



**For Year Ended  
June 30, 2023**



# **HERTFORD COUNTY**

**BOARD OF EDUCATION**



## **ANNUAL FINANCIAL REPORT**

HERTFORD COUNTY BOARD OF EDUCATION  
FINANCIAL REPORT  
June 30, 2023

**Hertford County Board of Education**  
**TABLE OF CONTENTS**  
**June 30, 2023**

<u>Exhibit</u>		<u>Page (s)</u>
<b>FINANCIAL SECTION</b>		
	<b>Independent Auditors' Report</b>	1 - 4
	<b>Management's Discussion and Analysis</b>	5-10
	<b>Basic Financial Statements:</b>	
	Government-wide Financial Statements:	
1	Statement of Net Position	11
2	Statement of Activities	12
	Fund Financial Statements:	
3	Balance Sheet - Governmental Funds	13
3a	Reconciliation of the Balance Sheet to the Statement of Net Position	14
4	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	15
4a	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
5	Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General and Major Special Revenue Funds	17-18
6	Statement of Net Position - Proprietary Fund	19
7	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	20
8	Statement of Cash Flows - Proprietary Fund	21-22
	<b>Notes to the Financial Statements</b>	23-44

**Required Supplementary Information**

A-1	Schedule of the Proportionate Share of the Net Pension Liability - Teachers' and State Employees' Retirement System	45
A-2	Schedule of Contributions - Teachers' and State Employees' Retirement System	46
A-3	Schedule of the Proportionate Share of the Net OPEB Liability - Retiree Health Benefit Fund	47
A-4	Schedule of Board Contributions - Retiree Health Benefit Fund	48
A-5	Schedule of the Proportionate Share of the Net OPEB Asset - Disability Income Plan of North Carolina	49
A-6	Schedule of Contributions - Disability Income Plan of North Carolina	50

**Combining and Individual Fund Financial and Schedules:**

B-1	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	51-53
B-2	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - State Public School Fund	54-55
B-3	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Other Restricted Funds	56-58
B-4	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Capital Outlay Fund	59
B-5	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Federal Grants Fund	60-62

**Nonmajor Governmental Funds:**

C-1	Combining Balance Sheet	63
C-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	64
C-3	Combining Balance Sheet - Individual Schools	65
C-4	Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Individual Schools	66
D-1	Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) - Food Service Fund	67

## COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	68-69
Report on Compliance With Requirements Applicable To Each Major Federal Program and Internal Control Over Compliance In Accordance With OMB Uniform Guidance and the State Single Audit Implementation Act	70-72
Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance With the Uniform Guidance and the State Single Audit Implementation Act	73-75
Schedule of Findings and Questioned Costs	76-77
Corrective Action Plan	78
Schedule of Prior Year Findings	79
Schedule of Expenditures of Federal and State Awards	80-82

# **FINANCIAL SECTION**

**INDEPENDENT AUDITOR'S REPORT**

**MANAGEMENT'S DISCUSSION & ANALYSIS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**FUND FINANCIAL STATEMENTS**

**NOTES TO FINANCIAL STATEMENTS**



***Thompson, Price, Scott, Adams & Co, P.A.***

**P.O Box 398**

**1626 S. Madison Street**

**Whiteville, NC 28472**

**Telephone (910) 642-2109**

**Fax (910) 642-5958**

**Alan W. Thompson, CPA**

**R. Bryon Scott, CPA**

**Gregory S. Adams, CPA**

---

**Independent Auditors' Report**

To the Hertford County Board of Education  
Winton, North Carolina

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hertford County Board of Education, North Carolina, as of and for the year then ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Hertford County 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, business-type activities, each major fund, and the aggregate remaining fund information of the Hertford County Board of Education, North Carolina 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, State Public School Fund, Federal Grant Fund and the Other Restricted Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**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 the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under these standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hertford County Board of Education's 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.

*Members*

*American Institute of CPAs - N.C. Association of CPAs - AICPA Division of Firms*

## ***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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement 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 Hertford County 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.

## ***Auditors' Responsibility 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 misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercised professional judgment 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 and 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 Hertford County 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 the Board'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 5 through 10 and the Schedule of the Proportionate Share of the Net Pension Liability and OPEB Liabilities and the Schedule of Board Contributions on pages 45 through 50, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Supplementary Information**

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

The combining and individual non-major fund financial statements, budgetary schedules, other schedules and the accompanying schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, budgetary schedules, other schedules, and the accompanying schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated November 19, 2023 on our consideration of Hertford County Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hertford County Board of Education's internal control over financial reporting and compliance.

*Thompson, Rice, Scott, Adams & Co., P.A.*

**Whiteville, NC**

**November 19, 2023**

## Management's Discussion and Analysis

This section of the Hertford County Board of Education's (the Board) financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2023. This information should be read in conjunction with the audited financial statements included in this report.

### ***Financial Highlights***

- The Board experienced an increase in enrollment of 89 students from the previous year. The Board is working diligently with the Hertford County Board of Commissioners to find ways to fund increases required for the continuing improvement of educational services for Hertford County students.
- At the close of the fiscal year, the Board's governmental funds reported combined ending fund balances of \$8,490,250 a decrease of \$861,977 in comparison with the prior year.

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

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

- *Independent Auditor's Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental 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, deferred outflows of resources, liabilities, and deferred inflows of resources. Assets and liabilities are classified in the order of relative liquidity for assets and due date for liabilities. This statement provides a summary of the Board's investment in assets, deferred inflows of resources, and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement. The Statement of Activities summarizes the Board's revenues and expenses for the current year. A net (expense) revenue format is used to indicate to what extent each function is self-sufficient.

The second set of statements included in the basic financial statements is the *Fund Financial Statements*, which are presented for the Board's governmental funds and proprietary funds. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The proprietary fund is 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.

## Government-wide Statements

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

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

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

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

- education, transportation, and administration. County funding and state and federal aid finance most of these activities.
- Business-type activities: The Board charges fees to help it cover the costs of certain services it provides. School food service is included here.

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

## Fund Financial Statements

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

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

Hertford County Board of Education has two types of funds:

**Governmental funds:** Most of the Board's basic services are included in the governmental funds, which generally focus on two things – 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-side 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, and the Federal Grants Fund, and the Other Restricted 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. Hertford County Board of Education has one proprietary fund, an enterprise fund, the School Food Service 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 and deferred inflows of resources exceeded assets and deferred outflows of resources \$13,668,677 as of June 30, 2023, as a result of the implementation of GASB 75. The largest component of net position is investment in capital assets, of \$15,282,646. It comprises 111.81% of total net position.

Following is a summary of the Statement of Net Position:

**Table 1**  
**Condensed Statement of Net Position**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>June 30 2023</b>	<b>June 30 2022</b>	<b>June 30 2023</b>	<b>June 30 2022</b>	<b>June 30 2023</b>	<b>June 30 2022</b>
Current assets	\$ 8,496,345	\$ 10,274,403	\$ 1,370,565	\$ 1,136,231	\$ 9,866,910	\$ 11,410,634
Right to Use & Capital assets, net	17,818,651	14,861,379	212,027	247,261	18,030,678	15,108,640
Total assets	<u>26,314,996</u>	<u>25,135,782</u>	<u>1,582,592</u>	<u>1,383,492</u>	<u>27,897,588</u>	<u>26,519,274</u>
Deferred outflows of resources	14,028,553	8,694,957	412,254	229,109	14,440,807	8,924,066
Current liabilities	598,421	387,992	14,161	29,107	612,582	417,099
Long-term liabilities	39,883,947	33,563,345	1,192,883	1,045,737	41,076,830	34,609,082
Total liabilities	<u>40,482,368</u>	<u>33,951,337</u>	<u>1,207,044</u>	<u>1,074,844</u>	<u>41,689,412</u>	<u>35,026,181</u>
Deferred inflows of resources	13,913,460	18,014,378	404,200	536,637	14,317,660	18,551,015
Net investment in capital assets	15,070,619	14,674,738	212,027	247,261	15,282,646	14,921,999
Restricted net position	1,263,750	1,217,674	-	442	1,263,750	1,218,116
Unrestricted net position	<u>(30,386,648)</u>	<u>(34,027,388)</u>	<u>171,575</u>	<u>(246,583)</u>	<u>(30,215,073)</u>	<u>(34,273,971)</u>
Total net assets	<u>\$ (14,052,279)</u>	<u>\$ (18,134,976)</u>	<u>\$ 383,602</u>	<u>\$ 1,120</u>	<u>\$ (13,668,677)</u>	<u>\$ (18,133,856)</u>

Note that net position increased by 24.62% from the previous year. The increase in net position was due largely to decreases in liabilities.

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

**Table 2**  
**Condensed Statement of Revenues, Expenses, and Changes in Net Position**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>6/30/23</b>	<b>6/30/22</b>	<b>6/30/23</b>	<b>6/30/22</b>	<b>6/30/23</b>	<b>6/30/22</b>
Revenues:						
<b>Program revenues:</b>						
Charges for services	\$ 1,326,366	\$ 746,902	\$ 73,564	\$ 56,726	\$ 1,399,930	\$ 803,628
Operating grants and contributions	34,283,611	29,640,279	2,036,735	1,941,035	36,320,346	31,581,314
Capital grants and contributions	320,758	558,170	-	-	320,758	558,170
<b>General revenues:</b>						
Other revenues	5,661,418	4,774,673	1,901	80	5,663,319	4,774,753
<b>Total revenues</b>	<b>41,592,153</b>	<b>35,720,024</b>	<b>2,112,200</b>	<b>1,997,841</b>	<b>43,704,353</b>	<b>37,717,865</b>
Expenses:						
<b>Governmental activities:</b>						
Instructional programs	26,599,188	21,315,941	-	-	26,599,188	21,315,941
System-wide Support	8,939,638	8,047,022	-	-	8,939,638	8,047,022
Ancillary services	96,787	119,419	-	-	96,787	119,419
Non-programmed charges	777,466	349,737	-	-	777,466	349,737
Interest on long-term debt	-	-	-	-	-	-
Unallocated Depreciation	1,096,377	1,065,908	-	-	1,096,377	1,065,908
<b>Business-type activities:</b>						
Food service	-	-	1,729,718	1,444,084	1,729,718	1,444,084
<b>Total expenses</b>	<b>37,509,456</b>	<b>30,898,027</b>	<b>1,729,718</b>	<b>1,444,084</b>	<b>39,239,174</b>	<b>32,342,111</b>
Increase (decrease) in net position	4,082,697	4,821,997	382,482	553,757	4,465,179	5,375,754
Net position, beginning	(18,134,976)	(22,956,973)	1,120	(552,637)	(18,133,856)	(23,509,610)
Net position, ending	\$ (14,052,279)	\$ (18,134,976)	\$ 383,602	\$ 1,120	\$ (13,668,677)	\$ (18,133,856)

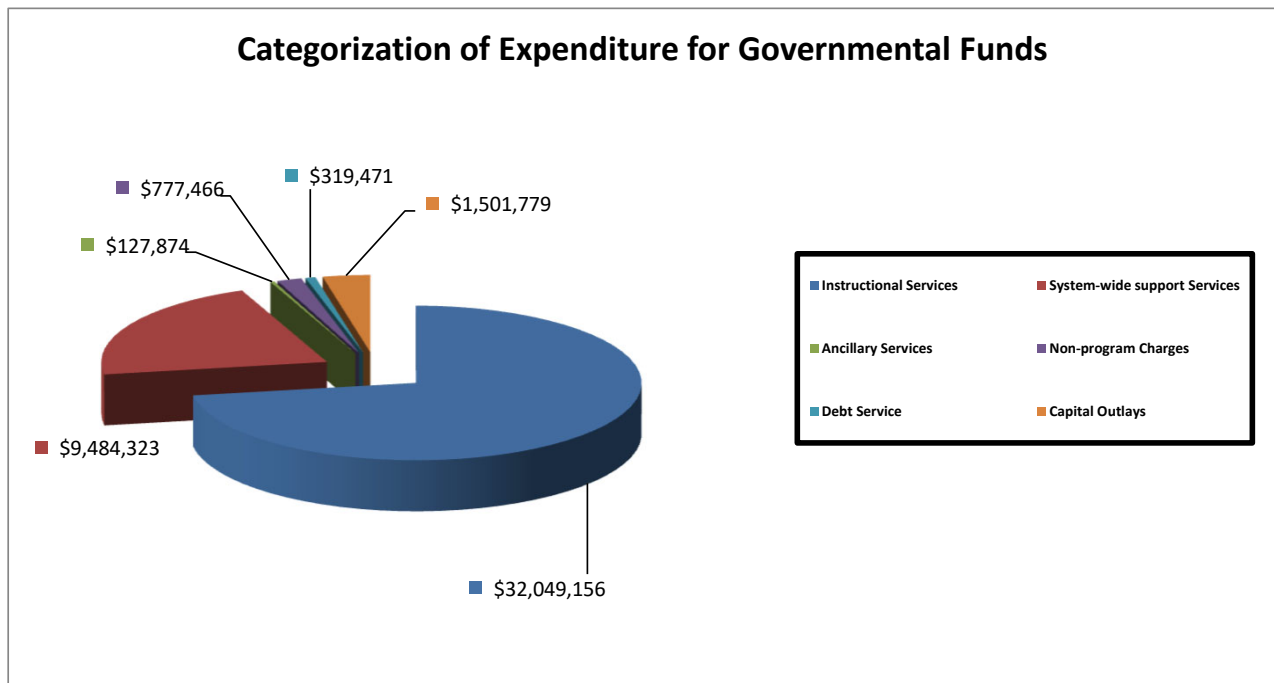
Total governmental activities generated revenues of \$41,592,153 while expenses in this category totaled \$37,509,456. Comparatively, revenues were \$35,720,024 and expenses totaled \$30,898,027, for the year ended June 30, 2022. The increase in net position stands at \$4,082,700, compared to an increase of \$4,821,997, in 2022. Instructional services comprised 70.91% of total governmental-type expenses while system-wide support services made up 23.83% of those expenses for 2023. County funding comprised 13.32% of total governmental revenue. In 2022, County funding was 13.05%. Much of the remaining 86.68% of total governmental revenue for 2023 consists of restricted State and Federal money. Business-type activities generated revenue of \$2,112,200 and had expenses of \$1,729,718. Net position increased in the business-type activities by \$382,482.

