional services	128,634,909	127,972,019	124,898,386	3,073,633
System-wide support services	17,003,371	19,971,085	18,794,077	1,177,008
Ancillary services	-	-	-	-
Non-programmed charges	-	-	-	-
Total expenditures	<u>145,638,280</u>	<u>147,943,104</u>	<u>143,692,463</u>	<u>4,250,641</u>
Revenues over expenditures	45,000	45,000	45,000	-
Other financing uses:				
Transfers to other funds	<u>(45,000)</u>	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>
Revenues over expenditures and other uses	-	-	-	-
Appropriated fund balance	-	-	-	-
Revenue and appropriated fund balance over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning of year				-
Decrease in reserve for inventories				-
Fund balances, end of year			<u>\$ -</u>	

IREDELL-STATESVILLE BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR
SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2023

Exhibit 5 (Continued)

	Federal Grants Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Iredell County	-	-	-	-
U.S. Government	41,614,700	43,113,339	27,693,916	(15,419,423)
Other	-	-	-	-
Total revenues	<u>41,614,700</u>	<u>43,113,339</u>	<u>27,693,916</u>	<u>(15,419,423)</u>
Expenditures:				
Current:				
Instructional services	38,459,296	39,484,378	25,278,988	14,205,390
System-wide support services	1,831,640	2,395,138	1,550,650	844,488
Ancillary services	-	1,010	1,010	-
Non-programmed charges	<u>1,323,764</u>	<u>1,232,813</u>	<u>863,268</u>	<u>369,545</u>
Total expenditures	<u>41,614,700</u>	<u>43,113,339</u>	<u>27,693,916</u>	<u>15,419,423</u>
Revenues over expenditures	-	-	-	-
Other financing uses:				
Transfers to other funds	-	-	-	-
Revenues over expenditures and other uses	-	-	-	-
Appropriated fund balance	-	-	-	-
Revenue and appropriated fund balance over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances, beginning of year			-	
Decrease in reserve for inventories			-	
Fund balances, end of year			<u>\$ -</u>	

IREDELL-STATESVILLE BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR
SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2023

Exhibit 5 (Continued)

	Other Special Revenue Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
State of North Carolina	\$ 500,000	\$ 625,000	\$ 140,880	\$ (484,120)
Iredell County	-	-	-	-
U.S. Government	11,490,982	16,772,534	8,441,140	(8,331,394)
Other	3,829,112	10,010,026	9,013,926	(996,100)
Total revenues	15,820,094	27,407,560	17,595,946	(9,811,614)
Expenditures:				
Current:				
Instructional services:	11,913,156	17,411,033	8,993,658	8,417,375
System-wide support services:	2,678,206	6,801,323	4,082,267	2,719,056
Ancillary services	1,494,822	3,202,797	2,148,906	1,053,891
Non-programmed charges	654,225	872,297	480,876	391,421
Capital Outlay	8,608	49,033	43,469	5,564
Total expenditures	16,749,017	28,336,483	15,749,176	12,587,307
Revenues over (under) expenditures	(928,923)	(928,923)	1,846,770	2,775,693
Other financing uses:				
Transfers to other funds	-	-	-	-
Revenues over (under) expenditures and other uses	(928,923)	(928,923)	1,846,770	2,775,693
Appropriated fund balance	928,923	928,923	-	928,923
Revenue and appropriated fund balance over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	1,846,770	<u>\$ 1,846,770</u>
Fund balances, beginning of year			3,149,872	
Decrease in reserve for inventories			-	
Fund balances, end of year			<u>\$ 4,996,642</u>	

IREDELL-STATESVILLE BOARD OF EDUCATION
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2023

Exhibit 6

	Enterprise Funds		
	Major Fund	Non-Major Fund	
	School Food Service	Child Care	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,256,170	\$ 1,157,175	\$ 6,413,345
Due from other governments	299,519	-	299,519
Receivables (net)	153,265	-	153,265
Inventories	253,106	-	253,106
Total current assets	<u>5,962,060</u>	<u>1,157,175</u>	<u>7,119,235</u>
Noncurrent assets:			
Capital assets, net	1,076,990	-	1,076,990
Total assets	<u>7,039,050</u>	<u>1,157,175</u>	<u>8,196,225</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>2,589,273</u>	<u>446,650</u>	<u>3,035,923</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	37,711	7,731	45,442
Compensated absences	119,443	9,175	128,618
Unavailable revenues	171,997	-	171,997
Total current liabilities	<u>329,151</u>	<u>16,906</u>	<u>346,057</u>
Noncurrent liabilities:			
Net pension liability	2,862,340	493,755	3,356,095
Net OPEB liability	4,010,635	691,836	4,702,471
Compensated absences	66,782	5,130	71,912
Total liabilities	<u>7,268,908</u>	<u>1,207,627</u>	<u>8,476,535</u>
DEFERRED INFLOWS OF RESOURCES	<u>2,032,375</u>	<u>350,586</u>	<u>2,382,961</u>
NET POSITION			
Net investment in capital assets	1,076,990	-	1,076,990
Unrestricted	(749,950)	45,612	(704,338)
Total net position	<u>\$ 327,040</u>	<u>\$ 45,612</u>	<u>\$ 372,652</u>

IREDELL-STATESVILLE BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
For the Year Ended June 30, 2023

Exhibit 7

	Enterprise Funds		
	Major Fund	Non-Major Fund	
	School Food Service	Child Care	Total
OPERATING REVENUES			
Food sales	\$ 3,849,274	\$ -	\$ 3,849,274
Child care fees	-	1,072,994	1,072,994
Total operating revenues	<u>3,849,274</u>	<u>1,072,994</u>	<u>4,922,268</u>
OPERATING EXPENSES			
Purchase of food	4,536,124	24,799	4,560,923
Salaries and benefits	5,095,213	313,352	5,408,565
Indirect costs	457,648	-	457,648
Materials and supplies	7,096	18,132	25,228
Noncapital equipment	59,223	-	59,223
Contracted Services	232,139	-	232,139
Repairs and maintenance	178,494	-	178,494
Depreciation	101,521	-	101,521
Other	50,192	11,226	61,418
Total operating expenses	<u>10,717,650</u>	<u>367,509</u>	<u>11,085,159</u>
Operating income (loss)	<u>(6,868,376)</u>	<u>705,485</u>	<u>(6,162,891)</u>
NONOPERATING REVENUES			
Federal reimbursements	7,431,681	-	7,431,681
Federal commodities	623,107	-	623,107
State reimbursements	46,640	-	46,640
Interest earned	38,696	-	38,696
Indirect costs not paid	457,648	-	457,648
Gain on sale of capital assets	2,395	-	2,395
Other	6,933	-	6,933
Total nonoperating revenues	<u>8,607,100</u>	<u>-</u>	<u>8,607,100</u>
Income (loss) before transfers	1,738,724	705,485	2,444,209
Transfer from other funds	45,000	-	45,000
Change in net position	<u>1,783,724</u>	<u>705,485</u>	<u>2,489,209</u>
Total net position - beginning	<u>(1,456,684)</u>	<u>(659,873)</u>	<u>(2,116,557)</u>
Total net position - ending	<u>\$ 327,040</u>	<u>\$ 45,612</u>	<u>\$ 372,652</u>

