

NEW HANOVER COUNTY BOARD OF EDUCATION

WILMINGTON, NORTH CAROLINA



**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR FISCAL YEAR ENDING JUNE 30, 2024**

NEW HANOVER COUNTY
BOARD OF EDUCATION

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED
June 30, 2024

WILMINGTON, NORTH CAROLINA

Prepared by the Finance Department

**NEW HANOVER COUNTY BOARD OF EDUCATION
TABLE OF CONTENTS**

INTRODUCTORY SECTION

Letter of Transmittal	i
Board Members and Principal Officers	v
Organizational Chart	vi
Certificate of Excellence in Financial Reporting – ASBO	vii
Certificate of Achievement for Excellence in Financial Reporting – GFOA	viii

FINANCIAL SECTION

<u>Exhibit</u>	<u>Page No.</u>
Independent Auditors' Report	1
Management's Discussion and Analysis.....	4
Basic Financial Statements:	
Government – wide Financial Statements:	
1 Statement of Net Position	12
2 Statement of Activities.....	13
Fund Financial Statements:	
3 Balance Sheet – Governmental Funds	14
3 Reconciliation of the Balance Sheet to the Statement of Net Position	15
4 Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds.....	16
5 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	17
6 Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund and Annually Budgeted Major Special Revenue Funds	18
7 Statement of Net Position – Proprietary Fund	22
8 Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund	23
9 Statement of Cash Flows – Proprietary Fund.....	24
Notes to the Basic Financial Statements	26
Required Supplementary Information:	
Schedule of the Board's Proportionate Share of the Net Pension Liability – Teachers' and State Employees' Retirement System	53
Schedule of Board Contributions – Teachers' and State Employees' Retirement System	54
Schedule of the Board's Proportionate Share of the Net OPEB Liability – Retiree Health Benefit Fund	55
Schedule of Board Contributions – Retiree Health Benefit Fund	56
Schedule of the Board's Proportionate Share of the Net OPEB Liability (Asset) – Disability Income Plan of North Carolina	57
Schedule of Board Contributions – Disability Income Plan of North Carolina	58

NEW HANOVER COUNTY BOARD OF EDUCATION
TABLE OF CONTENTS (continued)

Combining and Individual Fund Statements and Schedules:

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	59
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – Capital Outlay Fund	61
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Individual Schools Fund	62
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) School Food Service Fund	63

STATISTICAL SECTION

Statistical Section (Unaudited)	64
Net Position by Component	65
Expenses, Program Revenues, and Net (Expenses) Revenues	67
General Revenues and Total Change in Net Position	71
Fund Balances – Governmental Funds	73
Changes in Fund Balances – Governmental Funds	74
Revenue Capacity – Proprietary Funds	76
Property Tax Rates – Direct & All Overlapping Governments of New Hanover County	77
Principal Property Taxpayers of New Hanover County	78
Property Tax Levies & Collections of New Hanover County	79
Assessed Value & Actual Value of Taxable Property of New Hanover County	80
Outstanding Debt by Type	81
Ratios of Outstanding Debt by Type for New Hanover County	82
Ratios of General Bond Debt Outstanding for New Hanover County	83
Direct & Overlapping Government Activities Debt for New Hanover County	84
Legal Debt Margin Information for New Hanover County	85
Demographic Statistics	86
Principal Employers in New Hanover County	87
Full-Time Equivalent District Employees by Function/Program	88
Operating Statistics	90
School Building Information	91

COMPLIANCE SECTION

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>	100
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	102
Report on compliance with requirements applicable to each major state program and internal control over compliance; in accordance with OMB Uniform Guidance and the State Single Audit Implementation Act	105
Schedule of findings and questioned costs	108
Summary schedule of prior audit findings	110
Schedule of expenditures of federal and State awards	111

INTRODUCTORY SECTION



NEW HANOVER COUNTY SCHOOLS

*Dr. Christopher Barnes
Interim Superintendent*

*Ashely Sutton, CPA
Chief Financial Officer*

LETTER OF TRANSMITTAL

TO THE MEMBERS OF THE NEW HANOVER COUNTY BOARD OF EDUCATION AND CITIZENS OF NEW HANOVER COUNTY, NORTH CAROLINA

November 12, 2024

In compliance with the **Public School Laws of North Carolina**, the Annual Comprehensive Financial Report of the New Hanover County Board of Education (Board), operating as "New Hanover County Schools," for the fiscal year ended June 30, 2024, is herewith submitted. The accuracy, completeness and clarity of the financial report is the responsibility of the Board. This financial report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) by the Finance Department. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the Board. All disclosures necessary to enable the reader to gain an understanding of the Board's financial activities have been included.