### Financial Analysis of the Board's Funds

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

The Board's governmental funds reported a combined fund balance of \$8,490,250, a \$861,977 decrease over the prior year. The Other Restricted Fund, Capital Outlay Fund, and Individual School Funds had revenues in excess of expenditures of \$495,772, \$5,013, and \$55,704, respectively. The General Fund had expenditures in excess of revenues of \$1,418,466. Expenditures increased from the prior year, and included \$1,749,683 in capitalizable assets.

**Proprietary Funds:** The Board's School Food Service Fund reflected an increase in net position from last year. Revenues increased significantly due to returning to normal operations from COVID-19 and additional federal funding.



Expenditures presented on modified accrual basis of accounting.

### **General Fund Budgetary Highlights**

Over the course of the year, the Board revised the budget several times to account for changes in expenditure expectations.

### **Capital Assets**

Capital assets increased by \$1,617,404 from the previous year. Total capital assets decreased as a result of depreciation expense exceeding acquisitions for the year and disposals of old buses, vehicles and equipment. Major asset purchases included technology equipment, vehicles and a building improvements.

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

**Table 3**  
**Summary of Capital Assets**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>6/30/23</b>	<b>6/30/22</b>	<b>6/30/23</b>	<b>6/30/22</b>	<b>6/30/23</b>	<b>6/30/22</b>
Land	\$ 488,902	\$ 488,902	\$ -	\$ -	\$ 488,902	\$ 488,902
Construction in progress	-	-	-	-	-	-
Buildings	41,984,109	40,892,834	-	-	41,984,109	40,892,834
Equipment and furniture	11,788,444	11,150,534	680,693	680,693	12,469,137	11,831,227
Less accumulated depreciation	(39,100,186)	(37,694,948)	(468,666)	(433,432)	(39,568,852)	(38,128,380)
Right to use assets	1,531,210	92,295	-	-	1,531,210	92,295
Less accumulated amortization	(202,519)	(52,332)	-	-	(202,519)	(52,332)
Total	<u>\$ 16,489,960</u>	<u>\$ 14,837,322</u>	<u>\$ 212,027</u>	<u>\$ 247,261</u>	<u>\$ 16,701,987</u>	<u>\$ 15,084,583</u>

### **Debt Outstanding**

During the year, the Board's outstanding debt increased by \$138,463, as a result of debt payments on school buses, new GASB 87 leases and GASB 96 implementation. 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.

### **Economic Factors**

The Board anticipates enrollment will decrease slightly next year and will need a relatively steady or increasing stream of income in order to maintain existing facilities and equipment and to update and improve instructional efforts. County funding is a major source of income for the Board; therefore the County's economic outlook directly affects that of the schools. The following economic factors must be considered when viewing the County's ability to provide the required level of funding.

- The County's unemployment rate of 5.0% was higher than the state average of 3.3%.

### **Requests for Information**

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

Lori Merritt, Interim Finance Director  
Hertford County Board of Education  
701 N. Martin Street  
Winton, NC 27986



# **BASIC FINANCIAL STATEMENTS**

**Hertford County Board of Education  
Statement of Net Position  
June 30, 2023**

Exhibit 1

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,905,341	\$ 1,335,259	\$ 10,240,600
Due from other governments	719,177	58,224	777,401
Receivables (net)	4,056	845	4,901
Internal balances	75,808	(75,808)	-
Inventories	-	52,045	52,045
Prepayments	120,654	-	120,654
Capital assets (Note 1)			
Land, improvements, and construction in progress	488,902	-	488,902
Other capital assets, net of depreciation	14,672,367	212,027	14,884,394
Right to use assets, net	1,328,691	-	1,328,691
Total capital assets	<u>16,489,960</u>	<u>212,027</u>	<u>16,701,987</u>
Total assets	<u>26,314,996</u>	<u>1,582,592</u>	<u>27,897,588</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	14,028,553	412,254	14,440,807
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	494,001	11,185	505,186
Accrued salaries and wages payable	104,420	-	104,420
Prepaid meals	-	2,976	2,976
Long-term liabilities:			
Due within one year	321,436	-	321,436
Due in more than one year	39,562,511	1,192,883	40,755,394
Total liabilities	<u>40,482,368</u>	<u>1,207,044</u>	<u>41,689,412</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	13,913,460	404,200	14,317,660
<b>NET POSITION</b>			
Net investment in capital assets	15,070,619	212,027	15,282,646
Restricted:			
Individual Schools	156,901	-	156,901
Stabilization by State Statute	13,259	-	13,259
School Capital Outlay	1,093,590	-	1,093,590
DIPNC OPEB plan	-	-	-
Unrestricted	<u>(30,386,648)</u>	<u>171,575</u>	<u>(30,215,073)</u>
Total net position	<u>\$ (14,052,279)</u>	<u>\$ 383,602</u>	<u>\$ (13,668,677)</u>

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

**Hertford County Board of Education  
Statement of Activities  
For the Year Ended June 30, 2023**

Functions / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Primary government</b>							
<b>Governmental Activities:</b>							
Instructional programs:							
Regular	\$ 14,965,421	\$ -	\$ 16,416,485	\$ -	\$ 1,451,064	\$ -	\$ 1,451,064
Special	3,045,208	-	3,358,512	-	313,304	-	313,304
Alternative programs	3,183,812	-	3,229,472	-	45,660	-	45,660
School leadership	2,233,293	-	2,460,522	-	227,229	-	227,229
Co-curricular	448,500	500,304	-	-	51,804	-	51,804
School-based support	2,722,954	-	2,720,283	-	(2,671)	-	(2,671)
System-wide support services:							
Support and development	483,650	-	390,240	-	(93,410)	-	(93,410)
Special populations	94,476	-	97,257	-	2,781	-	2,781
Alternative programs	104,221	-	105,655	-	1,434	-	1,434
Technology support	530,261	-	213,011	-	(317,250)	-	(317,250)
Operational support	5,812,353	826,062	3,403,094	320,758	(1,262,439)	-	(1,262,439)
Financial and human resource	1,036,441	-	531,084	-	(505,357)	-	(505,357)
Policy, leadership, and public relations	878,236	-	483,896	-	(394,340)	-	(394,340)
Ancillary services	96,787	-	125,009	-	28,222	-	28,222
Non-programmed charges	777,466	-	749,091	-	(28,375)	-	(28,375)
Unallocated depreciation expense	1,096,377	-	-	-	(1,096,377)	-	(1,096,377)
Total Governmental activities	37,509,456	1,326,366	34,283,611	320,758	(1,578,721)	-	(1,578,721)
<b>Business-type activities:</b>							
School Food service	1,729,718	73,564	2,036,735	-	-	380,581	380,581
Total business-type activities	1,729,718	73,564	2,036,735	-	-	380,581	380,581
Total primary government	\$ 39,239,174	\$ 1,399,930	\$ 36,320,346	\$ 320,758	(1,578,721)	380,581	(1,198,140)
General revenues:							
Unrestricted county appropriations - operating					4,353,318	-	4,353,318
Unrestricted county appropriations - capital					1,185,595	-	1,185,595
Miscellaneous, unrestricted					102,338	-	102,338
Gain(loss) on disposal					5,484	-	5,484
Investment earnings, unrestricted					14,683	1,901	16,584
Total general revenues and transfers					5,661,418	1,901	5,663,319
Change in net position					4,082,697	382,482	4,465,179
Net position, beginning					(18,134,976)	1,120	(18,133,856)
Net position, ending					\$ (14,052,279)	\$ 383,602	\$ (13,668,677)

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

**Hertford County Board of Education  
Balance Sheet  
Governmental Funds  
June 30, 2023**

Exhibit 3

	Major Funds					Non-Major Governmental Fund	
	General Fund	State Public School Fund	Capital Outlay Fund	Federal Grant Fund	Other Restricted Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,662,096	\$ -	\$ 1,352,333	\$ -	\$ 5,733,963	\$ 156,949	\$ 8,905,341
Due from other governments	9,155	-	357,056	67,445	282,490	3,031	719,177
Accounts receivable	4,056	-	-	-	-	-	4,056
Due from other funds	48	-	-	-	75,808	-	75,856
Prepayments	120,654	-	-	-	-	-	120,654
Total assets	<u>\$ 1,796,009</u>	<u>\$ -</u>	<u>\$ 1,709,389</u>	<u>\$ 67,445</u>	<u>\$ 6,092,261</u>	<u>\$ 159,980</u>	<u>\$ 9,825,084</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued liabilities	\$ 287,309	\$ -	\$ 206,692	\$ -	\$ -	\$ -	\$ 494,001
Due to other funds	-	-	-	-	-	48	48
Accrued salaries and benefits	104,420	-	-	-	-	-	104,420
Total liabilities	<u>391,729</u>	<u>-</u>	<u>206,692</u>	<u>-</u>	<u>-</u>	<u>48</u>	<u>598,469</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>409,107</u>	<u>67,445</u>	<u>256,782</u>	<u>3,031</u>	<u>736,365</u>
Fund balances:							
Nonspendable							
Prepays	120,654	-	-	-	-	-	120,654
Restricted							
Stabilization by State Statute	13,259	-	-	-	-	-	13,259
School Capital Outlay	-	-	1,093,590	-	-	-	1,093,590
Individual Schools	-	-	-	-	-	156,901	156,901
Committed							
Other Restricted Funds	-	-	-	-	5,835,479	-	5,835,479
Assigned							
Subsequent Year's Expenditures	1,106,900	-	-	-	-	-	1,106,900
Unassigned	163,467	-	-	-	-	-	163,467
Total fund balances	<u>1,404,280</u>	<u>-</u>	<u>1,093,590</u>	<u>-</u>	<u>5,835,479</u>	<u>156,901</u>	<u>8,490,250</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,796,009</u>	<u>\$ -</u>	<u>\$ 1,709,389</u>	<u>\$ 67,445</u>	<u>\$ 6,092,261</u>	<u>\$ 159,980</u>	<u>\$ 9,825,084</u>

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

**Hertford County Board of Education  
Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Position  
June 30, 2023**

Exhibit 3a

Total fund balance, governmental funds	\$ 8,490,250
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	15,161,269
Right to use assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	1,328,691
Deferred outflows of resources related to pensions	9,676,198
Deferred outflows of resources related to OPEB	4,352,355
Some liabilities, (such as Installment Payables and Compensated Absences), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Position.	(3,219,552)
Net Pension liability	(15,181,018)
Net OPEB liability	(21,483,377)
Deferred inflows of resources related to pensions	(597,455)
Deferred inflows of resources related to OPEB	(12,579,640)
Net Position of governmental activities	<u><u>\$ (14,052,279)</u></u>