IREDELL-STATESVILLE BOARD OF EDUCATION
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2023

Exhibit 8

	Enterprise Funds		
	Major Fund	Non-Major Fund	
	School Food Service	Child Care	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 3,705,053	\$ 1,075,202	\$ 4,780,255
Cash paid for goods and services	(4,455,333)	(54,157)	(4,509,490)
Cash paid to employees for services	(5,724,510)	(242,050)	(5,966,560)
Net cash provided (used) by operating activities	(6,474,790)	778,995	(5,695,795)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Federal reimbursements	7,514,758	-	7,514,758
State reimbursements	46,640	-	46,640
Due from other funds	18,651	-	18,651
Net cash provided by noncapital financing activities	7,580,049	-	7,580,049
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from the sale of capital assets	13,225	-	13,225
Acquisition of capital assets	(809,901)	-	(809,901)
Net cash provided by capital and financing activities	(796,676)	-	(796,676)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments and other	45,629	-	45,629
Net increase (decrease) in cash and cash equivalents	354,212	778,995	1,133,207
Balances-beginning of the year	4,901,958	378,180	5,280,138
Balances-end of the year	\$ 5,256,170	\$ 1,157,175	\$ 6,413,345

IREDELL-STATESVILLE BOARD OF EDUCATION
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2023

Exhibit 8
(Continued)

Reconciliation of operating loss to net cash used
by operating activities

Operating income (loss)	\$ (6,868,376)	\$ 705,485	\$ (6,162,891)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:			
Depreciation	101,521	-	101,521
Donated commodities consumed	623,107	-	623,107
Transfers from other funds	45,000	-	45,000
Indirect costs not paid	457,648	-	457,648
Changes in assets deferred outflows of resources, and liabilities:			
(Increase) decrease in accounts receivable	(153,265)	2,208	(151,057)
(Increase) decrease in net OPEB asset	2,711	378	3,089
(Increase) decrease in inventory	(60,172)	-	(60,172)
Increase (decrease) in accounts payable and accrued liabilities	(15,129)	(53,237)	(68,366)
(Increase) decrease in deferred outflows	(924,471)	(214,826)	(1,139,297)
Increase (decrease) in net pension liability	1,980,505	370,959	2,351,464
Increase (decrease) in net OPEB liability	(1,014,687)	(7,943)	(1,022,630)
Increase (decrease) in deferred inflows	(650,906)	(23,063)	(673,969)
Increase (decrease) in unavailable revenues	9,044	-	9,044
Increase (decrease) in compensated absences	(7,320)	(966)	(8,286)
Total adjustments	<u>393,586</u>	<u>73,510</u>	<u>467,096</u>
Net cash provided (used) by operating activities	<u>\$ (6,474,790)</u>	<u>\$ 778,995</u>	<u>\$ (5,695,795)</u>

Noncash investing, capital, and financing activities:

The State Public School Fund paid operating expenses of \$45,000 of the School Food Service Fund during the fiscal year. The payment is reflected as an operating transfer in and an operating expense on Exhibit 7.

Indirect costs of \$457,648 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 Exhibits 7 and C-1.

The School Food Service Fund received donated commodities with a value of \$623,107 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue.

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Basis of Presentation

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

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

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

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

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

The Board reports the following major governmental funds:

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

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

Federal Grants Fund. The Federal Grants Fund includes appropriations from the federal government, generally the U.S. Department of Education, which are passed-through the North Carolina Department of Public Instruction for the current operating expenditures of the school system.

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

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

Other Special Revenue Fund. The Other Special Revenue Fund is used to account for certain grants, reimbursements, indirect costs and other financial resources received by the Board.

The Board reports the following major enterprise funds:

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

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

Measurement Focus and Basis of Accounting

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

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

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. These could include federal, State, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized 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 position available to finance the program. It is the Board's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. The Board has authorized the Superintendent to move moneys (up to \$50,000) from one function to another within a fund with a report on such transfers at the next meeting of the Board. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$50,000. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

Encumbrance accounting is employed in all governmental funds except the Individual Schools Fund. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. There were no outstanding encumbrances at June 30, 2023.

Assets, Liabilities, Deferred Inflows and Fund Equity

Deposits and Investments

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

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;

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a-7) money market mutual fund; and the North Carolina State Treasurer's Short Term Investment Fund (STIF). The STIF is managed by the staff of the Department of State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC. It consists of an internal portion and an external portion in which the Board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

The Board's investments are reported at amortized cost or at fair value determined by either quoted market prices or a matrix pricing model. Bank deposits and the NCCMT are measured at amortized cost, which is the NCCMT's share price. Ownership interest in the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian. All investments are measured using the market approach. The STIF is classified as Level 2 in the fair value hierarchy and is valued using prices that are either directly or indirectly observable for an asset or liability. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

Cash and Cash Equivalents

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

Inventories

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

Capital Assets

Donated assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other 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 1984 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. Donated assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other assets are recorded at original cost.

It is the policy of the Board to capitalize all capital assets costing more than \$5,000 with an estimated useful life of two or more years. In addition, other items that are purchased and used in large quantities such as student desks are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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

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

	<u>Years</u>
Buildings	50
Equipment and furniture	10
Vehicles	6
Computer equipment	3

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred 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 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 will not be recognized as revenue until then. The Board has several items that meet this criterion – pension and OPEB related deferrals.

Long-term obligations

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

Compensated Absences

The Board follows the State’s policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board’s liability for accumulated earned vacation and the salary-related payments as of June 30, 2023 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years’ records, of the current portion of compensated absences.

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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

Net Position/Fund Balances

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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 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 school capital outlay - portion of fund balance that can only be used for school capital outlay. [G.S. 159-18 through 22]

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

Assigned fund balance – portion of fund balance that the Board of Education intends to use for specific purposes.