This letter of transmittal is designed to complement Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The New Hanover County Board of Education's MD&A can be found immediately following the report of the independent auditor.

REPORTING ENTITY

The mission of New Hanover County Schools, in collaboration with our parents and the community, is to strive to provide children with an opportunity for a superior education in a safe and positive learning environment where they are prepared with the skills to succeed.

The Board of Education has the primary responsibility and control over all activities related to public school education in New Hanover County, North Carolina, and is required to maintain accounting records in a uniform state format established by the State's General Assembly. The seven members of the Board are elected by the public and have decision-making authority, the authority to designate management, and the ability to significantly influence operations. The state is the Board's primary source of funding which establishes programs which are supplemented by local funding. Although New Hanover County levies all local taxes used for education purposes, the Board determines how the school system will spend the funds generated for the schools. The County cannot modify the school system's budget. For these reasons, the Board is not fiscally dependent on the County and therefore is recognized as a primary government, as defined by the Governmental Accounting Standards Board. The Board receives government funding from local, state, and federal sources and must comply with established legal requirements of each funding source entity. The Board is not a component unit of any other government and has no component units of its own.

LOCAL ECONOMIC CONDITION AND FUTURE OUTLOOK

New Hanover County, located in the tidewater section of southeastern North Carolina on the Atlantic coast, has a diverse economy containing a variety of industries, including healthcare, manufacturing, pharmaceutical, education, business services and film. The second-smallest county in the state, New Hanover County encompasses 192 square miles, has a population of approximately 239,000. The County experienced various economic impacts from the COVID virus in fiscal year 2022. Many industries saw a decreased demand and increased unemployment as lockdown measures were in place. Once lifted, the economy showed a strong recovery in many areas, especially hospitality and other services. This is reflected in a substantial decrease in the unemployment rate from 4.9% in fiscal year 2021 down to 3.6% in fiscal year 2022 and to 3.3% in fiscal year 2023. In 2024, the unemployment rate rose to 3.5%. The County's unemployment rate is lower than the N.C. statewide rate of 3.6%.

In 2023-24 New Hanover County Schools served 24,719 students from kindergarten through twelfth grade, 77 lower than the 2022-23 school year. Additionally, pre-k services were provided to 1,074 students in both public and private sites. Services were provided to students in 25 elementary schools, 1 K-8 elementary school, 6 middle schools, 4 high schools, 1 alternative high school/ pre-k Center, 1 K-8 alternative day treatment center, 1 alternative K-12 school, 3 early college high schools and 3 pre-k centers. Enrollment is estimated to increase to approximately 24,900 in 2025.

The average age of school facilities in New Hanover County is 45 years, with 7 schools exceeding 70 years.

Additionally, local funds were transferred to 10 area charter schools, 1 lab school, and 2 virtual charter schools serving approximately 1,940 students, or 7.3% of the district's student population. New Hanover County Schools transfers an equal per-pupil share of the local current expense fund to the charters with \$7.2 million appropriated for the 2024-2025 fiscal year.

MAJOR INITIATIVES

Strategic goals and initiatives. The Board of Education adopted a new strategic plan as of July 1, 2022.

New Hanover County Schools (NHCS) Strategic Plan for 2022 – 2027 incorporates the voices of parents, students, community, staff, and Board to provide a guiding framework for the moving the School District forward. More than 5,000 persons shared their visions for the district and affirmed the mission of providing a superior education in a safe and positive learning environment where students are prepared with the skills to succeed.

To achieve this mission, NHCS Board and staff defined specific goals, strategies, and action steps that promote excellence in academic performance, a safe and supportive environment for students and staff, an equitable and inclusive school community, and the engagement of families and community members to support students as they learn. Staff teams will implement specific tactics that support the action steps that move the strategies forward; the strategies will advance the goals. Staff will regularly report progress to the Board and community as explained in section V. of the strategic plan.