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

**Hertford County Board of Education**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

Exhibit 4

	<b>Major Funds</b>					<b>Non-Major Governmental Funds</b>	
	<b>General Fund</b>	<b>State Public School Fund</b>	<b>Capital Outlay Fund</b>	<b>Federal Grant Fund</b>	<b>Other Restricted Funds</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>							
State of North Carolina	\$ -	\$ 24,424,146	\$ 320,758	\$ -	\$ 911,646	\$ -	\$ 25,656,550
U.S. Government	-	-	-	8,551,512	374,545	-	8,926,057
Hertford County	4,353,318	-	1,185,595	-	-	-	5,538,913
Other	83,300	-	-	-	881,545	500,304	1,465,149
Total	<u>4,436,618</u>	<u>24,424,146</u>	<u>1,506,353</u>	<u>8,551,512</u>	<u>2,167,736</u>	<u>500,304</u>	<u>41,586,669</u>
<b>EXPENDITURES</b>							
Current:							
Instructional							
Regular Instructional	2,337,390	12,640,062	-	3,617,998	179,478	-	18,774,928
Special Populations	190,804	2,214,184	-	1,144,329	-	-	3,549,317
Alternative Programs	159,039	478,215	-	2,031,797	935,255	-	3,604,306
School Leadership	160,507	2,294,480	-	109,469	73,543	-	2,637,999
Co-Curricular	3,900	-	-	-	-	444,600	448,500
School-Based Support	265,732	2,290,446	-	269,497	208,431	-	3,034,106
System-wide support services							
Support and Development	185,047	239,523	-	150,716	-	-	575,286
Special Populations Support and Development	3,467	93,292	-	3,965	-	-	100,724
Alternative programs and Services Support							
Services Support	6,068	-	-	105,655	-	-	111,723
Technology Support	377,314	201,690	-	9,911	-	-	588,915
Operational Support	2,466,625	3,054,086	-	138,157	274,094	-	5,932,962
Financial and Human Resources	649,534	385,403	-	145,682	-	-	1,180,619
Policy, Leadership, and Public Relations	509,930	472,074	-	10,927	1,163	-	994,094
Ancillary services	2,865	60,691	-	64,318	-	-	127,874
Non-Program Charges	28,375	-	-	749,091	-	-	777,466
Debt Service							
Principal	-	-	319,471	-	-	-	319,471
Capital outlay							
Real Property and Buildings	-	-	1,187,353	-	-	-	1,187,353
Buses and Motor Vehicles	-	-	314,426	-	-	-	314,426
Total Expenditures	<u>7,346,597</u>	<u>24,424,146</u>	<u>1,821,250</u>	<u>8,551,512</u>	<u>1,671,964</u>	<u>444,600</u>	<u>44,260,069</u>
Excess (deficiency) of revenues over expenditures	<u>(2,909,979)</u>	<u>-</u>	<u>(314,897)</u>	<u>-</u>	<u>495,772</u>	<u>55,704</u>	<u>(2,673,400)</u>
<b>OTHER FINANCING SOURCES</b>							
Sale of Assets	-	-	5,484	-	-	-	5,484
Lease Proceeds	160,416	-	-	-	-	-	160,416
SBITA proceeds	1,331,097	-	-	-	-	-	1,331,097
Installment purchase obligations issued	-	-	314,426	-	-	-	314,426
Total other financing sources and (uses)	<u>1,491,513</u>	<u>-</u>	<u>319,910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,811,423</u>
Net change in fund balances	(1,418,466)	-	5,013	-	495,772	55,704	(861,977)
Fund balances - beginning	2,822,746	-	1,088,577	-	5,339,707	101,197	9,352,227
Fund balances - ending	<u>\$ 1,404,280</u>	<u>\$ -</u>	<u>\$ 1,093,590</u>	<u>\$ -</u>	<u>\$ 5,835,479</u>	<u>\$ 156,901</u>	<u>\$ 8,490,250</u>

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

**Hertford County Board of Education**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2023**

Exhibit 4a

Net change in fund balances - total governmental funds: \$ (861,977)

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays exceeded depreciation in the current period.

323,947

Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds

1,288,728

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities. Difference in accrued investment income and income reported in fund statements.

3,153,433

Contributions to the OPEB plan in the current fiscal year are not included in the Statement of Activities

1,268,195

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

(1,216,794)

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Pension expense (3,012,313)

Net OPEB Expense 3,287,800

Compensated absences (148,322)

Change in net position of governmental activities \$ 4,082,697

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

**Hertford County Board of Education**  
**General Fund and Annually Budgeted Major Special Revenue Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -- Budget and Actual**  
**For the Year Ended June 30, 2023**

	General Fund				State Public School Fund			
	Budget		Actual Amounts	Variance with Final Budget - Positive (Negative)	Budget		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			Original	Final		
<b>REVENUES</b>								
State of North Carolina	\$ -	\$ -	\$ -	\$ -	\$ 23,907,569	\$ 25,897,685	\$ 24,424,146	\$ (1,473,539)
U.S. Government	-	-	-	-	-	-	-	-
Hertford County	4,440,818	4,440,818	4,353,318	(87,500)	-	-	-	-
Other	53,182	53,182	83,300	30,118	-	-	-	-
Total revenues	<u>4,494,000</u>	<u>4,494,000</u>	<u>4,436,618</u>	<u>(57,382)</u>	<u>23,907,569</u>	<u>25,897,685</u>	<u>24,424,146</u>	<u>(1,473,539)</u>
<b>EXPENDITURES</b>								
Current:								
Instructional								
Regular	1,405,920	1,033,899	2,337,390	(1,303,491)	12,622,099	13,144,371	12,640,062	504,309
Special Populations	81,145	196,190	190,804	5,386	2,290,386	2,408,780	2,214,184	194,596
Alternative programs	31,500	160,147	159,039	1,108	403,313	501,676	478,215	23,461
School leadership	110,231	159,102	160,507	(1,405)	2,223,781	2,299,363	2,294,480	4,883
Co-curricular	-	-	3,900	(3,900)	-	-	-	-
School-based support	212,155	297,612	265,732	31,880	1,854,651	2,514,712	2,290,446	224,266
System-wide support services:								
Support and development	325,969	195,218	185,047	10,171	553,701	633,905	239,523	394,382
Special populations	1,000	3,559	3,467	92	99,657	93,292	93,292	-
Alternative programs	-	6,068	6,068	-	-	-	-	-
Technology support	495,104	427,370	377,314	50,056	236,736	260,057	201,690	58,367
Operational support	2,508,857	2,501,246	2,466,625	34,621	2,555,008	3,054,086	3,054,086	-
Financial and human resources	452,260	681,917	649,534	32,383	508,624	385,403	385,403	-
Policy, leadership, and public relations	620,435	582,248	509,930	72,318	390,645	475,274	472,074	3,200
Ancillary services								
Nutrition	3,424	3,424	2,865	559	168,968	126,766	60,691	66,075
Non-programmed charges	30,000	85,000	28,375	56,625	-	-	-	-
Debt Service	55,000	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>6,333,000</u>	<u>6,333,000</u>	<u>7,346,597</u>	<u>(1,013,597)</u>	<u>23,907,569</u>	<u>25,897,685</u>	<u>24,424,146</u>	<u>1,473,539</u>
Revenues over (under) expenditures	<u>(1,839,000)</u>	<u>(1,839,000)</u>	<u>(2,909,979)</u>	<u>(1,070,979)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES</b>								
Fund balance appropriated	1,839,000	1,839,000	-	(1,839,000)	-	-	-	-
Lease Proceeds	-	-	160,416	160,416	-	-	-	-
SBITA Proceeds	-	-	1,331,097		-	-	-	-
Total other financing sources and (uses)	<u>1,839,000</u>	<u>1,839,000</u>	<u>1,491,513</u>	<u>(1,678,584)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(1,418,466)</u>	<u>\$ (2,749,563)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning			<u>2,822,746</u>				<u>-</u>	
Fund balances, ending			<u>\$ 1,404,280</u>				<u>\$ -</u>	

(continued)

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



**Hertford County Board of Education**  
**General Fund and Annually Budgeted Major Special Revenue Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -- Budget and Actual**  
**For the Year Ended June 30, 2023**

	Federal Grant Fund				Other Restricted Fund			
	Budget		Actual Amounts	Variance with Final Budget - Positive (Negative)	Budget		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			Original	Final		
<b>REVENUES</b>								
State of North Carolina	\$ -	\$ -	\$ -	\$ -	\$ 904,845	\$ 1,236,917	\$ 911,646	\$ (325,271)
U.S. Government	13,252,467	16,563,429	8,551,512	(8,011,917)	130,000	130,000	374,545	244,545
Hertford County	-	-	-	-	-	-	-	-
Other	-	-	-	-	218,155	678,154	881,545	203,391
Total revenues	<u>13,252,467</u>	<u>16,563,429</u>	<u>8,551,512</u>	<u>(8,011,917)</u>	<u>1,253,000</u>	<u>2,045,071</u>	<u>2,167,736</u>	<u>122,665</u>
<b>EXPENDITURES</b>								
Current:								
Instructional								
Regular	3,611,176	5,512,362	3,617,998	1,894,364	817,735	508,709	179,478	329,231
Special Populations	1,932,161	2,092,752	1,144,329	948,423	-	-	-	-
Alternative programs	3,696,949	4,152,098	2,031,797	2,120,301	1,007,975	1,400,050	935,255	464,795
School leadership	258,784	567,674	109,469	458,205	52,328	125,871	73,543	52,328
Co-curricular	-	-	-	-	-	-	-	-
School-based support	701,326	816,638	269,497	547,141	221,521	256,375	208,431	47,944
System-wide support services:								
Support and development	13,083	71,361	150,716	(79,355)	-	-	-	-
Special populations	2,346	11,894	3,965	7,929	-	-	-	-
Alternative programs	18,000	150,921	105,655	45,266	-	-	-	-
Technology support	8,299	46,286	9,911	36,375	91,441	91,441	-	91,441
Operational support	604,485	716,219	138,157	578,062	10,000	460,625	274,094	186,531
Financial and human resources	197,846	257,828	145,682	112,146	-	-	-	-
Policy, leadership, and public relations	153,632	198,091	10,927	187,164	2,000	2,000	1,163	837
Ancillary services								
Nutrition	409,208	259,462	64,318	195,144	-	-	-	-
Non-programmed charges	1,645,172	1,709,843	749,091	960,752	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	150,000	-	-
Total Expenditures	<u>13,252,467</u>	<u>16,563,429</u>	<u>8,551,512</u>	<u>8,011,917</u>	<u>2,203,000</u>	<u>2,995,071</u>	<u>1,671,964</u>	<u>1,173,107</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(950,000)</u>	<u>(950,000)</u>	<u>495,772</u>	<u>1,295,772</u>
<b>OTHER FINANCING SOURCES</b>								
Fund balance appropriated	-	-	-	-	950,000	950,000	-	(950,000)
Lease Proceeds	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>950,000</u>	<u>950,000</u>	<u>-</u>	<u>(950,000)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>495,772</u>	<u>\$ 345,772</u>
Fund balances, beginning							<u>5,339,707</u>	
Fund balances, ending			<u>\$ -</u>				<u>\$ 5,835,479</u>	

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

**Hertford County Board of Education  
Statement of Net Position  
Proprietary Funds  
June 30, 2023**

Exhibit 6

	<b>Enterprise Fund</b>
	<b>Major Fund</b>
	<b>School Food Service</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,335,259
Due from other governments	58,224
Receivables (net)	845
Inventories	52,045
Total current assets	<u>1,446,373</u>
Non-current assets:	
Capital Assets:	
Equipment	680,693
Less accumulated depreciation	<u>(468,666)</u>
Total non-current assets	<u>212,027</u>
Total assets	<u>1,658,400</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>412,254</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	11,185
Due to other funds	75,808
Prepaid Meals	2,976
Total current liabilities	<u>89,969</u>
Non-current liabilities:	
Net Pension liability	465,669
Net OPEB liability	658,990
Compensated absences	68,224
Total non-current liabilities	<u>1,192,883</u>
Total liabilities	<u>1,282,852</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>404,200</u>
<b>NET POSITION</b>	
Net investment in capital assets	212,027
Unrestricted	171,575
Total net position	<u><u>\$ 383,602</u></u>

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

**Hertford County Board of Education**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2023**

Exhibit 7

	<b>Enterprise Fund</b>
	<b>Major Fund</b>
	<b>School Food Service</b>
<b>OPERATING REVENUES:</b>	
Food sales	\$ 70,681
Miscellaneous local revenues	2,883
Total operating revenues	<u>73,564</u>
<b>OPERATING EXPENDITURES:</b>	
Purchase of food	505,586
Donated commodities	200,301
Salaries and benefits	780,030
Indirect cost	76,971
Materials and supplies	72,950
Repairs and maintenance	23,043
Contracted services	14,612
Depreciation	35,234
Capital outlay	9,635
Other	11,356
Total operating expenditures	<u>1,729,718</u>
Operating income (loss)	(1,656,154)
<b>NON-OPERATING REVENUES (EXPENSES):</b>	
Federal reimbursements	1,846,348
Federal commodities used	181,555
Investment earnings	1,901
Sale of assets	8,832
Total non-operating revenues (expenses)	<u>2,038,636</u>
Change in net position	382,482
Total net position, beginning	1,120
Total net position, ending	<u><u>\$ 383,602</u></u>

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

**Hertford County Board of Education  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2023**

Exhibit 8

	<b>Enterprise Fund</b>
	<b>Major Fund</b>
	<b>School Food Service</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 70,179
Cash paid for goods and services	(707,504)
Cash paid to employees for services	(948,024)
Other operating revenues	2,883
Net cash used by operating activities	<u>(1,582,466)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Federal reimbursements	1,800,488
Due to / from other funds	33,213
Total cash provided by noncapital financing activities	<u>1,833,701</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Disposition of capital assets	8,832
Total cash provided by capital and related financing activities	<u>8,832</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	<u>1,901</u>
Net increase/(decrease) in cash and cash equivalents	261,968
Cash and cash equivalents, July 1	1,073,291
Cash and cash equivalents, June 30	<u>\$ 1,335,259</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ <u>(1,656,154)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	35,234
Donated commodities consumed	200,301
Changes in assets and liabilities:	
(Increase)/decrease in accounts receivable	(755)
(Increase)/decrease in net OPEB asset	442
(Increase)/decrease in inventory	21,848
Increase/(decrease) in accounts payable	(15,199)
Increase/(decrease) in prepaid meals	253
Increase/(decrease) in net pension liability	321,667
Increase/(decrease) in net OPEB liability	(170,148)
(Increase)/decrease in deferred outflows	(183,145)
Increase/(decrease) in deferred inflows	(132,437)
Increase/(decrease) in compensated absences	(4,373)
Total adjustments	<u>73,688</u>
Net cash used by operating activities	<u>\$ (1,582,466)</u>

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

(continued)

**Hertford County Board of Education  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2023**

Exhibit 8

**Non-cash operating and non capital financing activities:**

The School Food Service Fund received donated commodities with a value of \$181,555 during the fiscal year. The receipt of the commodities is recognized as a non-operating revenue. The Fund recorded the consumption of \$200,301 worth of donated commodities during the fiscal year as an operating expense. These transactions are reported on Exhibit 7.