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

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$(150,036,062) consists of several elements as follows:

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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)	\$ 255,709,758
Less Accumulated Depreciation	<u>156,717,736</u>
Net capital assets	98,992,022
Pension related deferred outflows of resources	65,565,924
OPEB related deferred outflows of resources	29,909,546
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:	
Net pension liability	(105,544,374)
Net OPEB liability	(147,885,990)
Compensated absences	(10,829,001)
Installment purchases	(5,147,576)
Accrued interest	(155,909)
Deferred inflows of resources related to pensions	(1,732,046)
Deferred inflows of resources related to OPEB	<u>(73,208,658)</u>
Total adjustment	\$ <u>(150,036,062)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$18,425,949 as follows:

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 8,860,041
Depreciation expenses, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(11,598,267)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	21,358,326
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	8,590,029
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements. OPEB nonemployer contributions	1,122,720
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.	(3,393,756)
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Pension expense	(22,965,405)
Net OPEB expense	16,296,940
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	36,150
Interest expense	155,909
Gain (loss) on disposal of assets	<u>(36,738)</u>
Total adjustment	<u>\$ 18,425,949</u>

Defined Benefit Pension Plan and OPEB Plans

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

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

recognized when due and the Board has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable

NOTE 2 – DETAIL NOTES ON ALL FUNDS

Assets

Deposits

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

At June 30, 2023, the Board had deposits with banks and savings and loans with a carrying amount of \$41,446,832 and with the State Treasurer of \$-0-. The bank balances with the financial institutions and the State Treasurer were \$41,122,681 and \$4,702,469, respectively. Of these balances, \$2,592,397 was covered by federal depository insurance and \$43,232,753 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

Investments

At June 30, 2023, the Board had \$7,502 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. There was \$12,438 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2023. The Board has no policy for managing interest rate risk or credit risk.

**IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023**

Accounts Receivable

Receivables at the government-wide level at June 30, 2023, were as follows:

	<u>Due from other governments</u>	<u>Other</u>
Governmental activities:		
General Fund	\$ 21,250	\$ 93,895
Other governmental activities	<u>1,532,842</u>	<u>802,765</u>
Total	<u>\$ 1,554,092</u>	<u>\$ 896,660</u>
Business-type activities:		
School Food Service	<u>\$ 299,519</u>	<u>\$ 153,265</u>

Due from other governments consists of the following:

Governmental activities:		
Capital Outlay Fund	\$ 743,190	Iredell County
General Fund	21,250	Iredell County
Other Special Revenue Fund	1,101	NC Department of Justice
Other Special Revenue Fund	600,987	NCDHHS
Other Special Revenue Fund	20,951	JROTC
Other Special Revenue Fund	73,363	Gear Up
Other Special Revenue Fund	<u>93,250</u>	US Treasury - Various Grants
Total	<u>\$ 1,554,092</u>	
Business-type activities:		
School Food Service	<u>\$ 299,519</u>	USDA Grant reimbursement

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases and Transfers</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 18,826,212	\$ 470,819	\$ -	\$ 19,297,031
Construction in progress	-	628,408	-	628,408
Total capital assets not being depreciated	<u>18,826,212</u>	<u>1,099,227</u>	<u>-</u>	<u>19,925,439</u>
Capital assets being depreciated:				
Buildings and improvements	167,866,404	76,632	520,340	167,422,696
Equipment and furniture	34,114,534	6,501,297	104,894	40,510,937
Vehicles	26,896,282	1,182,885	228,481	27,850,686
Total capital assets being depreciated	<u>228,877,220</u>	<u>7,760,814</u>	<u>853,715</u>	<u>235,784,319</u>
Less accumulated depreciation for:				
Buildings and improvements	105,323,661	4,504,731	511,741	109,316,651
Equipment and furniture	20,755,158	5,215,935	76,755	25,894,338
Vehicles	19,857,627	1,877,601	228,481	21,506,747
Total accumulated depreciation	<u>145,936,446</u>	<u>11,598,267</u>	<u>816,977</u>	<u>156,717,736</u>
Total capital assets being depreciated, net	<u>82,940,774</u>			<u>79,066,583</u>
Governmental activity capital assets, net	<u>\$ 101,766,986</u>			<u>\$ 98,992,022</u>
	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment and furniture	\$ 2,434,421	\$ 809,901	\$ 128,278	\$ 3,116,044
Less accumulated depreciation for:				
Equipment and furniture	<u>2,054,981</u>	<u>101,521</u>	<u>117,448</u>	<u>2,039,054</u>
Business-type activities capital assets, net	<u>\$ 379,440</u>			<u>\$ 1,076,990</u>

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Depreciation was charged to governmental functions as follows:

Regular Instruction services	\$ 4,504,731
System-wide support services	1,877,601
Unallocated depreciation	<u>5,215,935</u>
Total	<u>\$ 11,598,267</u>

Construction Commitments

The Board of Education has active construction projects as of June 30, 2023 for the benefit of Iredell-Statesville Board of Education. At year end, commitments with contractors for school construction and renovations are as follow:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
North Iredell High - Track	\$ 52,621	\$ 3,185,379
Statesville High School - Barbering	82,440	945,420
Shepherd Elementary School - Mega Unit	<u>493,347</u>	<u>562,433</u>
Total	<u>\$ 628,408</u>	<u>\$ 4,693,232</u>

Liabilities

Pension Plan 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.

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

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

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2023, was 17.38% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$21,927,256 for the year ended June 30, 2023.

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

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

At June 30, 2023, the Board reported a liability of \$108,900,469 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31,

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2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2022 and at June 30, 2021, the Board's proportion was .73% and .72%, respectively.

For the year ended June 30, 2023, the Board recognized pension expense of (\$25,640,577). At June 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 474,159	\$ 1,484,330
Changes of assumptions	8,591,832	-
Net difference between projected and actual earnings on pension plan investments	35,767,280	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	890,260	302,792
Board contributions subsequent to the measurement date	<u>21,927,256</u>	<u>-</u>
Total	<u>\$ 67,650,786</u>	<u>\$ 1,787,122</u>

\$21,927,256 reported as deferred outflows of resources related to pensions resulting from the Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$ 11,750,669
2025	11,069,270
2026	3,970,637
2027	17,145,832
2028	-
Thereafter	-
Total	<u>\$ 43,936,408</u>

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Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement:

Inflation	2.50%
Salary increases	3.25% to 8.05%, including inflation and productivity factor
Investment rate of return	6.50%, 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, 2021 actuarial valuation were based on the actuarial experience study for the prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023 are summarized in the following table:

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

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The information above is based on 30 year expectations developed with the consulting actuary for the 2021 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 2.50%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability reported at June 30, 2023 and 2022 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.