Strategic goals

- Academic Performance - Through rigorous academics at every grade level, students demonstrate readiness for productive citizenship, as well as higher education opportunities or meaningful employment.
- Student Safety and Wellness - People and Places - Provide facilities and services focused on safety and wellness to enhance teaching and learning.
- Supportive Environment for Teachers & Staff - Ensure a supportive environment so that staff will perform their duties using the most effective methods possible to achieve optimal student learning.
- Equity, Diversity and Inclusion - Students and staff agree that their school/worksites is an inclusive, equitable, and diverse place where they have a strong sense of belonging and connectedness.
- Family Engagement - Increase meaningful family engagement and involvement across all schools.
- Community Partnerships - Strengthen and increase community partnerships that directly enhance student opportunities and achievements.

2024-2025 Budget Priorities

- EC Teachers
- AIG Teachers
- EC Teacher Assistants

Capital Improvements. As required by the State Department of Public Instruction, New Hanover County Schools maintains a ten-year facilities plan.

Work is coming to completion on projects related to the Bond Referendum for Capital Improvements that the voters passed in November, 2014. Available bond funding of approximately \$159k is being used for completion of ongoing projects including building system and infrastructure improvements.

The Capital Outlay Plan developed during the 2024-25 Budget Process totaled \$1.8 million from State Lottery funding. Major projects include:

- NHHS Structural Repairs Main Building – Phase One
- Replace Chiller – Holly Tree
- Intercom Replacement – Sunset Park ES, Murray MS, Ashley HS, Masonboro ES
- Annual Roof Maintenance – Various Locations
- Roof Recover – Carolina Beach ES

FINANCIAL SYSTEM AND BUDGETARY CONTROLS

Accounting System. The accounts of the Board are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts comprised of assets, liabilities, fund equity, revenues and expenditures or expenses as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Internal Controls. Management of the Board is responsible for establishing and maintaining internal controls designed to ensure that assets of the district are protected from loss, theft, or misuse and that adequate accounting data are compiled to allow the preparation of financial statements in conformity with generally accepted accounting principles. The controls are designed to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, or imprudent actions by Board employees. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations performed by the Board occur within the above framework. We believe that the Board's internal accounting controls adequately protect assets and provide reasonable assurance of the proper recording of financial transactions.

Funding for Public Education. The State of North Carolina is the primary funding source for education in New Hanover County. Federal and local funds are used to supplement state funding. Most local funds are allocated by the New Hanover County Board of Commissioners. The Board of Education has no tax levying authority.

Budgetary Controls. North Carolina General Statutes require all governmental units to adopt a balanced budget by July 1 of each year. The Board approved a final budget on June 27, 2024. The Board's annual budget resolution for 2024-25 authorized expenditures at the purpose/function level. This method is consistent with generally accepted accounting principles. The budgetary amounts in the accompanying financial statements are presented in conformity with the legally adopted budget resolution as amended during the fiscal year. For internal management purposes, the budget is allocated to line item expenditure accounts in compliance with the uniformed budget format mandated by the School Budget and Fiscal Control Act.

No obligation shall be incurred unless the budget resolution includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year. The Board uses a purchase order encumbrance system that records encumbrances outstanding against each expenditure line item. Contracts and purchase orders are preaudited and signed

by the Chief Financial Officer. All non-capital outlay outstanding encumbrances are cancelled at year-end. Capital Outlay encumbrances are carried over into the subsequent year and the corresponding budget amounts are re-appropriated.

Investment Objectives. Funds of the Board shall be invested in accordance with North Carolina General Statutes and this Cash Management and Investments Policy. The primary objectives, in priority order, of investment activities shall be safety, liquidity and yield.

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The firm of Anderson Smith & Wike PLLC was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the federal Single Audit Act of 1984, as amended, the related Office of Management and Budget's *Uniform Guidance* and the North Carolina Single Audit Implementation Act, as stated before. Generally accepted auditing standards and the standards applicable to financial audits set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. Anderson Smith & Wike PLLC has issued an unmodified ("clean") opinion. The auditor's report on the management's discussion and analysis, the basic financial statements and the combining and individual fund statements and schedules is included in the financial section of this report on page 1. The auditor's reports on internal controls and compliance with applicable laws and regulations can be found beginning on page 100, in the compliance section of this report.