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

**Hertford County Board of Education**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**I. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

**B. Basis of Presentation**

*Government-wide 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, except for fiduciary activities. 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.

The Board reports the following major governmental funds:

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

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

*Federal Grants Fund.* The Federal Grants Fund is used to account for various programs and grants which the federal government provided to the local administrative unit.

*Capital Outlay Fund.* The Capital Outlay fund is used to account for capital purchases and projects of the public school system.

*Other Restricted Fund*. The Other Restricted Grants Fund is used to account for various restricted funds that are not required to be in the State Public School Fund or the Federal Grants Fund.

The Board reports the following major enterprise fund:

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

### C. Measurement Focus and Basis of Accounting

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

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

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

### D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools 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 purpose code level for all annually budgeted funds. The Superintendent is authorized by the governing Board to transfer amounts within individual funds. Amendments are required for any revisions that alter total expenditures of any fund. All amendments must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

#### 1. Deposits and Investments

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

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

The STIF is managed by the staff of the Department of State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC. 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.

## 2. Cash and Cash Equivalents

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

## 3. Inventories

The inventories of the Board are valued at cost and the Board uses the first-in, first-out (FIFO) flow assumption in determining cost. The board had no inventories in the General Fund. Proprietary Fund inventories consist of food and supplies and are recorded as expenses when consumed.

## 4. Capital Assets

The Board's capital assets are recorded at original cost. Donated assets are listed at their estimated fair value at the date of donation or forfeiture. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 1, 1950 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

It is the policy of the Board to capitalize all capital assets costing 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.

Hertford 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:

	Years
Buildings	10 - 40
Equipment and furniture	5 - 12
Vehicles	10

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.

The Board's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the Board reports a lease (only applies when the Board is the lessee) or agreements where the Board reports and Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

The right to use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right to use subscription assets should be amortized on a straight-line basis over the subscription term.



## 5. Deferred outflows and inflows of resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Board has several items that meet this criterion - pension and OPEB related deferrals and contributions made to the plans subsequent to the measurement date. The statement of financial position also reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Board has several items that meet this criterion - grants receivable in the general fund, sales tax receivable in the Special Revenue funds, and pension and OPEB related deferrals.

## 6. Long-term obligations

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

## 7. Compensated Absences

The Board follows the State's policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. The Board's liability for accumulated earned vacation and the salary-related payments as of June 30, 2022 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis.

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

## 8. Net Position/Fund Balances

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

### Fund Balance

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

The governmental fund types classify fund balances as follows:

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

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

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

Restricted for Stabilization by State Statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation is G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as these are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for School Capital Outlay - portion of fund balance that can only be used for School Capital Outlay.

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.

Committed Fund Balance - portion of fund balance that can only be used for specific purpose imposed by majority vote by quorum of Board of Education's governing body (highest level of decision-making authority) and in certain instances approval by the County's governing body is required. Any changes or removal of specific purpose requires majority action by the governing bodies that approved the original action.

Assigned fund balance - portion of fund balance that Hertford County Board of Education intends to use for specific purposes.

Subsequent year's expenditures - portion of total fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$100,000.

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

Hertford County Board of Education has a revenue spending policy 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, 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.

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

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

The governmental fund balance sheet includes a reconciliation between fund balance of the governmental funds and net position of the governmental activities as reported in the government-wide statement of net position. The net adjustment of (\$22,542,529) consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 54,261,455
Less Accumulated Depreciation	<u>(39,100,186)</u>
Net Capital Assets	15,161,269
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,531,210
Amortization Expense for Leased Assets	<u>(202,519)</u>
Net Right to Use Assets	1,328,691
Pension related deferred outflows of resources	9,676,198
OPEB related deferred outflows of resources	4,352,355
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Installment Purchases	(157,213)
Compensated absences	(1,800,211)
Lease liability	(167,891)
Subscription liability	(1,094,237)
Net Pension liability	(15,181,018)
Net OPEB liability	(21,483,377)
Deferred inflows of resources related to pensions	(597,455)
Deferred inflows of resources related to OPEB	<u>(12,579,640)</u>
Total Adjustment	<u>\$ (22,542,529)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$4,944,674 as follows:

Description	Amount
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	\$ (1,425,736)
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	1,749,683
Net Capital Assets	323,947
Lease and IT agreements were recorded on the fund statements as revenues, but is included as a long-term liability on the government-wide statements.	(1,491,513)
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Right to Use Assets	1,492,023
Amortization Expense	(203,295)
	1,288,728
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position	(314,426)
Principal payments on debt owed are recorded as a use of funds on the fund statements but affect only the statement of net position in the government-wide statements.	589,145
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	3,153,433
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	1,268,195
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	(3,012,313)
OPEB expense	3,287,800
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(148,322)
Total Adjustment	\$ 4,944,674

10. Defined Benefit Pension Plans 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 contribution was due. The Board's employer contributions are recognized when due and the Board has a legal requirement to provide the contribution.s. BEnefits and refunds are recognized when due and payable in accordance with the terms of TSERS, RHBf, and DIPNC. Investments are reported at fair value.

## II. Stewardship, Compliance, and Accountability

### Expenditures exceeding appropriations

The board reported expenditures in excess of appropriations in the General Fund regular instructional services of \$1,303,491 due to the implementation of GASB 96. Additionally, the board reported expenditures in excess of appropriations in the school leadership services of \$1,405. No finding is reported because it is related to the implementation of GASB 96 and the other portion is insignificant.

## III. Detail Notes on All Funds

### A. Assets

#### 1. Deposits

All of the Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Board's 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 financial institutions with a carrying amount of \$10,240,600 and with the State Treasurer of \$0. The bank balances with the financial institutions and the State Treasurer were \$10,476,335 and \$708,593, respectively. Of these balances, \$636,354 was covered by federal depository insurance and \$10,548,574 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

#### 2. Accounts Receivable.

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

	Due from other funds (Internal Balances)	Due from other governments	Other
Governmental activities:			
General Fund	\$ 48	\$ 9,155	\$ 4,056
Other governmental activities	75,760	710,022	-
Total	<u>\$ 75,808</u>	<u>\$ 719,177</u>	<u>\$ 4,056</u>
Business-type activities:			
School Food Service	\$ (75,808)	\$ 58,224	\$ 845
Total	<u>\$ (75,808)</u>	<u>\$ 58,224</u>	<u>\$ 845</u>

Due from other governments consists of the following:

Governmental Activities:		
General Fund	\$ 9,155	County - Fines & Forfeitures
Federal Grants Fund	67,445	Sales tax refund receivable
Capital Outlay Fund	1,287	Sales tax refund receivable
Capital Outlay Fund	355,769	County - Capital Outlay
Other Restricted Funds	3,296	JROTC
Other Restricted Funds	207,237	Medicaid FFS
Other Restricted Funds	46,733	Sales tax refund receivable
Other Restricted Funds	24,388	NCDHHS Covid Testing
Other Restricted Funds	836	Individual School
Individual Schools	3,031	Sales tax refund receivable
Total	<u>\$ 719,177</u>	

Business-type activities:			
School Food Service Fund	\$	56,734	USDA Reimbursement Claim
School Food Service Fund		1,490	Sales tax refund receivable
Total	\$	<u>58,224</u>	

### 3. Capital Assets

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

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 488,902	\$ -	\$ -	\$ 488,902
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>488,902</u>	<u>-</u>	<u>-</u>	<u>488,902</u>
Capital assets being depreciated:				
Buildings and Improvements	40,892,834	1,091,275		41,984,109
Equipment, furniture, and Vehicles	11,150,534	658,408	(20,498)	11,788,444
Total capital assets being depreciated	<u>52,043,368</u>	<u>1,749,683</u>	<u>(20,498)</u>	<u>53,772,553</u>
Less accumulated depreciation for:				
Buildings and Improvements	28,240,149	888,440	-	29,128,589
Equipment, furniture, and Vehicles	9,454,799	537,296	(20,498)	9,971,597
Total accumulated depreciation	<u>37,694,948</u>	<u>\$ 1,425,736</u>	<u>\$ (20,498)</u>	<u>39,100,186</u>
Total capital assets being depreciated, net	<u>14,348,420</u>			<u>14,672,367</u>
Right to use assets:				
Leased Equipment	\$ 23,281	\$ -	\$ -	\$ 23,281
Leased Vehicles	53,108	160,416	(53,108)	160,416
IT subscriptions	15,906	1,331,607	-	1,347,513
Total right to use assets	<u>92,295</u>	<u>1,492,023</u>	<u>(53,108)</u>	<u>1,531,210</u>
Less accumulated amortization for:				
Leased Equipment	6,811	6,811	-	13,622
Leased Vehicles	45,521	10,347	(53,108)	2,760
IT subscriptions	-	186,137	-	186,137
Total accumulated amortization	<u>52,332</u>	<u>\$ 203,295</u>	<u>\$ (53,108)</u>	<u>202,519</u>
Right to use assets, net	<u>\$ 39,963</u>			<u>\$ 1,328,691</u>
Governmental activity capital assets, net	<u>\$ 14,877,285</u>			<u>\$ 16,489,960</u>

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$ 1,096,377
Operational support services	329,359
Total	<u>\$ 1,425,736</u>

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Furniture and office equipment	\$ 680,693	\$ -	\$ -	\$ 680,693
Total capital assets being depreciated	<u>680,693</u>	<u>-</u>	<u>-</u>	<u>680,693</u>
Less accumulated depreciation for:				
Furniture and office equipment	433,432	35,234	-	468,666
Total accumulated depreciation	<u>433,432</u>	<u>\$ 35,234</u>	<u>\$ -</u>	<u>468,666</u>
Business-type activity capital assets, net	<u>\$ 247,261</u>			<u>\$ 212,027</u>

## Construction Commitments

Hertford County Schools has no outstanding construction projects at June 30, 2023.

## B. Liabilities

### 1. Pension Plan and Other Postemployment Obligations

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

*Plan Description.* The Board is a participating employer in the statewide Teachers' and State Employees' Retirement System (TSERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. TSERS membership is comprised of employees of the State (state agencies and institutions), universities, community colleges, and certain proprietary component units along with the employees of Local Education Agencies and charter schools. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the TSERS Board of Trustees, which consists of 12 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 serves 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](http://www.osc.nc.gov).

*Benefits Provided.* TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, 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 six percent of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contributions 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 \$3,237,225 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 \$15,646,687 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 liability was determined by an actuarial valuation of December 31, 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, 2023, the Board's proportion was .1033% and .1054%, respectively.

For the year ended June 30, 2023, the Board recognized pension expense of \$3,077,683. At June 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	\$ 68,127	\$ 213,267
Changes of assumptions	1,234,464	-
Net difference between projected and actual earnings on pension plan investments	5,138,999	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	281,257	402,515
Board contributions subsequent to the measurement date	3,237,225	-
Total	<u>\$ 9,960,072</u>	<u>\$ 615,782</u>

\$3,237,225 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2024	\$ 1,550,476
2025	1,457,861
2026	635,237
2027	2,463,493
2028	-
Thereafter	-

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

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

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the experience study 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, 2022 are summarized in the following table:

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

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 3.00%. All rates of return and inflation are annualized.

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

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Board's proportionate share of the net pension liability (asset)	\$ 27,664,140	\$ 15,646,687	\$ 5,727,241

**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

##### 1. Healthcare Benefits

**Plan Description.** The Retiree Health Benefit Fund (RHBF) has been established as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is established by General Statute 135-7, Article 1. It is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of former employees of the State, the University of North Carolina System, and community colleges. In addition, LEAs, charter schools, and some select local governments also participate.

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

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

*Benefits provided.* Plan benefits received by retired employees and disabled employees from RHBF are OPEB. The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same 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 2018-57 repeals retiree medical benefits for employees first hired January 1, 2021. The new legislation amends Article 3B of Chapter 135 of the General Statutes to require that retirees must earn contributory retirement service in TSERS (or in an allowed local system unit), CJRS, or LRS prior to January 1, 2021, and not withdraw that service, in order to be eligible for retiree medical benefits under the amended law. Consequently, members first hired on and after January 1, 2021 will not be eligible to receive retiree medical benefits.

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

*Contributions.* By General Statutes, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state - supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year the Board contributed 6.89% of covered payroll which amounted to \$1,283,342.

At June 30, 2023, Board reported a liability of \$26,734,393 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, 2023 and June 30, 2022, the Board's proportion was 0.0931% and 0.0901%, respectively.