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 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:

	<u>1% Decrease (5.50%)</u>	<u>Current Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Board's proportionate share of the net pension liability (asset)	\$192,541,577	\$ 108,900,469	\$ 39,861,423

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

b. Other Post-employment Benefits

Healthcare Benefits

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

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

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supported by a percent of payroll contribution from participating employing units. Each year the percentage is set in legislation, as are the maximum per retiree contributions from RHBF to the State Health Plan. The State Treasurer, with the approval of the State Health Plan Board of Trustees, then sets the employer contributions (subject to the legislative cap) and the premiums to be paid by retirees, as well as the health benefits to be provided through the State Health Plan.

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

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

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

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

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

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their

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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 6.89% of covered payroll which amounted to \$8,692,681. During the current fiscal year, the plan also recognized a one-time transfer of excess funding from the Public Employees Health Benefits Fund totaling \$187.0 million, which was isolated from the OPEB expense and allocated to participating employers as a separate revenue item. The Board’s proportionate share of this allocation totaled \$1,158,420.

At June 30, 2023, Board reported a liability of \$152,398,029 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. The total OPEB liability was then rolled forward to the measurement date of June 30, 2022 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 and at June 30, 2021, the Boards proportion was 0.64% and 0.62%, respectively.

\$8,692,681 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, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2024	\$ (20,851,896)
2025	(12,742,931)
2026	(13,426,660)
2027	(6,861,945)
2028	-
Thereafter	-
Total	<u>\$ (53,883,432)</u>

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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%, including a 3.25% inflation and productivity factor
Investment rate of return	6.50%

Healthcare cost trend rates:

Medical	5.00-6.00%
Prescription drug	5.00-9.50%
Administrative costs	3.00%
Post-retirement mortality rates	Pub-2010 Healthy Annuitant Mortality Table for males and females, adjusted for Collar for some Participants, further adjusted with scaling factors varying by participant group, and projected for mortality improvement using Scale MP-2019

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF at June 30, 2023 and 2022 were 3.54% and 2.16%, respectively. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.54% was used as the discount rate used to measure the total OPEB liability. The 3.54% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2022.

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage point higher (4.54 percent) than the current discount rate:

	<u>1% Decrease</u> <u>(2.54%)</u>	<u>Current Discount</u> <u>Rate (3.54%)</u>	<u>1% Increase</u> <u>(4.54%)</u>
Net OPEB liability	\$ 179,507,319	\$ 152,398,029	\$ 130,257,098

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

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	<u>1% Decrease in Trend Rates</u>	Current Trend Rates (6.50% Medical, 7.25% Rx, 3.00% Administrative Expenses)	<u>1% Increase in Trend Rates</u>
Net OPEB liability	\$ 125,447,956	\$ 152,398,029	\$ 187,234,849

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.

Disability Benefits

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

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

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

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

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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, 2023, employers made a statutory contribution of 0.10% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$126,164 for the year ended June 30, 2023.

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

At June 30, 2023, Board reported an OPEB liability of \$190,432 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. The total OPEB liability was then rolled forward to the measurement date of June 30, 2022 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 and at June 30, 2021, the Boards proportion was .64%.

\$126,164 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, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2024	\$ 99,123
2025	112,986
2026	80,861
2027	62,431
2028	12,848
Thereafter	20,403
Total	<u>\$ 388,652</u>

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

Inflation	2.50%
Salary increases	3.25% to 8.05%, including a 3.25% inflation and productivity factor
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation

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

	<u>1% Decrease (2.00%)</u>	<u>Current Discount Rate (3.00%)</u>	<u>1% Increase (4.00%)</u>
Net OPEB liability	\$ 234,493	\$ 190,432	\$ 146,261

Common actuarial assumptions for both OPEB plans. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2021 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, 2022. 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, 2015 through December 31, 2019.

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:

DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2022. The long-term expected rate of return was determined based on the combination of expected future real rates of return and expected inflation. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2022 is 1.3%.

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

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

	<u>RHBF</u>	<u>DIPNC</u>	<u>Total</u>
OPEB expense	\$ 16,884,537	\$ (59,542)	\$ 16,824,995
OPEB liability (asset)	152,398,029	190,432	152,588,461
Proportionate share of the net OPEB liability (asset)	0.642%	0.640%	
Deferred of Outflows of Resources			
Differences between expected and actual experience	\$ 1,479,583	\$ 213,458	\$ 1,693,041
Changes of assumptions	12,201,442	12,240	12,213,682
Net difference between projected and actual earnings on plan investments	1,319,701	201,417	1,521,118
Changes in proportion and defferences between Board contributions and proportionate share of contributions	6,604,256	9,666	6,613,922
Board contributions subsequent to the measurement date	<u>8,692,681</u>	<u>126,164</u>	<u>8,818,844</u>
Total Deferred Outflows of Resources	<u>\$ 30,297,663</u>	<u>\$ 562,945</u>	<u>\$ 30,860,607</u>
Deferred of Inflows of Resources			
Differences between expected and actual experience	\$ 421,701	\$ -	\$ 421,701
Changes of assumptions	69,359,931	35,279	69,395,210
Changes in proportion and differences between Board contributions and proportionate share of contributions	<u>5,706,782</u>	<u>12,850</u>	<u>5,719,632</u>
Total Deferred Inflows of Resources	<u>\$ 75,488,414</u>	<u>\$ 48,129</u>	<u>\$ 75,536,543</u>

Accounts Payable

Accounts payable at June 30, 2023, are as follows:

	<u>Vendors</u>
Governmental activities:	
General Fund	\$ 5,432,465
Other governmental activities	634,283
Total governmental activities	<u>\$ 6,066,748</u>
Business-type activities:	
School Food Service Fund	\$ 37,711
Child Care Fund	7,731
Total business-type activities	<u>\$ 45,442</u>

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Unavailable Revenues

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

	<u>Unavailable Revenues</u>
Prepaid lunch balances (School Food Service Fund)	\$ <u>171,997</u>

Unearned revenues of \$3,244,816 in governmental activities consists of grant revenues for which eligibility requirements other than time requirements have not been met.

Deferred Inflows of resources

The balance in deferred inflows of resources for government-wide financial statements at year-end is composed of the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between Board contributions and proportionate share of contributions	\$ 7,504,182	\$ 6,022,424
Changes in assumptions	20,805,514	69,395,210
Difference between projected and actual earnings on plan investments	37,288,397	-
Board contributions subsequent to the measurement date	30,746,100	-
Difference between expected and actual experience	<u>2,167,200</u>	<u>1,906,031</u>
Total	<u>\$ 98,511,393</u>	<u>\$ 77,323,665</u>

Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in the North Carolina School Boards Trust (the Trust), a member funded risk management program administered by the North Carolina School Boards Association. Through the Trust, the Board maintains general liability and errors and omissions coverage of \$1,000,000 each claim made / \$3,150,000 coverage period aggregate. The Trust is reinsured through commercial companies for losses in excess of \$150,000 per claim for errors and omissions and general liability coverage.