FINANCIAL REPORTING AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) and the Association of School Business Officials (ASBO) awarded Certificates of Achievement for Excellence in Financial Reporting to the Board for its annual comprehensive financial report for the year ended June 30, 2023. In order to be awarded Certificates of Achievement, the Board published an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. This was the twenty ninth and thirtieth consecutive year that the Board received the GFOA and ASBO Awards, respectively.

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

ACKNOWLEDGMENTS

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

We would also like to express our appreciation to the members of the Board of Education for their interest and support in planning and conducting the financial affairs of the school system in a responsible and dedicated manner, and the members of the Board of County Commissioners for their continued support throughout the past year.

Respectfully submitted,



Dr. Christopher Barnes
Interim Superintendent



Ashley Sutton
Chief Financial Officer

NEW HANOVER COUNTY BOARD OF EDUCATION

LIST OF PRINCIPAL OFFICIALS

BOARD OF EDUCATION MEMBERS

Peter Wildeboer, Chair

Melissa Mason, Vice Chair

Josie Barnhart

Pat Bradford

Stephanie Kraybill

Hugh F. McManus, III

Stephanie Walker

SUPERINTENDENT OF SCHOOLS

Dr. Christopher Barnes, Interim Superintendent

SENIOR ADMINISTRATION

Eddie Anderson, Assistant Superintendent for Operations

Jennifer Braswell-Geller, Interim Assistant Superintendent of Human Resources

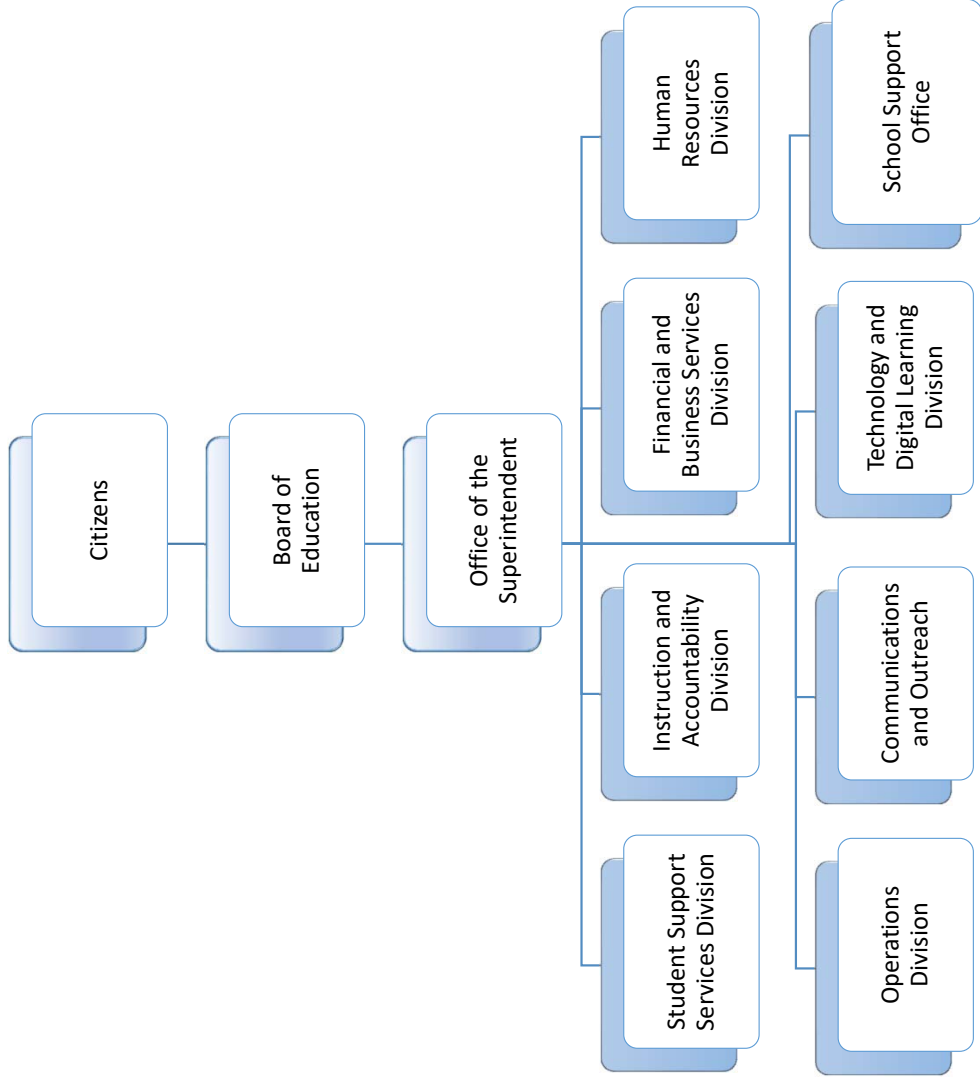
Dawn Brinson, Assistant Superintendent for Technology & Digital Learning