\$1,283,342 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 net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2024	\$ 3,641,739
2025	2,465,231
2026	2,355,692
2027	1,392,159
2028	-
Thereafter	-

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

Inflation	2.50%
Salary increases	3.25-7.30%, include 3.25% inflation and productivity factor
Investment rate of return	6.50, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate - medical (non-MA)	6.00% grading down to 5.00% by 2027
Healthcare cost trend rate - prescription drug	9.50% grading down to 5.00% by 2031
Healthcare cost trend rate - Medicare advantage	rates are guaranteed for 2021-2025, 5.00% for years after 2026
Healthcare cost trend rate - administrative	3.00%

*Discount rate.* The discount rate used to measure the total OPEB liability for the RHBF was 3.54%. 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, the municipal bond rate of 3.54% was used as the discount rate used to measure the total OPEB liability and 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%) or 1-percentage-point higher (4.54%) than the current discount rate:

	1% decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Net OPEB liability	\$ 26,049,159	\$ 22,115,201	\$ 18,902,225

*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 cost trend rates (medical, prescription drug, administrative) that is 1-percentage-point lower (4.00-5.00%, 4.00-8.50%, and 2.00% respectively) or 1-percentage-point higher (6.00-7.00%, 6.00-10.50%, and 4.00% respectively) than the current healthcare cost trend rates:

	Healthcare Trend Rates (MA and Non- MA - 6.00%, Pharmacy - 9.50%, Administrative - 3.00%)		
	1% decrease in Trend Rates		1% Increase in Trend Rates
Net OPEB liability	\$ 18,204	\$ 22,115,201	\$ 27,170,537

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

## 2. Disability Benefits

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

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

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

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

*Contributions.* Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 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 \$18,626 for the year ended June 30, 2023.

The contributions cannot be separated between the amounts that related 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.

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

At June 30, 2023, the Board reported a liability of \$27,166 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, 2023, the Board's proportion was 0.0913%.

\$18,626 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 ended June 30, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2024	\$ 16,324
2025	18,299
2026	13,598
2027	10,969
2028	3,891
Thereafter	4,996

*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%, include 3.25% inflation and productivity factor
Investment rate of return	3.00%, net of OPEB plan expense, including inflation

*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:

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
Net OPEB liability	\$ 33,451	\$ 27,166	\$ 20,865

*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 of measurement, unless otherwise specified. The total OPEB asset was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 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 established 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 study prepared as of December 31, 2021.

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 weighing the expected future real rates of return by the target asset allocation and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33%	0.9%
Global Equity	38%	6.5%
Real Estate	8%	5.9%
Alternatives	8%	8.2%
Opportunistic Fixed Income	7%	5.0%
Inflation Sensitive	6%	2.7%
Total	100%	

**Total OPEB Expense, OPEB Liabilities, and Deferred Outflows and Inflows of Resources 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	\$ 3,439,629	\$ (40,591)	\$ 3,399,038
OPEB Liability (Asset)	22,115,201	27,166	22,142,367
Proportionate share of the net OPEB liability (asset)	0.0931%	0.0913%	

**Deferred Outflows of Resources**

Differences between expected and actual experience	214,709	30,451	245,160
Changes of assumptions	1,770,609	1,746	1,772,355
Net difference between projected and actual earning on plan investments	191,508	28,733	220,241
Changes in proportion and differences between Board contributions and proportionate share of contributions	928,832	12,178	941,010
Board contributions subsequent to the measurement date	1,283,342	18,626	1,301,968

**Deferred Inflows of Resources**

Differences between expected and actual experience	61,195	-	61,195
Changes of assumptions	10,065,149	5,033	10,070,182
Changes in proportion and differences between Board contributions and proportionate share of contributions	2,834,136	-	2,834,136

**2. Accounts Payable**

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

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 287,309	\$ 104,420	\$ 391,729
Other Governmental	206,692	-	206,692
Total governmental activities	<u>\$ 494,001</u>	<u>\$ 104,420</u>	<u>\$ 598,421</u>
Business-type Activities			
School Food Service	\$ 11,185	\$ -	\$ 11,185
Total business-type activities	<u>\$ 11,185</u>	<u>\$ -</u>	<u>\$ 11,185</u>

**3. Deferred Inflows of Resources**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Grants not yet earned (Other Restricted Funds)	\$ -	\$ 256,782
Sales tax refunds receivable (Federal Grants)	-	67,445
Sales tax refunds receivable (Individual Schools)	-	3,031
Insurance proceeds not yet earned	-	409,107
Change in proportion and difference between employer contributions and proportionate share of contributions	1,222,267	3,236,651
Changes in assumptions	3,006,819	10,070,182
Employer contributions subsequent to the measurement date	4,539,193	-
Difference between projected and actual earnings on plan investments	5,359,240	-
Difference between expected and actual experience	313,288	274,462
Totals	<u>\$ 14,440,807</u>	<u>\$ 14,317,660</u>

#### 4. Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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 \$600,000 per claim. The Trust has an annual aggregate limit for general liability and errors and omissions claims of \$2,550,000. The Trust is reinsured through commercial companies for losses in excess of \$150,000 per claim for errors and omissions and general liability. Statutory workers' compensation coverage is purchased through private insurers. Coverage is provided to the extent employees are paid from Federal or local funds. Worker's 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 Public School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk-financing fund administered by the North Carolina Department of Public Instruction, insuring the tangible property assets of the Board. Coverage is provided on an "all risk" perils contract. Buildings and contents are insured on a replacement cost basis. The Fund purchases excess reinsurance to protect the assets of the fund in the event of a catastrophic event. The fund maintains a self-insured retention of \$10 million. Excess reinsurance is purchased through commercial insurers. A limit of \$5 million per occurrence is provided on Flood, Earthquake, Business Interruption and Extra Expense. \$10 million per occurrence is provided on Increased Cost of Construction.

The Board also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan, a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Through the Plan, permanent full-time employees of the Board are eligible to receive health care benefits up to a \$5 million lifetime limit. In addition, employees had the option of receiving health care benefits through one of the health maintenance organizations (HMOs) offering coverage to teachers and State employees. Effective October 1, 2001, HMOs were no longer offered to Board employees. The Board pays the full 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 \$75,000. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

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.

#### 5. Contingent Liabilities

At June 30, 2023, the Board was a defendant to various lawsuits. In the opinion of the Board's management and the Board's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Board's financial position.

#### 6. Long-Term Obligations

##### Leases

For the year ended 6/30/2023, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On 07/01/2021, Hertford County Public Schools, NC entered into a 27 month lease as Lessee for the use of Pitney Bowes Postage Machine at HCMS. An initial lease liability was recorded in the amount of \$1,579. As of 06/30/2023, the value of the lease liability is \$317. Hertford County Public Schools, NC is required to make quarterly fixed payments of \$159. The lease has an interest rate of 0.5930%. The value of the right to use asset as of 06/30/2022 of \$1,579 with accumulated amortization of \$1357 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Hertford County Public Schools, NC entered into a 54 month lease as Lessee for the use of Pitney Bowes Postage Machine at the Central Office. An initial lease liability was recorded in the amount of \$15,384. As of 06/30/2023, the value of the lease liability is \$8,646. Hertford County Public Schools, NC is required to make quarterly fixed payments of \$879. The lease has an interest rate of 1.1770%. The value of the right to use asset as of 06/30/2023 of \$15,384 with accumulated amortization of \$6,838 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Hertford County Public Schools, NC entered into a 27 month lease as Lessee for the use of Pitney Bowes Postage Machine at AES. An initial lease liability was recorded in the amount of \$1,579. As of 06/30/2023, the value of the lease liability is \$317. Hertford County Public Schools, NC is required to make quarterly fixed payments of \$159. The lease has an interest rate of 0.5930%. The value of the right to use asset as of 06/30/2023 of \$1,579 with accumulated amortization of \$1,357 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Hertford County Public Schools, NC entered into a 27 month lease as Lessee for the use of Pitney Bowes Postage Machine at RES. An initial lease liability was recorded in the amount of \$1,579. As of 06/30/2023, the value of the lease liability is \$317. Hertford County Public Schools, NC is required to make quarterly fixed payments of \$159. The lease has an interest rate of 0.5930%. The value of the right to use asset as of 06/30/2023 of \$1,579 with accumulated amortization of \$1,357 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Hertford County Public Schools, NC entered into a 27 month lease as Lessee for the use of Pitney Bowes Postage Machine at HCHS. An initial lease liability was recorded in the amount of \$1,579. As of 06/30/2023, the value of the lease liability is \$317. Hertford County Public Schools, NC is required to make quarterly fixed payments of \$159. The lease has an interest rate of 0.5930%. The value of the right to use asset as of 06/30/2023 of \$1,579 with accumulated amortization of \$1,357 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Hertford County Public Schools, NC entered into a 27 month lease as Lessee for the use of Pitney Bowes Postage Machine at BPS. An initial lease liability was recorded in the amount of \$1,579. As of 06/30/2023, the value of the lease liability is \$317. Hertford County Public Schools, NC is required to make quarterly fixed payments of \$159. The lease has an interest rate of 0.5930%. The value of the right to use asset as of 06/30/2023 of \$1,579 with accumulated amortization of \$1,357 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Hertford County Public Schools, NC entered into a 14 month lease as Lessee for the use of Bus GPS Units. An initial lease liability was recorded in the amount of \$53,108. As of 06/30/2023, the value of the lease liability is \$0. Hertford County Public Schools, NC is required to make monthly fixed payments of \$3,803. The lease has an interest rate of 0.4660%. The value of the right to use asset as of 06/30/2023 of \$53,108 with accumulated amortization of \$53,108 is included with Vehicles on the Lease Class activities table found below. These assets were disposed of as of 6/30/23 and replaced with new GPS units as noted below.

On 06/01/2023, Hertford County Public Schools, NC entered into a 36 month lease as Lessee for the use of Bus GPS Units. An initial lease liability was recorded in the amount of \$160,416. As of 06/30/2023, the value of the lease liability is \$157,566. Hertford County Public Schools, NC is required to make monthly fixed payments of \$2,850. The lease has an interest rate of 2.6070%. The value of the right to use asset as of 06/30/2023 of \$160,416 with accumulated amortization of \$2,760 is included with Vehicles on the Lease Class activities table found below.

Amount of lease assets by major classes of underlying assets:

	As of Fiscal Year-End		
	<u>Lease Asset Value</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Asset class:			
Equipment	\$ 23,281	\$ 13,622	\$ 9,659
Vehicles	160,416	2,760	157,656
Total Leases	<u>\$ 183,697</u>	<u>\$ 16,382</u>	<u>\$ 167,315</u>



The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023 were as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2024	\$ 35,467	\$ 3,838	\$ 39,305
2025	34,724	2,991	37,715
2026	33,829	2,128	35,957
2027	32,926	1,274	34,200
2028	30,945	405	31,350
	<u>\$ 167,891</u>	<u>\$ 10,636</u>	<u>\$ 178,527</u>

#### Subscriptions

For the year ended June 30, 2023 the Board implemented the requirements of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (Subscriptions). The Statement provides a definition of Subscriptions and provides uniform guidance for accounting and financial reporting for such transactions. The guidance will decrease diversity in the accounting and financial reporting for these transactions, thereby, increasing comparability in financial reporting among governments. Further, the reporting of a subscription asset (a right-to-use intangible capital asset) and a subscription liability will enhance the relevance and reliability of the financial statements.

Subscriptions in affect at the end of the prior fiscal year had their assets and liabilities initially measured at the present value of the subscription payments expected over the remaining term of the Subscription after July 1, 2022. One such agreement was in place at June 30, 2022. The Subscription is for library book managment software. The initial term of the agreement was 15 months. The remaining term at June 30, 2023 is 3 months. The amount of \$15,906 was added as a right-to-use subscription asset and a subscription liability as of July 1, 2022. This restatement had no effect on equity. The liability balance as of June 30, 2023 was \$0. The value of the right ot use asset as of 06/30/2023 of \$15,906 with accumulated amortization of \$12,725 is included with Software on the Subscription Class activities table found above.

During the current year the Board entered into two new subscriptions as detailed below.

On 09/20/2022, Hertford County Public Schools, NC entered into a 72 month subscription for the use of HMH Into Reading: K-5, Softcover. An initial subscription liability was recorded in the amount of \$1,331,097. As of 06/30/2023, the value of the subscription liability is \$1,094,238. Hertford County Public Schools, NC is required to make annual fixed payments of \$236,860. The subscription has an interest rate of 2.6957%. The value of the right to use asset as of 06/30/2023 of \$1,331,097 with accumulated amortization of \$173,166 is included with Software on the Subscription Class activities table found above.

On 07/13/2022, Hertford County Public Schools, NC entered into a 24 month subscription for the use of DigiCert Software. An initial subscription liability was recorded in the amount of \$509. As of 06/30/2023, the value of the subscription liability is \$0. The value of the right to use asset as of 06/30/2023 of \$509 with accumulated amortization of \$246 is included with Software on the Subscription Class activities table found above.

The future minimum subscription obligations and the net present value of these minimum payments as of June 30, 2023 were as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2024	\$ 207,363	\$ 29,497	\$ 236,860
2025	212,952	23,907	236,859
2026	218,693	18,167	236,860
2027	224,588	12,271	236,859
2028	230,642	6,217	236,859
	<u>\$ 1,094,238</u>	<u>\$ 90,059</u>	<u>\$ 1,184,297</u>

### Installment Purchase

The State has accepted the bid to purchase buses through a special third party financing arrangement by Banc of America Public Capital Corp at total payments less than the purchase price. In March 2020, the Board entered into a direct placement installment purchase contract to finance the purchase of seven school buses. The buses are pledged as collateral for the debt while the debt is outstanding. The financing contract requires finance payments of \$165,731 due upon receipt of the buses and then at November 15 each contract year. This agreement was paid in full this year.