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

Statutory workers' compensation coverage is purchased through a private insurer for employees to the extent they are paid from Federal and local funds. Workers' compensation coverage is provided by the State of North Carolina through a self-insured fund, to the extent employees are paid from State funds.

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

The Board also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan, a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. The Board pays a substantial portion of the cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

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

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

Long-Term Obligations

Direct Placement Installment Purchases

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot moneys for the payments on financing contracts entered into pursuant to G.S. 115C-528. The State has accepted the bid to purchase Thomas Built Buses through third party financing arrangements with various companies. The Board has two such contracts for the purchase of school buses. The terms of the financing contract is four years, with the required annual payments ranging from \$157,089 to \$664,414.

The Board is authorized to finance the purchase of security cameras under the general statutes. On May 12, 2022 the Board entered into a direct placement installment purchase agreement with TEQlease, Inc for the purchase of security cameras. Five annual payments of \$1,145,808 are due through July 2026. These payments include interest at 3.90%

The future minimum payment of the installment purchases as of June 30, 2023, are as follows:

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,804,721	\$ 162,590
2025	1,178,652	124,245
2026	1,061,404	84,404
2027	<u>1,102,799</u>	<u>43,009</u>
Total	<u>\$ 5,147,576</u>	<u>\$ 414,248</u>

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2023:

	<u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>	<u>Current Portion</u>
Governmental activities:					
Direct placement					
installment purchases	\$ 1,753,820	\$ 5,914,344	\$ 2,520,588	\$ 5,147,576	\$ 1,804,721
Net pension liability	32,773,312	72,771,062	-	105,544,374	-
Net OPEB liability	186,772,820	-	38,886,830	147,885,990	-
Compensated absences	<u>10,865,151</u>	<u>10,830,274</u>	<u>10,866,424</u>	<u>10,829,001</u>	<u>5,423,840</u>
Total governmental activities	<u>\$ 232,165,103</u>	<u>\$ 89,515,680</u>	<u>\$ 52,273,842</u>	<u>\$ 269,406,941</u>	<u>\$ 7,228,561</u>
Business-type activities:					
Net pension liability	\$ 1,004,631	\$ 2,351,464	\$ -	\$ 3,356,095	\$ -
Net OPEB liability	5,725,101	-	1,022,630	4,702,471	-
Compensated absences	<u>208,816</u>	<u>350,373</u>	<u>358,659</u>	<u>200,530</u>	<u>128,618</u>
Total business activities:	<u>\$ 6,938,548</u>	<u>\$ 2,701,837</u>	<u>\$ 1,381,289</u>	<u>\$ 8,259,096</u>	<u>\$ 128,618</u>

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

Transfers to/from other funds

Transfers to/from other funds at June 30, 2023, consist of the following:

State Public School Fund to the School Food Service Fund for administrative costs	<u>\$ 45,000</u>
General Fund to the Capital Outlay Fund for capital project	<u>\$ 4,000,000</u>

IREDELL-STATESVILLE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

Fund Balance

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

Total fund balance - General Fund	\$ 9,600,695
Less:	
Stabilization by State statute	115,145
Scholarships	120,702
Appropriated Fund Balance in 2023-2024 budget	<u>2,000,000</u>
Remaining fund balance	<u>\$ 7,364,848</u>

NOTE 3 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

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

	2023	2022	2021	2020	2019
Board's proportion of the net pension liability (asset)	0.734%	0.721%	0.713%	0.723%	0.722%
Board's proportionate share of the net pension liability (asset)	\$ 108,900,469	\$ 33,777,942	\$ 86,097,519	\$ 74,955,173	\$ 71,842,143
Board's covered-employee payroll	\$ 122,661,660	\$ 113,308,244	\$ 109,392,817	\$ 108,792,545	\$ 104,322,182
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	88.78%	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%	87.61%

	2018	2017	2016	2015	2014
Board's proportion of the net pension liability (asset)	0.733%	0.737%	0.757%	0.754%	0.775%
Board's proportionate share of the net pension liability (asset)	\$ 58,175,322	\$ 67,730,562	\$ 27,883,682	\$ 8,837,119	\$ 47,044,326
Board's covered-employee payroll	\$ 102,838,697	\$ 98,459,836	\$ 100,923,997	\$ 96,688,155	\$ 98,880,344
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	56.57%	68.79%	27.63%	9.14%	47.58%
Plan fiduciary net position as a percentage of the total pension liability	89.51%	87.32%	96.64%	98.24%	90.60%

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

This schedule is required supplementary information.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 21,927,256	\$ 20,732,647	\$ 16,746,958	\$ 14,188,248	\$ 13,370,604
Contributions in relation to the contractually required contribution	<u>21,927,256</u>	<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>	<u>\$ -</u>
Board's covered-employee payroll	\$ 126,163,727	\$ 122,661,660	\$ 113,308,244	\$ 109,392,817	\$ 108,792,545
Contributions as a percentage of covered-employee payroll	17.38%	16.90%	14.78%	12.97%	12.29%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 11,245,931	\$ 10,263,302	\$ 9,009,075	\$ 9,234,546	\$ 8,402,201
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>	<u>8,402,201</u>
Contribution deficiency (excess)	<u>\$ -</u>	<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	\$ 96,688,155
Contributions as a percentage of covered-employee payroll	10.78%	9.98%	9.15%	9.15%	8.69%

This schedule is required supplementary information.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Board's proportion of the net OPEB liability (asset)	0.642%	0.623%	0.619%	0.627%	0.644%
Board's proportionate share of the net OPEB liability (asset)	\$ 152,398,029	\$ 192,497,921	\$ 171,568,850	\$ 198,492,628	\$ 183,323,700
Board's covered-employee payroll	\$ 122,661,660	\$ 113,308,244	\$ 109,392,817	\$ 108,792,545	\$ 104,322,182
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	124.24%	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%	4.40%

	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability (asset)	0.663%	0.643%
Board's proportionate share of the net OPEB liability (asset)	\$ 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 (asset) 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%	2.41%