Dr. Robin Hamilton, Interim Chief Academic Officer

Ashley Sutton, Chief Financial Officer

Julie Varnam, Assistant Superintendent for Student Support Services

New Hanover County Schools Organizational Chart





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

New Hanover County Board of Education

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2023.**

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



A handwritten signature in black ink, reading 'Ryan S. Stechschulte'. The signature is written in a cursive style and is positioned above a horizontal line.

Ryan S. Stechschulte
President

A handwritten signature in black ink, reading 'James M. Rowan'. The signature is written in a cursive style and is positioned above a horizontal line.

James M. Rowan, CAE, SFO
CEO/Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**New Hanover County Schools
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the New Hanover County Board of Education
Wilmington, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Hanover County Board of Education, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the New Hanover 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, the business-type activities, each major fund, and the aggregate remaining fund information of the New Hanover County Board of Education, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General, State Public School, Federal Grants and Other Restricted funds 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the New Hanover County Board of Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the New Hanover 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 New Hanover County Board of Education's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 11 and the Schedules of the Board's Proportionate Share of the Net Pension Liability, OPEB Liability and OPEB liability and the Schedules of Board Contributions on pages 52 through 57, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the New Hanover County Board of Education's basic financial statements. The accompanying individual fund budgetary schedules, other schedules and schedule of expenditures of federal and State awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund budgetary schedules and schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2024, on our consideration of the New Hanover County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the New Hanover County Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Hanover County Board of Education's internal control over financial reporting and compliance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Anderson Smith & Wike PLLC

October 28, 2024
West End, North Carolina
(910) 603-0508

NEW HANOVER COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the New Hanover 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, 2024. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- For the fiscal year ended June 30, 2024, the Board's total government-wide net position decreased by \$1.2 million. Governmental activities net position decreased by \$2.3 million, and business-type activities net position increased by \$1.1 million.
- The General Fund reported a decrease in fund balance of \$8.6 million for the year ended June 30, 2024 and the Other Restricted reported an increase of \$5.6 million.
- The Board received \$31.6 million of Education Stabilization funds to offset the cost of the COVID-19 pandemic.
- The Board's final average daily membership (ADM) for the fiscal year ended June 30, 2024 was 24,719 students, a decrease of 77 students compared to the 2023 ADM of 24,796.

Overview of the Financial Statements

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

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

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

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

NEW HANOVER COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

statements is required. The government-wide statements provide information about the Board as an economic unit while the fund financial statements provide information on each of the financial resources of each of the Board's major funds.

Government-wide Statements

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

The two government-wide statements report the Board's net position and how they have changed. Net position is the difference between the Board's assets and liabilities. This 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 unit's activities are divided into two categories in the government-wide statements:

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

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

Fund Financial Statements

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

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

New Hanover County Board of Education has two types of funds:

Governmental funds: Most of the Board's basic services are included in the governmental funds, which generally focus on two things – 1) how cash and other assets that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the coming year to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental fund statements, in the form of a reconciliation, explains the relationship (or differences) between the government-wide and the fund financial statements. The Board has several governmental funds: the General Fund, the State

**NEW HANOVER COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Public School Fund, the Other Restricted Fund, the Individual Schools Fund, the Capital Outlay Fund and the Federal Grants Fund.