The State has accepted the bid to purchase buses through a special third party financing arrangement by Banc of America Public Capital Corp at total payments less than the purchase price. In March 2022, the Board entered into a direct placement installment purchase contract to finance the purchase of three school buses, however the buses were not received until January 2023 so the debt was not picked up until this year. The buses are pledged as collateral for the debt while the debt is outstanding. The financing contract requires finance payments of \$78,556 due upon receipt of the buses and then at November 15 each contract year.

Year Ending June 30	Governmental Activities	
	Principal	Interest
2024	\$ 78,606	\$ 950
2025	78,607	950
Total	<u>\$ 157,213</u>	<u>\$ 950</u>

### Long-Term Obligation Activity

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

	Balance July 01, 2022	Increases	Decreases	Balance June 30, 2023	Current Portion
Governmental activities:					
Direct placement installment purchase	\$ 162,259	\$ 314,426	\$ 319,472	\$ 157,213	\$ 78,606
Lease Liability	24,382	160,416	16,907	167,891	35,467
Subscription Liability	15,906	1,331,097	252,766	1,094,237	207,363
Net Pension Liability	4,694,530	10,486,488	-	15,181,018	-
Net OPEB liability - RHBF	27,030,285	-	5,573,266	21,457,019	-
Net OPEB liability - DIPNC	-	26,358	-	26,358	-
Compensated absences	1,651,889	148,322	-	1,800,211	-
Total	<u>\$ 33,579,251</u>	<u>\$ 12,467,107</u>	<u>\$ 6,162,411</u>	<u>\$ 39,883,947</u>	<u>\$ 321,436</u>
Business-type activities:					
Net Pension Liability	\$ 144,002	\$ 321,667	\$ -	\$ 465,669	\$ -
Net OPEB liability - RHBF	829,138	-	170,956	658,182	-
Net OPEB liability - DIPNC	-	809	-	809	-
Compensated absences	72,597	-	4,373	68,224	-
Total	<u>\$ 1,045,737</u>	<u>\$ 322,476</u>	<u>\$ 175,329</u>	<u>\$ 1,192,884</u>	<u>\$ -</u>

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

### C. Interfund Balances and Activity

#### Due to/from balances

From the School Food Service Fund to the Other Restricted Fund for Indirect Cost	\$ 75,808
From the Individual School to the General Fund to cover advance of funds	48
Total interfund balances	<u>\$ 75,856</u>

### Fund Balance

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

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	\$ 1,404,280
Less:	
Prepays	120,654
Stabilization by State Statute	13,259
Appropriated Fund Balance in 2024 Budget	1,106,900
Remaining Fund Balance	\$ 163,467

Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

### IV. 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.

#### Fines, Forfeitures and Supplemental School Tax

Hertford County Board of Education has paid all amounts due to Charter Schools for years prior to June 30, 2023 as of the report date. Currently, there are 26 students from Hertford County attending charter schools.

## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

Schedule of Proportionate Share of Net Pension Liability -  
Teachers' and State Employees' Retirement System

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

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

Schedule of Board Contributions - Retiree Health Benefit

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

Schedule of Board Contributions - Disability Income Plan of  
North Carolina

**Hertford County Board of Education  
Schedules of Required Supplementary Information**

**SCHEDULE OF THE BOARD'S 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)	0.105%	0.103%	0.113%	0.115%	0.121%
Board's proportionate share of the net pension liability (asset)	\$ 15,646,687	\$ 4,838,532	\$ 13,604,329	\$ 11,937,551	\$ 12,036,912
Board's covered payroll	\$ 18,814,150	\$ 17,778,343	\$ 17,827,306	\$ 18,428,267	\$ 18,146,900
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	83.16%	27.22%	76.31%	64.78%	66.33%
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)	0.122%	0.122%	0.124%	0.128%	0.133%
Board's proportionate share of the net pension liability (asset)	\$ 9,653,041	\$ 11,174,458	\$ 4,582,912	\$ 1,499,644	\$ 1,551,631
Board's covered payroll	\$ 17,868,608	\$ 17,338,709	\$ 17,837,027	\$ 17,837,027	\$ 18,353,800
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	54.02%	64.45%	25.69%	8.41%	8.45%
Plan fiduciary net position as a percentage of the total pension liability	89.51%	87.32%	94.64%	98.24%	90.60%

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

**Hertford County 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	\$ 3,237,225	\$ 3,093,545	\$ 2,627,639	\$ 2,312,202	\$ 2,264,834
Contributions in relation to the contractually required contribution	<u>3,237,225</u>	<u>3,093,545</u>	<u>2,627,639</u>	<u>2,312,202</u>	<u>2,264,834</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 18,626,152	\$ 18,814,150	\$ 17,778,343	\$ 17,827,306	\$ 18,428,267
Contributions as a percentage of covered payroll	17.38%	16.44%	14.78%	12.97%	12.29%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,956,236	\$ 1,783,287	\$ 1,590,125	\$ 1,616,715	\$ 1,546,811
Contributions in relation to the contractually required contribution	<u>1,956,236</u>	<u>1,783,287</u>	<u>1,590,125</u>	<u>1,616,715</u>	<u>1,546,811</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 18,146,900	\$ 17,868,608	\$ 17,338,709	\$ 17,680,706	\$ 17,837,027
Contributions as a percentage of covered payroll	10.78%	9.98%	9.17%	9.14%	8.67%

**Hertford County Board of Education**  
**Schedules of Required Supplementary Information**  
**SCHEDULE OF THE BOARD'S 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>
Board's proportion of the net OPEB liability	0.0931%	0.0901%	0.0964%	0.0979%
Board's proportionate share of the net OPEB liability	\$ 22,115,201	\$ 27,859,423	\$ 26,734,393	\$ 30,987,806
Board's covered-employee payroll	\$ 18,814,150	\$ 17,778,343	\$ 17,827,306	\$ 18,428,267
Board's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	117.55%	156.70%	149.96%	168.15%
Plan fiduciary net position as a percentage of the total OPEB liability	10.58%	7.72%	6.92%	4.40%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Board's proportion of the net OPEB liability	0.1034%	0.1064%	0.1058%	
Board's proportionate share of the net OPEB liability	\$ 29,462,825	\$ 34,897,842	\$ 46,045,142	
Board's covered-employee payroll	\$ 18,146,900	\$ 17,868,608	\$ 17,338,709	
Board's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	162.36%	195.30%	265.56%	
Plan fiduciary net position as a percentage of the total OPEB liability	4.40%	3.52%	2.41%	

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

**Hertford County Board of Education  
Schedule of Board Contributions  
Retire 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	\$ 1,283,342	\$ 1,180,537	\$ 1,187,593	\$ 1,153,427	\$ 1,155,452
Contributions in relation to the contractually required contribution	<u>1,283,342</u>	<u>1,180,537</u>	<u>1,187,593</u>	<u>1,153,427</u>	<u>1,155,452</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 18,626,152	\$ 18,814,150	\$ 17,778,343	\$ 17,827,306	\$ 18,428,267
Contributions as a percentage of covered payroll	6.89%	6.27%	6.68%	6.47%	6.27%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,097,887	\$ 1,038,751	\$ 973,191	\$ 970,029	\$ 961,195
Contributions in relation to the contractually required contribution	<u>1,097,887</u>	<u>1,038,751</u>	<u>973,191</u>	<u>970,029</u>	<u>961,195</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 18,146,900	\$ 17,868,608	\$ 17,338,709	\$ 17,680,706	\$ 17,837,027
Contributions as a percentage of covered payroll	6.05%	5.81%	5.61%	5.49%	5.39%



**Hertford County Board of Education**  
**Schedules of Required Supplementary Information**  
**SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB ASSET**  
**Disability Income Plan of North Carolina**  
**Last Seven Fiscal Years\***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Board's proportion of the net OPEB asset/liability	0.091%	0.091%	0.098%	0.101%
Board's proportionate share of the net OPEB asset (liability)	\$ (27,166)	\$ 14,861	\$ 48,412	\$ 43,724
Board's covered payroll	\$ 18,814,150	\$ 17,778,343	\$ 17,827,306	\$ 18,428,267
Board's proportionate share of the net OPEB asset/liability as a percentage of its covered payroll	0.14%	0.08%	0.27%	0.24%
Plan fiduciary net position as a percentage of the total OPEB asset/liability	90.34%	105.18%	115.57%	113.00%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Board's proportion of the net OPEB asset/liability	0.106%	0.107%	0.108%	
Board's proportionate share of the net OPEB asset (liability)	\$ 32,135	\$ 65,160	\$ 66,770	
Board's covered payroll	\$ 18,146,900	\$ 17,868,608	\$ 17,338,709	
Board's proportionate share of the net OPEB asset/liability as a percentage of its covered payroll	0.18%	0.36%	0.39%	
Plan fiduciary net position as a percentage of the total OPEB asset/liability	108.47%	116.23%	116.06%	

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

**Hertford County Board of Education  
Schedule of Board Contributions  
Disability Income Plan of North Carolina  
Last Ten Fiscal Years**

	2023	2022	2021	2020	2019
Contractually required contribution	\$ 18,626	\$ 16,933	\$ 16,001	\$ 17,827	\$ 25,800
Contributions in relation to the contractually required contribution	18,626	16,933	16,001	17,827	25,800
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 18,626,152	\$ 18,814,150	\$ 17,778,343	\$ 17,827,306	\$ 18,428,267
Contributions as a percentage of covered payroll	0.10%	0.09%	0.09%	0.10%	0.14%
	2018	2017	2016	2015	2014
Contractually required contribution	\$ 25,406	\$ 67,901	\$ 71,251	\$ 72,443	\$ 78,320
Contributions in relation to the contractually required contribution	25,406	67,901	71,251	72,443	78,320
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 18,146,900	\$ 17,868,608	\$ 17,338,709	\$ 17,680,706	\$ 17,837,027
Contributions as a percentage of covered payroll	0.14%	0.38%	0.41%	0.41%	0.44%

**Combining and Individual Fund**  
**Financial Statements Section**

**Hertford County Board of Education  
General Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2023**

Exhibit B-1

	<b>2023</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Positive (Negative) Variance</b>
<b>REVENUES</b>			
Hertford County Appropriation	\$ 4,440,818	\$ 4,353,318	\$ (87,500)
Other			
Fines and Forfeitures	51,000	83,300	32,300
Interest earned on investments	2,182	-	(2,182)
Total	53,182	83,300	30,118
Total revenues	4,494,000	4,436,618	(57,382)
<b>EXPENDITURES</b>			
<b>Instructional services:</b>			
Regular instructional services:			
Regular curricular services		2,232,134	
CTE curricular services		40,444	
Program enhancement services		64,812	
Total	1,033,899	2,337,390	(1,303,491)
Special populations services:			
Children with disabilities		153,738	
Pre-K Children with Disabilities		6,419	
Speech and language pathology		25,455	
Academically gifted		2,752	
Limited English proficiency		2,440	
Total	196,190	190,804	5,386
Alternative Programs and services:			
Alternative instructional		5,186	
Attendance and social work		28,914	
Remedial and supplemental		15,056	
Pre-K readiness		19,931	
Extended day / year instructional		89,952	
Total	160,147	159,039	1,108
School leadership services	159,102	160,507	(1,405)

(continued)

**Hertford County Board of Education**  
**General Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2023**

Exhibit B-1

	<b>2023</b>	
	<b>Budget</b>	<b>Actual</b>
		<b>Positive (Negative) Variance</b>
Co-Curricular Services	-	3,900
School-based support services:		
Educational Media services		20,681
Guidance services		34,047
Health services		41,498
Safety and security		161,519
Staff development		6,917
Total	297,612	265,732
System-wide support services:		
Support and development services:		
Regular curricular		185,047
Total	195,218	185,047
Special population support and development	3,559	3,467
Technology support services	427,370	377,314
Operational support services:		
Communication services		107,391
Public Utility and Energy		903,155
Custodial / Housekeeping		236,162
Transportation services		860,218
Maintenance		359,699
Total	2,501,246	2,466,625
Financial and human resource services:		
Financial services		556,229
Human resource services		93,305
Total	681,917	649,534

(continued)

**Hertford County Board of Education**  
**General Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2023**

Exhibit B-1

	<b>2023</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Positive (Negative) Variance</b>
Policy, leadership and public relations:			
Board of education		149,746	
Legal services		146,210	
Audit services		16,500	
Leadership services		110,862	
Public relations and marketing		86,612	
Total	<u>582,248</u>	<u>509,930</u>	<u>72,318</u>
Ancillary services:			
Nutrition		2,865	
Total	<u>3,424</u>	<u>2,865</u>	<u>559</u>
Non-Programmed charges			
Payments to charter schools		28,375	
Total	<u>85,000</u>	<u>28,375</u>	<u>56,625</u>
Total expenditures	<u>6,333,000</u>	<u>7,346,597</u>	<u>(1,013,597)</u>
Excess of revenues over (under)	<u>(1,839,000)</u>	<u>(2,909,979)</u>	<u>(1,070,979)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Fund balance appropriated	1,839,000	-	(1,839,000)
Lease proceeds	-	160,416	160,416
SBITA proceeds	-	1,331,097	1,331,097
Total other financing sources and (uses)	<u>1,839,000</u>	<u>1,491,513</u>	<u>(347,487)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(1,418,466)</u>	<u>\$ (1,418,466)</u>
Fund balance, beginning		2,822,746	
Fund balance, ending		<u>\$ 1,404,280</u>	

**Hertford County Board of Education**  
**State Public School Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2023**