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

This schedule is required supplementary information.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 8,692,681	\$ 7,961,438	\$ 7,568,991	\$ 7,077,715	\$ 6,821,293
Contributions in relation to the contractually required contribution	8,692,681	7,961,438	7,568,991	7,077,715	6,821,293
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 126,163,727	\$ 122,661,660	\$ 113,308,244	\$ 109,392,817	\$ 108,792,545
Contributions as a percentage of covered-employee payroll	6.89%	6.49%	6.68%	6.47%	6.27%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 6,311,492	\$ 5,974,928	\$ 5,513,751	\$ 5,540,727	\$ 5,221,160
Contributions in relation to the contractually required contribution	6,311,492	5,974,928	5,513,751	5,540,727	5,221,160
Contribution deficiency (excess)	<u>\$ -</u>	<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	\$ 96,688,155
Contributions as a percentage of covered-employee payroll	6.05%	5.81%	5.60%	5.49%	5.40%

This schedule is required supplementary information.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Board's proportion of the net OPEB liability/asset	0.640%	0.636%	0.620%	0.635%	0.636%
Board's proportionate share of the net OPEB liability (asset)	\$ 190,432	\$ (103,848)	\$ (305,184)	\$ (274,024)	\$ (193,225)
Board's covered payroll	\$ 122,661,660	\$ 113,308,244	\$ 109,392,817	\$ 108,792,545	\$ 104,322,182
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered-employee payroll	0.16%	0.09%	0.28%	0.25%	0.19%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	90.34%	105.18%	115.57%	113.00%	108.47%

	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability/asset	0.644%	0.653%
Board's proportionate share of the net OPEB liability (asset)	\$ (393,283)	\$ (405,786)
Board's covered payroll	\$ 102,838,697	\$ 98,459,836
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered-employee payroll	0.38%	0.41%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	116.23%	116.06%

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

This schedule is required supplementary information.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 126,164	\$ 113,916	\$ 101,977	\$ 109,393	\$ 152,310
Contributions in relation to the contractually required contribution	126,164	113,916	101,977	109,393	152,310
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 126,163,727	\$ 122,661,660	\$ 113,308,244	\$ 109,392,817	\$ 108,792,545
Contributions as a percentage of covered-employee payroll	0.10%	0.09%	0.09%	0.10%	0.14%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 146,051	\$ 390,787	\$ 403,685	\$ 413,788	\$ 425,428
Contributions in relation to the contractually required contribution	146,051	390,787	403,685	413,788	425,428
Contribution deficiency (excess)	<u>\$ -</u>	<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	\$ 96,688,155
Contributions as a percentage of covered-employee payroll	0.14%	0.38%	0.41%	0.41%	0.44%

This schedule is required supplementary information.

IREDELL-STATESVILLE BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2023

	Budget	Actual	Positive (Negative) Variance
Exhibit A-1			
Revenues:			
Iredell County:			
County appropriations	\$ 49,475,584	\$ 49,475,584	\$ -
Other:			
Fines and forfeitures		903,605	
Interest earned on investments and other		759,109	
Miscellaneous		244,510	
Total	<u>1,913,682</u>	<u>1,907,224</u>	<u>(6,458)</u>
Total revenues	<u>51,389,266</u>	<u>51,382,808</u>	<u>(6,458)</u>
Expenditures:			
Instructional services:			
Regular instructional		12,163,796	
Special populations		984,952	
Alternative programs		420,574	
School leadership		3,303,005	
Co-curricular services		985,519	
School-based support		6,931,568	
Total	<u>25,732,827</u>	<u>24,789,414</u>	<u>943,413</u>
System-wide support services:			
Support and development		735,626	
Special population support and development		8,567	
Alternative programs and services		18,679	
Technology support		1,326,924	
Operational support		15,704,503	
Financial and human resource services		1,938,219	
Accountability		7,398	
Systemwide pupil support		25,000	
Policy, leadership and public relations		973,193	
Total	<u>21,358,705</u>	<u>20,738,109</u>	<u>620,596</u>
Non-programmed charges			
Payments to charter schools	<u>6,195,000</u>	<u>6,121,195</u>	<u>73,805</u>
Total expenditures	<u>53,286,532</u>	<u>51,648,718</u>	<u>1,637,814</u>
Revenues over (under) expenditures	(1,897,266)	(265,910)	1,631,356
Other financing uses:			
Operating transfers out	<u>(4,000,000)</u>	<u>(4,000,000)</u>	<u>-</u>
Revenues over expenditures and other uses	(5,897,266)	(4,265,910)	1,631,356
Appropriated fund balance	<u>5,897,266</u>	<u>-</u>	<u>5,897,266</u>
Revenues and appropriated fund balance over expenditures	<u>\$ -</u>	<u>(4,265,910)</u>	<u>\$ (4,265,910)</u>
Fund balances:			
Beginning of year, July 1		13,866,605	
End of year, June 30		<u>\$ 9,600,695</u>	

IREDELL-STATESVILLE BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL OUTLAY FUND
For the Year Ended June 30, 2023

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Revenues:			
State of North Carolina:			
State appropriations - buses	\$ 1,403,584	\$ 1,403,585	\$ 1
Public School Capital Fund - lottery	2,000,000	-	(2,000,000)
Total State of North Carolina	<u>\$ 3,403,584</u>	<u>1,403,585</u>	<u>\$ (1,999,999)</u>
Local Government:			
County appropriations	19,825,826	9,325,934	(10,499,892)
Other:			
Proceeds from sale of capital assets	6,296,900	6,317,337	20,437
Other	2,100,561	-	(2,100,561)
	<u>8,397,461</u>	<u>6,317,337</u>	<u>(2,080,124)</u>
Total revenues	<u>31,626,871</u>	<u>17,046,856</u>	<u>(14,580,015)</u>
Expenditures:			
System-wide support services	3,151,505	1,190,888	1,960,617
Capital outlay	29,609,722	13,445,557	16,164,165
Debt service			
Principal payments	3,394,910	2,520,588	874,322
Interest expense	8,674	28,805	(20,131)
Total expenditures	<u>36,164,811</u>	<u>17,185,838</u>	<u>18,978,973</u>
Revenues over (under) expenditures	(4,537,940)	(138,982)	4,398,958
OTHER FINANCING SOURCES			
Operating transfers in	4,000,000	4,000,000	-
Installment purchase obligations issued	-	5,914,344	5,914,344
Total other financing sources	<u>4,000,000</u>	<u>9,914,344</u>	<u>5,914,344</u>
Revenues over (under) expenditures and other sources	(537,940)	9,775,362	10,313,302
Appropriated fund balance	<u>537,940</u>	<u>-</u>	<u>(537,940)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>9,775,362</u>	<u>\$ 9,775,362</u>
Fund balances:			
Beginning of year, July 1		<u>1,431,662</u>	
End of year, June 30		<u>\$ 11,207,024</u>	