Exhibit B-2

	<b>2023</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Positive (Negative) Variance</b>
<b>REVENUES</b>			
State of North Carolina	\$ 25,897,685	\$ 24,424,146	\$ (1,473,539)
<b>EXPENDITURES</b>			
<b>Instructional services:</b>			
Regular Instructional services:			
Regular curricular services		9,952,420	
CTE curricular services		1,342,485	
Program enhancement services		1,345,157	
Total	13,144,371	12,640,062	504,309
Special populations services:			
Children with Disabilities		1,728,704	
Pre-K Children with Disabilities		14,782	
Speech and language pathology		213,826	
Academically gifted		141,364	
Limited English proficiency		115,508	
Total	2,408,780	2,214,184	194,596
Alternative programs and services:			
Alternative instructional services		168,232	
Attendance and social work		151,642	
Remedial and supplemental		36,989	
Extended day / year instructional		121,352	
Total	501,676	478,215	23,461
School leadership services	2,299,363	2,294,480	4,883
School-based support services:			
Educational media		427,452	
Guidance services		818,203	
Health services		177,197	
Safety and Security		840,793	
Instructional Technology		26,801	
Total	2,514,712	2,290,446	224,266
<b>System-wide support services:</b>			
Support and development services:			
Regular curricular support		235,622	
CTE curricular support		3,901	
Total	633,905	239,523	394,382

(continued)

**Hertford County Board of Education  
State Public School Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2023**

Exhibit B-2

	<b>2023</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Positive (Negative) Variance</b>
Special population support	93,292	93,292	-
Technology support services	260,057	201,690	58,367
Operational support			
Public Utility and Energy		103,568	
Custodial / Housekeeping		1,024,560	
Transportation		1,563,382	
Maintenance		362,576	
Total	3,054,086	3,054,086	-
Financial and human resource:			
Financial services		202,733	
Human resource services		182,670	
Total	385,403	385,403	-
Policy, leadership and public relations:			
Leadership services		472,074	
Total	475,274	472,074	3,200
Ancillary services	126,766	60,691	66,075
Total Expenditures	25,897,685	24,424,146	1,473,539
Net Change in Fund Balance	\$ -	-	\$ -
Fund balance, beginning		-	
Fund balance, ending		\$ -	



**Hertford County Board of Education  
Other Restricted Funds  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2023**

Exhibit B-3

	2023		
	Budget	Actual	Positive (Negative) Variance
REVENUES			
State of North Carolina			
School Nurse Funding	\$ 150,000	\$ 136,950	\$ (13,050)
Smart Start	48,001	48,000	(1)
NC Pre-K	868,916	667,116	(201,800)
K-12 SCIF Grant	150,000	-	(150,000)
Other	20,000	59,580	39,580
Total	1,236,917	911,646	(325,271)
U.S. Government			
JROTC	-	32,317	32,317
NCSBA Medicaid	-	280,597	280,597
Medicaid reimbursement	-	9,566	9,566
Other	130,000	52,065	(77,935)
Total	130,000	374,545	244,545
Other			
Tuition and fees	2,000	1,600	(400)
Rental of school property	-	268	268
Contributions and donations	28,250	4,561	(23,689)
Erate	-	1,410	1,410
Golden LEAF	30,000	20,356	(9,644)
Interest earned on investments	200	14,683	14,483
Indirect cost allocated	600,000	826,062	226,062
Miscellaneous local operating revenues	17,704	12,605	(5,099)
Total	678,154	881,545	203,391
Total revenues	2,045,071	2,167,736	122,665
EXPENDITURES			
Instructional services:			
Regular instructional services:			
Regular curricular services		179,478	
Total	508,709	179,478	329,231

(continued)

**Hertford County Board of Education  
Other Restricted Funds  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2023**

Exhibit B-3

	<b>2023</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Positive (Negative) Variance</b>
Alternative Programs and services:			
Attendance and social work		6,186	
Pre-K Readiness / Remedial and Supp		929,069	
Total	<u>1,400,050</u>	<u>935,255</u>	<u>464,795</u>
School leadership services	<u>125,871</u>	<u>73,543</u>	<u>52,328</u>
School-based support services:			
Guidance services		1,180	
Health services		203,607	
Parent involvement		3,644	
Total	<u>256,375</u>	<u>208,431</u>	<u>47,944</u>
Total instructional programs	<u>2,291,005</u>	<u>1,396,707</u>	<u>894,298</u>
System-wide support services:			
Technology support services	<u>91,441</u>	<u>-</u>	<u>91,441</u>
Operational support services:			
Warehouse and Delivery		274,094	
Total	<u>460,625</u>	<u>274,094</u>	<u>186,531</u>
Policy, leadership and public relations:			
Leadership		1,163	
Total	<u>2,000</u>	<u>1,163</u>	<u>837</u>
Total supporting services	<u>554,066</u>	<u>275,257</u>	<u>278,809</u>
Capital Outlay	<u>150,000</u>	<u>-</u>	<u>150,000</u>
Total expenditures	<u>2,995,071</u>	<u>1,671,964</u>	<u>1,323,107</u>
Excess of revenues over (under) expenditures	<u>(950,000)</u>	<u>495,772</u>	<u>1,445,772</u>

(continued)

**Hertford County Board of Education  
Other Restricted Funds  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2023**

**Exhibit B-3**

	<b>2023</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Positive (Negative) Variance</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Fund balance appropriated	950,000	-	(950,000)
Total other financing sources and (uses)	950,000	-	(950,000)
 NET CHANGE IN FUND BALANCE	 \$ -	 495,772	 \$ 495,772
 Fund balance, beginning		5,339,707	
 Fund balance, ending		<u>\$ 5,835,479</u>	

**Hertford County Board of Education  
Capital Outlay Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2023**

Exhibit B-4

	<b>2023</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Positive (Negative) Variance</b>
<b>REVENUES</b>			
State of North Carolina:			
Sales tax refund	\$ -	\$ 1,287	\$ 1,287
State appropriations - Buses	1,000,000	319,471	(680,529)
Total State of North Carolina	1,000,000	320,758	(679,242)
Hertford County:			
Restricted portion of sales taxes	1,868,444	1,185,595	(682,849)
Total Hertford County	1,868,444	1,185,595	(682,849)
Total Revenues	2,868,444	1,506,353	(1,362,091)
<b>EXPENDITURES</b>			
Capital outlay:			
Real Property and Buildings	1,703,444	1,187,353	516,091
Furniture and equipment	155,000	-	155,000
Motor vehicles	510,000	314,426	195,574
Total Capital Outlay	2,368,444	1,501,779	866,665
Debt Service:			
Principal	500,000	319,471	180,529
Total Debt Service	500,000	319,471	180,529
Total Expenditures	2,868,444	1,821,250	1,047,194
Revenues Over (Under) Expenditures	-	(314,897)	(314,897)
<b>OTHER FINANCING SOURCES (USES)</b>			
Installment purchase obligations issued	-	314,426	314,426
Sale of Assets	-	5,484	5,484
Total other financing sources and (uses)	-	319,910	319,910
Net Change in Fund Balance	\$ -	5,013	\$ 5,013
<b>FUND BALANCE</b>			
Beginning of year, July 1		1,088,577	
End of year, June 30		\$ 1,093,590	

**Hertford County Board of Education  
Federal Grants Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2023**

Exhibit B-5

	<b>2023</b>		<b>Positive (Negative) Variance</b>
	<b>Budget</b>	<b>Actual</b>	
<b>REVENUES</b>			
U.S. Government	\$ 16,563,429	\$ 8,551,512	\$ (8,011,917)
<b>EXPENDITURES</b>			
<b>Instructional services:</b>			
Regular Instructional services:			
Regular curricular services		3,438,445	
CTE curricular services		107,312	
Program enhancement services		72,241	
Total	5,512,362	3,617,998	1,894,364
Special populations services:			
Children with Disabilities		1,113,805	
Pre-K children with disabilities		14,665	
Speech and language pathology		7,929	
Academically intellectually gifted		3,965	
Limited English proficiency		3,965	
Total	2,092,752	1,144,329	948,423
Alternative programs and services:			
Alternative instructional		5,947	
Attendance and social work		11,502	
Remedial and supplemental		1,681,989	
Pre-K readiness		86,396	
Extended day / year instructional		245,963	
Total	4,152,098	2,031,797	2,120,301
School leadership services			
School leadership		33,331	
Principal		27,752	
Asst principal		48,386	
Total	567,674	109,469	458,205

(continued)

**Hertford County Board of Education**  
**Federal Grants Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2023**

Exhibit B-5

	<b>2023</b>		<b>Positive (Negative) Variance</b>
	<b>Budget</b>	<b>Actual</b>	
School-based support services:			
Educational media services		19,823	
Guidance services		83,299	
Health services		47,098	
Safety and security support services		9,132	
Instructinoal technology services		40,658	
Staff development		856	
Parent involvement		68,631	
Total	816,638	269,497	547,141
<b>System-wide support services:</b>			
Support and development services:			
Regular curricular support		149,594	
CTE curricular support		1,122	
Total	71,361	150,716	(79,355)
Special population support and development services	11,894	3,965	7,929
Alternative programs and services support and development services	150,921	105,655	45,266
Technology support	46,286	9,911	36,375
Operational support services:			
Custodial housekeeping		45,592	
Transportation		80,671	
Maintenance		11,894	
Total	716,219	138,157	578,062
Financial and human resource:			
Financial Services		74,784	
Human resource		70,898	
Total	257,828	145,682	112,146

(continued)

**Hertford County Board of Education  
Federal Grants Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2023**

Exhibit B-5

	<b>2023</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Positive (Negative) Variance</b>
Policy, leadership and public relations			
Leadership services		10,927	
Total	198,091	10,927	187,164
Ancillary services	259,462	64,318	195,144
Nonprogrammed charges	1,709,843	749,091	960,752
Total Expenditures	16,563,429	8,551,512	8,011,917
Net Change in Fund Balance	\$ -	-	\$ -
Fund balance, beginning		-	
Fund balance, ending		\$ -	

**Hertford County Board of Education  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2023**

	Special Revenue Funds	
	Individual Schools	Total Nonmajor Governmental Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 156,949	\$ 156,949
Due from other governments	3,031	3,031
Total assets	<u>\$ 159,980</u>	<u>\$ 159,980</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ -
Total liabilities	<u>48</u>	<u>48</u>
Deferred inflows of resources	<u>3,031</u>	<u>3,031</u>
Fund balances:		
Restricted:		
Individual Schools	156,901	156,901
Unassigned:	<u>-</u>	<u>-</u>
Total fund balances	<u>156,901</u>	<u>156,901</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 159,980</u>	<u>\$ 159,980</u>



**Hertford County Board of Education**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2023**

	Special Revenue Funds	Total Nonmajor Special Revenue Funds
	Individual Schools	
<b>REVENUES</b>		
State of North Carolina	\$ -	\$ -
Other	500,304	500,304
Total Revenues	<u>500,304</u>	<u>500,304</u>
<b>EXPENDITURES</b>		
Current:		
Instructional services		
Co-Curricular	444,600	444,600
Total Expenditures	<u>444,600</u>	<u>444,600</u>
Excess (deficiency) of revenues over expenditures	<u>55,704</u>	<u>55,704</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers from (to) other funds	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>
Net change in fund balances	55,704	55,704
Fund balances, beginning	101,197	101,197
Fund balances, ending	<u>\$ 156,901</u>	<u>\$ 156,901</u>

Combining Balance Sheet and Statement of Revenues,  
Expenditures, and Changes in Fund Balance – Individual  
Schools

**Hertford County Board of Education**  
**Combining Balance Sheet**  
**Individual Schools**  
**June 30, 2023**

Exhibit C-3

	Cash and Investments	Due From Other Governments	Total Assets	Due to Other Funds	Deferred Revenue	Fund Balance	Total Liabilities & Fund Balance
Bearfield Primary	\$ 18,228	\$ 66	\$ 18,294	\$ -	\$ 66	\$ 18,228	\$ 18,294
Hertford County Middle	23,830	548	24,378	-	548	23,830	24,378
Riverview Elementary	2,916	463	3,379	-	463	2,916	3,379
Ahoskie Elementary	16,691	148	16,839	-	148	16,691	16,839
Hertford County High	55,099	1,579	56,678	48	1,579	55,051	56,678
Hertford County Early College	28,917	192	29,109	-	192	28,917	29,109
CSB Student Development	11,268	35	11,303	-	35	11,268	11,303
Total	<u>\$ 156,949</u>	<u>\$ 3,031</u>	<u>\$ 159,980</u>	<u>\$ 48</u>	<u>\$ 3,031</u>	<u>\$ 156,901</u>	<u>\$ 159,980</u>

**Hertford County Board of Education**  
**Combining Statement of Revenues, Expenditures And**  
**Changes in Fund Balance -- Individual Schools**  
**For the Year Ended June 30, 2023**

Exhibit C-4

---

	Revenues	Expenditures	Transfers to (from) Other Funds	Excess (Deficiency) of Revenues Over Expenditures	Fund Balance June 30, 2023
Bearfield Primary	\$ 26,905	\$ 17,627	\$ -	\$ 9,278	\$ 18,228
Hertford County Middle	57,675	53,934	-	3,741	23,830
Riverview Elementary	21,389	24,494	-	(3,105)	2,916
Ahoskie Elementary	25,398	23,768	-	1,630	16,691
Hertford County High	292,246	261,617	-	30,629	55,051
Hertford County Early College	54,677	44,260	-	10,417	28,917
CSB Student Development	22,014	18,900	-	3,114	11,268
Total	<u>\$ 500,304</u>	<u>\$ 444,600</u>	<u>\$ -</u>	<u>\$ 55,704</u>	<u>\$ 156,901</u>

## ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the government's council is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; where the government's council has decided that the periodic determination of net income is appropriate for accountability purposes.