**IREDELL-STATESVILLE BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-
GAAP) - SCHOOL FOOD SERVICE FUND
For the Year Ended June 30, 2023**

Exhibit C-1

	Budget	Actual	Variance Positive (Negative)
Operating revenues:			
Food sales	\$ 3,954,571	\$ 3,849,274	\$ (105,297)
Operating expenditures:			
Purchase of food		4,596,296	
Salaries and benefits		5,712,092	
Materials and supplies		7,096	
Noncapital equipment		59,223	
Contracted services		232,139	
Indirect costs		457,648	
Repairs and maintenance		178,494	
Capital outlay		809,901	
Other		50,192	
Total operating expenditures	<u>12,717,906</u>	<u>12,103,081</u>	<u>614,825</u>
Operating loss	<u>(8,763,335)</u>	<u>(8,253,807)</u>	<u>509,528</u>
Nonoperating revenues:			
Federal reimbursements		7,431,681	
Federal commodities		623,107	
State reimbursements		46,640	
Gain on sale of capital assets		2,395	
Interest earned		38,696	
Other		6,933	
Total nonoperating revenues	<u>8,718,335</u>	<u>8,149,452</u>	<u>568,883</u>
Revenues over expenditures before other financing sources	(45,000)	(104,355)	(59,355)
Other financing sources:			
Transfers from other funds	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ (59,355)</u>	<u>\$ (59,355)</u>

**IREDELL-STATESVILLE BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-
GAAP) - SCHOOL FOOD SERVICE FUND
For the Year Ended June 30, 2023**

**Exhibit C-1
(Continued)**

	<u>Actual</u>
Reconciliation of modified accrual to full accrual basis:	
Revenues, other sources, and appropriated fund balance over expenditures	\$ (59,355)
Reconciling items:	
Depreciation	(101,521)
Indirect costs not paid	457,648
Capital outlay	809,901
Increase (decrease) in inventory	60,172
(Increase) decrease in compensated absences	7,320
Deferred outflows	924,471
Net pension liability	(1,980,505)
Net OPEB liability	1,014,687
Deferred inflows	<u>650,906</u>
Change in net position	<u><u>\$ 1,783,724</u></u>

**IREDELL-STATESVILLE BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-
GAAP) - CHILD CARE FUND
For the Year Ended June 30, 2023**

Exhibit C-2

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating revenues:			
Child care fees	\$ 1,685,500	\$ 1,072,994	\$ (612,506)
Operating expenditures:			
Purchase of food		24,799	
Salaries and benefits		188,225	
Materials and supplies		18,132	
Other		11,226	
Total business support services	<u>1,685,500</u>	<u>242,382</u>	<u>1,443,118</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 830,612</u>	<u>\$ 830,612</u>

Reconciliation of modified accrual to full accrual basis:

Revenues under expenditures	\$ 830,612
Reconciling items:	
Deferred outflows	214,826
Net pension liability	(370,959)
Net OPEB liability	7,943
Deferred inflows	<u>23,063</u>
Change in net position	<u>\$ 705,485</u>

COMPLIANCE SECTION



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

**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**

INDEPENDENT AUDITORS' REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic 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, 2023, 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 October 19, 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's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Anderson Smith & Wike PLLC

*October 19, 2023
Elon, North Carolina*



INDEPENDENT AUDITORS' REPORT

Report On Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Iredell-Statesville Board of Education's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Iredell-Statesville Board of Education's major federal programs for the year ended June 30, 2023. Iredell-Statesville Board of Education'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, Iredell-Statesville Board of Education 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, 2023.

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, the Uniform Guidance, and the State Single Audit Implementation Act 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 relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable 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 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance, and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for 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 judgment 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 GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we

- Exercise professional judgment 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, and the State Single Audit Implementation Act, 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 Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses 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 were not 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, and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

Anderson Smith & Wike PLLC

*October 19, 2023
Elon, North Carolina*



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Report On Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Iredell-Statesville Board of Education's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Iredell-Statesville Board of Education's major state programs for the year ended June 30, 2023. The Iredell-Statesville Board of Education's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Iredell-Statesville Board of Education 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, 2023.

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, the Uniform Guidance, and the State Single Audit Implementation Act 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 relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of the 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 GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for 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 judgment 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 GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we

- Exercise professional judgment 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, and the State Single Audit Implementation Act, 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 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 Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses 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 were not 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, and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

Anderson Smith & Wike PLLC

*October 19, 2023
Elon, North Carolina*

**Iredell-Statesville Board of Education
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

Section I. Summary of Auditors' Results

Financial Statements

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

Internal control over financial reporting:

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

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

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

**Iredell-Statesville Board of Education
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

Identification of major State programs:

Program Name
State Public School Fund
Driver Training
School Buses

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
Corrective Action Plan
For the Year Ended June 30, 2023**

Section II. Financial Statement Findings

Finding: None Reported

Section III. Federal Award Findings and Questioned Costs

Finding: None Reported

Section IV. State Award Findings and Questioned Costs

Finding: None Reported

Iredell-Statesville Board of Education
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