**School Food Service Fund** -- This fund is used to account for the food service program within the school system.

**Hertford County 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 D-1

	2023		
	Budget	Actual	Positive (Negative) Variance
OPERATING REVENUES:			
Food sales	\$ 167,000	\$ 70,681	\$ (96,319)
Miscellaneous local revenues	50,000	2,883	(47,117)
Total operating revenues	217,000	73,564	(143,436)
OPERATING EXPENDITURES:			
Business support services:			
Purchase of food		505,586	
Donated commodities		200,301	
Salaries and benefits		943,650	
Indirect cost		76,971	
Materials and supplies		72,950	
Repairs and maintenance		23,043	
Contracted services		14,612	
Other		11,356	
Total business support services	2,661,000	1,848,469	812,531
Capital outlay	25,000	9,635	15,365
Total operating expenditures	2,686,000	1,858,104	827,896
Operating income (loss)	(2,469,000)	(1,784,540)	684,460
NON-OPERATING REVENUES:			
Federal reimbursements	2,347,500	1,846,348	(501,152)
Federal commodities used	120,000	181,555	61,555
Investment earnings	1,500	1,901	401
Sale of assets	-	8,832	8,832
Total operating revenues (expenditures)	2,469,000	2,038,636	(430,364)
Excess of revenues and other financing sources over (under) expenditures	\$ -	254,096	\$ 254,096
Reconciliation from modified accrual to full accrual basis:			
Excess of revenue and other sources over expenditures			
Reconciling items:			
Depreciation		(35,234)	
Net OPEB asset		(442)	
Net OPEB liability		170,956	
Net OPEB liability - DIPNC		(809)	
Net pension liability		(321,667)	
Deferred outflows		183,145	
Deferred inflows		132,437	
Total Reconciling Items		128,386	
Change in Net Position (full accrual)		\$ 382,482	

# COMPLIANCE SECTION





**Thompson, Price, Scott, Adams & Co, P.A.**

P.O. Box 398

1626 S Madison Street

Whiteville, NC 28472

Telephone (910) 642-2109

Fax (910) 642-5958

Alan W. Thompson, CPA

R. Bryon Scott, CPA

Gregory S. Adams, CPA

---

**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  
Hertford County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hertford County Board of Education as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprises Hertford County Board of Education's basic financial statements, and have issued our report thereon dated November 19, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of the 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 or significant deficiencies may exist that were not identified.



### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

*Thompson, Rice, Scott, Adams & Co., P.A.*

**Whiteville, NC**  
**November 19, 2023**



***Thompson, Price, Scott, Adams & Co, P.A.***

***P.O. Box 398***

***1626 S Madison Street***

***Whiteville, NC 28472***

***Telephone (910) 642-2109***

***Fax (910) 642-5958***

***Alan W. Thompson, CPA***

***R. Bryon Scott, CPA***

***Gregory S. Adams, CPA***

---

**Report on Compliance With Requirements Applicable to Each Major Federal Program  
And Internal Control Over Compliance In Accordance With Uniform Guidance and the  
State Single Audit Implementation Act**

**Independent Auditors' Report**

To the Board of Education  
Hertford County, North Carolina

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

**Opinion on Each Major Federal Program**

We have audited Hertford County 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 Hertford County Board of Education's major federal programs for the year ended June 30, 2023. Hertford County 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, Hertford County 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 and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Hertford County 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 provide a reasonable basis for our opinion on compliance for each major federal

program. Our audit does not provide a legal determination of Hertford County 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 controls over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Hertford County Board of Education's federal programs.

### Auditors' 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 Hertford County 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 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 Hertford County 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*, and the Uniform Guidance, 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 Hertford County 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 Hertford County Board of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Hertford County Board of Education's internal control over compliance. Accordingly, no such opinion is expressed.

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

### Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance

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

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

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

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

*Thompson, Rice, Scott, Adams & Co., P.A.*

**Whiteville, NC**  
**November 19, 2023**



***Thompson, Price, Scott, Adams & Co, P.A.***

P.O. Box 398

1626 S Madison Street

Whiteville, NC 28472

Telephone (910) 642-2109

Fax (910) 642-5958

Alan W. Thompson, CPA

R. Bryon Scott, CPA

Gregory S. Adams, CPA

**Report on Compliance With Requirements Applicable To Each Major State Program And  
Internal Control Over Compliance In Accordance With Uniform Guidance and the  
State Single Audit Implementation Act**

**Independent Auditors' Report**

To the Board of Education  
Hertford County, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Hertford County 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 Hertford County Board of Education's major state programs for the year ended June 30, 2023. Hertford County Board of Education's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Hertford County 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 and Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Hertford County 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 and provides a

Members

American Institute of CPAs - N.C. Association of CPAs - AICPA Division of Firms

reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of Hertford County Board of Education's compliance with the compliance requirements referred to above.

#### Responsibilities of Management for Compliance

Management is responsible for compliance with the requirement referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Hertford County 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 Hertford County 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 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 Hertford County 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*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 Hertford County 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 Hertford County Board of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Hertford County 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 the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Thompson, Rice, Scott, Adams & Co., P.A.*

**Whiteville, NC**  
**November 19, 2023**

**Hertford County 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 auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes   X   no

Significant Deficiency(s) identified  
that are not considered to be  
material weaknesses \_\_\_\_\_ yes   X   none reported

Noncompliance material to financial statements noted \_\_\_\_\_ yes   X   no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? \_\_\_\_\_ yes   X   no

Significant Deficiency(s) identified  
that are not considered to be  
material weaknesses \_\_\_\_\_ yes   X   none reported

Noncompliance material to federal awards noted \_\_\_\_\_ yes   X   no

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   X   no

Identification of major federal programs:

CFDA Numbers	Names of Federal Program or Cluster
84.010	Title I, Part A Cluster Title I Grants to Local Educational Agencies (Title I, Part A of ESEA)
84.027	Special Education Cluster: Special Education, Grants to States (IDEA, Part B) - Education of the Handicapped
84.173	Special Education - Preschool Grants (IDEA Preschool) - Capacity and Building Improvement Grants
84.425	COVID-19 Education Stabilization Fund

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

Auditee qualified as low-risk auditee   X   yes \_\_\_\_\_ no



**Hertford County Board of Education  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2023**

---

**Section I. Summary of Auditors' Results (Continued)**

---

**State Awards**

Internal control over major State programs:

Material weakness(es) identified? \_\_\_\_\_ yes   X   no

Significant Deficiency(s) identified that are not considered  
to be material weaknesses \_\_\_\_\_ yes   X   none reported

Noncompliance material to State awards \_\_\_\_\_ yes   X   no

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

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

Identification of major State programs:

Program Name

State Public School Fund

Vocational Education - State Months of Employment

Dollar threshold used to distinguish between Type A and Type B programs \_\_\_\_\_ \$500,000

Auditee qualified as low-risk auditee \_\_\_\_\_ yes   X   no

---

**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.



# HERTFORD COUNTY PUBLIC SCHOOLS

HCPS, serving as a cornerstone of our community, will prepare graduates who are ready to meet the global challenges of education, career, and life.

---

701 North Martin Street • P.O. Box 158 • Winton, North Carolina 27986 • Phone (252)358-1761 • FAX (252) 358-4745

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

---

### **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.

**Hertford County Board of Education  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2023**

---

2022-01    Timeliness of Audit

Corrected

**Hertford County Board of Education  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2023**

<b>Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>State/ Pass-through Grantor's Number</b>	<b>2023 Expenditures</b>
<b>Federal Grants:</b>			
<b><u>U. S. Department of Agriculture</u></b>			
<b><u>Food and Nutrition Service</u></b>			
School Nutrition Program (Note 3)			
<u>Child Nutrition Cluster</u>			
Non-Cash Assistance (Commodities):			
Passed-through the N.C. Department of Agriculture:			
Commodity Supplemental Food Program	10.555		\$ 200,301
Non-Cash Assistance			200,301
Cash Assistance:			
Passed-through the N. C. Department of Public Instruction:			
School Breakfast Program	10.553		540,993
National School Lunch Program	10.555		1,201,974
After School Snack Program	10.555		1,635
Seamless Summer Program	10.555		27,079
School Programs Emergency Operational Cost	10.555		74,667
Total Cash Assistance			1,846,348
Total Child Nutrition Cluster			2,046,649
Total School Nutrition Program (Note 3)	10.582		2,046,649
Total U. S. Department of Agriculture			2,046,649
<b><u>U. S. Department of Education</u></b>			
<b><u>Office of Elementary and Secondary Education</u></b>			
Passed-through the N. C. Department of Public Instruction:			
Title I, Part A Cluster			
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA)	84.010	PRC 050	1,879,967
Total Title I, Part A Cluster			1,879,967
<u>Special Education Cluster:</u>			
Special Education - Grants to States (IDEA, Part B) - Education of the Handicapped	84.027	PRC 060	988,615
ESSER III (ARP) - Special Education - Grants to States (IDEA)	84.027	PRC 185	118,542
Special Education - Preschool Grants (IDEA Preschool) - Preschool Handicapped	84.173	PRC 049	6,736
Special Needs Targeted Assistance	84.027	PRC 118	6,068
ESSER III (ARP) - IDEA PreSchool Grants	84.173	PRC 186	8,429
Total Special Education Cluster			1,128,390
Career and Technical Education - Basic Grants to States	84.048	PRC 017	58,045
Rural Education	84.358	PRC 109	88,802
Supporting Effective Instruction	84.367	PRC 103	111,091
Student Support and Academic Enrichment Grant	84.424	PRC 108	69,576

**Hertford County Board of Education**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2023**

<b><u>Grantor/Pass-Through Grantor/Program Title</u></b>	<b><u>Federal Assistance Listing Number</u></b>	<b><u>State/ Pass-through Grantor's Number</u></b>	<b><u>2023 Expenditures</u></b>
COVID-19 Education Stabilization Fund	84.425		
Elementary and Secondary School Emergency Fund (ESSER)			
Governor's Emergency Relief Fund (GEER)			
ESSER I (CARES Act) - K-12 Emergency Relief Fund			
K-12 Emergency Relief Fund	84.425D	PRC 163	59,839
GEER (CARES Act)			
Specialized Instructional Support Personnel for COVID-19 Response	84.425C	PRC 169	46,920
ESSER II (CRRSA)			
K-12 Emergency Relief Fund	84.425D	PRC 171	2,335,696
School Nutrition COVID Support	84.425D	PRC 174	10,388
Learning Loss Funding	84.425D	PRC 176	3,098
Summer Career Accelerator Program	84.425D	PRC 177	6,647
ESSER III (ARP)			
K-12 Emergency Relief Fund	84.425U	PRC 181	2,716,523
Cyberbullying & Suicide Prevention Grant	84.425U	PRC 192	25,362
District and School Turnaround Grants	84.425U	PRC 195	11,167
Total COVID-19 Education Stabilization Fund	84.425		<u>5,215,640</u>
Total U.S. Department of Education			<u>8,551,511</u>
<b><u>Center for Disease Control and Prevention</u></b>			
Passed-through the N.C. Department of Health and Human Services			
Epidemiology and Laboratory Capacity for Infections Diseases	93.323	PRC 350	<u>52,065</u>
<b><u>U. S. Department of Defense</u></b>			
Direct Program:			
ROTC	None	PRC 301	<u>32,317</u>
Total federal assistance			<u>\$ 10,682,542</u>
<b>State Grants:</b>			
Cash Assistance:			
<b><u>N. C. Department of Public Instruction</u></b>			
State Public School Fund			\$ 23,097,240
Driver Training - SPSF		PRC 012	51,787
Vocational Education			
-- State Months of Employment		PRC 013	963,602
-- Program Support Funds		PRC 014	303,005
Total N. C. Department of Public Instruction			<u>24,415,634</u>

**Hertford County Board of Education  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2023**

<b><u>Grantor/Pass-Through Grantor/Program Title</u></b>	<b><u>Federal Assistance Listing Number</u></b>	<b><u>State/ Pass-through Grantor's Number</u></b>	<b><u>2023 Expenditures</u></b>
<b><u>N.C. Department of Health and Human Services</u></b>			
Division of Child Development			
Smart Start			68,088
NC Pre-Kindergarten Program			842,005
Division of Public Health			
School Nurse Funding Initiative			136,950
Total N.C. Department of Health and Human Services			<u>1,047,043</u>
<b><u>N. C. Department of Public Instruction</u></b>			
School Buses Appropriation			319,471
Textbooks - Noncash			8,512
Total State Assistance			<u>25,790,660</u>
Total Federal and State Assistance			<u>\$ 36,473,202</u>

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

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Hertford County 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 the Hertford County Board of Education, it is not intended to and does not present the financial position, changes in net assets or cash flows of Hertford County Board of Education.

**2. Summary of Significant Accounting Policies**

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements. Hertford County Board of Education has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**3. Cluster of Programs**

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