Finding: 2022
Status: None reported

IREDELL-STATESVILLE BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2023

Grantor/Pass-through Grantor/Program Title	Federal AL Number		Expenditures
Federal Grants:			
<u>U.S. Department of Agriculture</u>			
Food and Nutrition Service			
Passed-through the N.C. Department of Public Instruction:			
Child Nutrition Cluster:			
Noncash Assistance (Commodities):			
National School Lunch Program	10.555		\$ 623,107
Cash Assistance:			
School Breakfast Program	10.553		1,548,682
National School Lunch Program	10.555		4,842,607
Supply Chain Assistance Funds	10.555		532,765
Summer Food Service Program for Children	10.559		176,715
Cash Assistance Subtotal			7,100,769
Total Child Nutrition Cluster			7,723,876
Passed-through the N.C. Department of Health and Human Services			
Child and Adult Care Food Program	10.558		330,912
Passed through the N.C. Department of Agriculture & Consumer Services			
Local Food for Schools Program	10.185	PRC 353	4,260
Total School Nutrition Program (Note 3):			8,059,048
Total U.S. Department of Agriculture			8,059,048
<u>U.S. Department of Education</u>			
Office of Elementary and Secondary Education			
Passed-through the N.C. Department of Public Instruction:			
Education Consolidation and Improvement Act of 1981			
Improving America School Act of 1994 (IASA)			
Title I, Grants to Local Educational Agencies			
Educationally Deprived Children	84.010	PRC 050 & 115	4,766,781
Title I - School Improvement	84.010A	PRC 105	240,599
Title I - Neglected and Delinquent	84.010A	PRC 107	50,134
Language Acquisition Grants	84.365	PRC 104 & 111	166,574
Mckinney-Vento Homeless Assistance	84.196A	PRC 026	12,855
Student Support and Academic Enrichment Program	84.424	PRC 108	281,685
21st Century Community Learning Centers	84.287C	PRC 110	102,445
Supporting Effective Instruction State Grants	84.367	PRC 103	658,948
COVID-19 - Education Stabilization Fund			
CARES Act:			
ESSER I - K-12 Emergency Relief Fund	84.425D	PRC 163	29,722
ESSER I - Digital Curricula	84.425D	PRC 165	144,593
ESSER I - Exceptional Children Grants	84.425D	PRC 167	96,214
GEER I - Specialized Instructional			
Support Personnel for COVID-19 Response	84.425C	PRC 169	145,621
GEER I - Supplemental Instructional			
Services	84.425C	PRC 170	44,798
CRRSA:			
ESSER II - K-12 Emergency Relief Fund	84.425D	PRC 171	5,203,630
ESSER II - Supplemental Contract Instructional Support Funding	84.425D	PRC 173	77,500
ESSER II - Learning Loss Funding	84.425D	PRC 176	141,483
ESSER II - Summer Career Acceleratory Programs	84.425D	PRC 177	235,583

IREDELL-STATESVILLE BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2023

Grantor/Pass-through Grantor/Program Title	Federal AL Number		Expenditures
COVID-19 - Education Stabilization Fund (continued)			
ARP:			
ESSER III - K-12 Emergency Relief Fund	84.425D	PRC 181	8,304,933
ESSER III - Homeless I	84.425W	PRC 183	19,736
ESSER III - Homeless II	84.425W	PRC 184	13,518
ESSER III - Summer Career Acceleratory Programs	84.425U	PRC 188	105,962
ESSER III - Math Enrichment Programs	84.425U	PRC 189	18,193
ESSER III - Grants for Identification and Location of Missing Students	84.425U	PRC 191	12,945
ESSER III - Cyberbullying & Suicide Prevention Grants	84.425U	PRC 192	116,109
ESSER III - Gaggle Grants	84.425U	PRC 193	65,096
ESSER III - Leadership Institute	84.425U	PRC 195	20,167
ESSER III - Education And Competitive After-School Robotics	84.425U	PRC 201	22,029
ESSER III - Principal Retention Supplements	84.425U	PRC 206	92,707
Total COVID-19 - Education Stabilization Fund			<u>14,910,539</u>
Direct Program:			
School Climate Transformation Grant	84.184G	PRC 372	731,415
Gear-Up Program	84.334	PRC 311	953,134
Education Innovation and Research Grant	84.411C	PRC 371	736,194
Teacher and School Leadership Incentive Program	84.374A	PRC 381	4,194,772
RESOLVE Grant	84.184H	PRC 373	454,642
Project Prevent Grant	84.184M	PRC 380	1,132,371
Total Direct Programs			<u>8,202,528</u>
Office of Special Education and Rehabilitative Services			
Passed-through the N.C. Department of Public Instruction:			
Special Education Cluster:			
Individuals with Disabilities Education Act			
Special Education - Grants to States	84.027	PRC 060	4,993,101
Special Education - Targeted Assistance	84.027	PRC 118	20,138
Special Education - Targeted Assistance for Preschool	84.173	PRC 119	3,306
Special Education - Preschool Grants	84.173	PRC 049	117,434
COVID-19 - ESSER III - ARP IDEA Grant to States	84.027	PRC 185	997,697
COVID-19 - ESSER III - ARP IDEA Preschool Grants	84.173	PRC 186	66,758
Total Special Education Cluster			<u>6,198,434</u>
Title VI-B, Education of the Handicapped	84.323	PRC 082	<u>16,479</u>
Passed-through the N.C. Department of Public Instruction:			
Carl D. Perkins Vocational and Applied Technology Education Act Amendments of 1990			
Basic Grants to States Program Development	84.048	PRC 017	<u>288,443</u>
Total U.S. Department of Education			<u>35,896,444</u>
<u>U.S. Department of the Treasury</u>			
Passed-through the N.C. Office of State Management and Budget			
N.C. Pandemic Recovery Office			
Passed-through the N.C. Department of Public Instruction			
Coronavirus State and Local Fiscal Recovery Funds			
ARP - School Bus Safety Pilot	21.027	PRC 140	<u>28,520</u>

**IREDELL-STATESVILLE BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 For the Year Ended June 30, 2023**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal AL Number</u>		<u>Expenditures</u>
Other Federal Assistance:			
<u>U.S. Department of Defense</u>			
Direct Program:			
JROTC	12.000		<u>220,001</u>
<u>U.S. Department of Justice</u>			
Direct Program:			
Public Safety Partnership and Community Policing Grant	16.710	PRC 382	<u>14,351</u>
Total Federal Assistance			<u>44,218,364</u>
State Grants:			
<u>N.C. Department of Agriculture</u>			
State Reduced Breakfast Program			12,680
State Reduced Lunch Program			<u>33,960</u>
			<u>46,640</u>
<u>N.C. Department of Public Instruction:</u>			
State Public School Fund			134,374,623
Career Technical Education			
State Months of Employment		PRC 013	7,471,779
Program Support Funds		PRC 014	1,054,349
Driver Training		PRC 012	555,855
School Technology Fund		PRC 015	<u>252,337</u>
Total N.C. Department of Public Instruction			<u>143,708,943</u>
<u>Non-cash from N.C Department of Public Instruction</u>			
Buses			<u>1,403,585</u>
<u>N.C. Wildlife Resources Commission</u>			
N.C. Outdoor Heritage Advisory Council			
N.C. Schools Go Outside			<u>7,799</u>
<u>N.C. Department of Health and Human Services</u>			
Division of Child Development and Early Education			
N.C. Expansion and Access to Childcare Grant			<u>133,081</u>
Total State Assistance			<u>145,300,048</u>
Total Federal and State Assistance			<u>\$ 189,518,412</u>

Notes to the Schedule of Expenditures of Federal and State Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Iredell-Statesville Board of Education under the programs of the federal government and the State of North Carolina for the year ended June 30, 2023. 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-Stateville Board of Education, it is not intended to and does not present the financial position, changes in net assets or cash flows of Iredell-Stateville Board of Education.

Note 2. Summary of Significant Accounting Policies

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

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. Clusters

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