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

Proprietary funds: Services for which the Board charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same full accrual basis of accounting as the government-wide statements. The New Hanover County Board of Education has one proprietary fund - an enterprise fund – the School Food Service Fund.

The proprietary fund statements are shown as Exhibits 7, 8, and 9 of this report.

Financial Analysis of the Board as a Whole

Net position is an indicator of the fiscal health of the Board. Liabilities and deferred inflows exceeded assets and deferred outflows by \$68.9 million as of June 30, 2024 as compared to liabilities and deferred inflows exceeding assets and deferred outflows by \$67.7 million as of June 30, 2023, a decrease of \$1.2 million. The largest component of net position is net investment in capital assets of \$277.1 million. Following is a summary of the Statement of Net Position as of June 30, 2024 and 2023:

**Table 1
Condensed Statement of Net Position
As of June 30, 2024 and 2023**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/24	6/30/23	6/30/24	6/30/23	6/30/24	6/30/23
Current and other assets	\$ 37,341,663	\$ 43,946,983	\$ 9,764,028	\$ 9,197,948	\$ 47,105,691	\$ 53,144,931
Capital assets	279,871,089	279,403,701	721,229	507,341	280,592,318	279,911,042
Total assets	<u>317,212,752</u>	<u>323,350,684</u>	<u>10,485,257</u>	<u>9,705,289</u>	<u>327,698,009</u>	<u>333,055,973</u>
Deferred outflows of resources	179,813,208	136,847,747	3,023,389	2,415,237	182,836,597	139,262,984
Current liabilities	23,143,756	28,848,301	484,044	605,137	23,627,800	29,453,438
Long-term liabilities	468,892,699	389,608,745	7,978,218	6,904,557	476,870,917	396,513,302
Total liabilities	<u>492,036,455</u>	<u>418,457,046</u>	<u>8,462,262</u>	<u>7,509,694</u>	<u>500,498,717</u>	<u>425,966,740</u>
Deferred inflows of resources	77,598,061	112,076,191	1,304,737	1,978,044	78,902,798	114,054,235
Net investment in						
capital assets	276,391,315	277,803,080	721,229	507,341	277,112,544	278,310,421
Restricted net position	4,889,911	5,174,534	-	-	4,889,911	5,174,534
Unrestricted net position (deficit)	<u>(353,889,782)</u>	<u>(353,312,420)</u>	<u>3,020,418</u>	<u>2,125,447</u>	<u>(350,869,364)</u>	<u>(351,186,973)</u>
Total net position (deficit)	<u>\$ (72,608,556)</u>	<u>\$ (70,334,806)</u>	<u>\$ 3,741,647</u>	<u>\$ 2,632,788</u>	<u>\$ (68,866,909)</u>	<u>\$ (67,702,018)</u>

The net position of the Board's governmental activities decreased \$2.3 million during the year, from \$(70.3) million at June 30, 2023 to \$(72.6) million at June 30, 2024. Restricted net position decreased by \$285,000, primarily due to a decrease in restricted grants funds for instructional services in the Other Restricted fund offset by an increase in the Capital Outlay fund balance. Unrestricted net position decreased by \$577,000 compared to the prior year as a result of the overall decrease in net position due to increases in pension and OPEB expenses. Net investment in capital assets decreased \$1.4 million due to an excess of depreciation expense over capital additions for the year. Deferred outflows and

**NEW HANOVER COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

inflows of resources relate entirely to the pension and OPEB plans which the Board participates in. The Board is required to record its proportionate share of these items along with its proportionate share of the plan liabilities. See Note 2 of the financial statements for more details regarding these plans.

The net position of the Board's business-type activities increased \$1.1 million from \$2.6 million at June 30, 2023 to \$3.7 million at June 30, 2024. This increase is the net income generated by our school food service operations during the 2024 fiscal year. The income in the school food service fund is largely due to strong participation. Revenues decreased \$855,000, or 5.4% from the previous year and expenditures increased \$357,000, or 2.6% due to increased food costs as a result of inflation. While revenues and participation remained high, the reimbursement rates from the USDA decreased as the last effects of the COVID-19 USDA reimbursements expired. The Board also recognized an increase in food costs due to inflation and salaries and benefits due to higher cost of benefits and pension and OPEB expenses. The following table shows the revenues and expenses for the Board for the current and prior fiscal years:

**NEW HANOVER COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Table 2
Condensed Statement of Activities
For the Fiscal Years Ended June 30, 2024 and 2023**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/24	6/30/23	6/30/24	6/30/23	6/30/24	6/30/23
Revenues:						
Program revenues:						
Charges for services	\$ 3,735,523	\$ 3,073,986	\$ 2,549,179	\$ 2,852,697	\$ 6,284,702	\$ 5,926,683
Operating grants and contributions	242,590,398	235,532,967	12,023,312	12,678,971	254,613,710	248,211,938
Capital grants and contributions	535,478	390,349	232,168	287,137	767,646	677,486
General revenues:						
County appropriations	102,048,340	98,506,504	-	-	102,048,340	98,506,504
State appropriations	3,839,321	2,509,810	-	-	3,839,321	2,509,810
Federal appropriations	-	854,304	-	-	-	854,304
Other revenues	4,009,447	3,269,830	186,388	26,953	4,195,835	3,296,783
Total revenues	<u>356,758,507</u>	<u>344,137,750</u>	<u>14,991,047</u>	<u>15,845,758</u>	<u>371,749,554</u>	<u>359,983,508</u>
Expenses:						
Governmental activities:						
Instructional services	274,209,930	236,366,049	-	-	274,209,930	236,366,049
System-wide support services	76,411,795	73,698,738	-	-	76,411,795	73,698,738
Ancillary services	439,023	818,714	-	-	439,023	818,714
Payments to other governments	7,195,897	7,035,978	-	-	7,195,897	7,035,978
Interest on long-term debt	63,013	78,788	-	-	63,013	78,788
Unallocated depreciation	585,915	808,497	-	-	585,915	808,497
Business-type activities:						
School food service	-	-	14,008,872	13,651,717	14,008,872	13,651,717
Total expenses	<u>358,905,573</u>	<u>318,806,764</u>	<u>14,008,872</u>	<u>13,651,717</u>	<u>372,914,445</u>	<u>332,458,481</u>
Transfers in (out)	<u>(126,684)</u>	<u>(112,100)</u>	<u>126,684</u>	<u>112,100</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	(2,273,750)	25,218,886	1,108,859	2,306,141	(1,164,891)	27,525,027
Beginning net position (deficit)	<u>(70,334,806)</u>	<u>(95,553,692)</u>	<u>2,632,788</u>	<u>326,647</u>	<u>(67,702,018)</u>	<u>(95,227,045)</u>
Ending net position (deficit)	<u>\$ (72,608,556)</u>	<u>\$ (70,334,806)</u>	<u>\$ 3,741,647</u>	<u>\$ 2,632,788</u>	<u>\$ (68,866,909)</u>	<u>\$ (67,702,018)</u>

Total governmental activities generated revenues of \$356.8 million while expenses in this category totaled \$358.9 million for the year ended June 30, 2024, resulting in a decrease in net position of \$2.3 million (including transfers out to business-type activities of \$127,000). Comparatively, revenues were \$344.1 million, expenses totaled \$318.8 million and transfers out were \$112,000 for the year ended June 30, 2023, resulting in an increase in net position of \$25.2 million. In comparing the two years, revenues increased \$12.6 million, or 3.6%, and expenses increased by \$40.1 million, or 12.6%. The Board received \$31.6 million Education Stabilization funds to help offset the cost of the COVID-19 pandemic

NEW HANOVER COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

which largely attributed to the continued increases levels of revenues and expenses compared to pre-pandemic amounts. Overall the total increase in revenues was recognized across various sources, revenues in the Other Restricted fund increased \$3.0 million, or 18.2% as a result of higher indirect cost revenue, private grants and interest income. The revenues from the State Public School fund increased \$5.6 million, or 3.1% due to increases in allotted salaries and benefits. The increase in revenues of \$12.6 million was offset by an increase in expenses of \$40.5 million due to an increase in pension and OPEB expenses of \$38.3 million, attributing to the net decline in the change in net position. See the footnotes for detailed information regarding pension and OPEB related amounts and disclosures.

The Board's primary sources of revenues were funding from the State of North Carolina, New Hanover County, and the United States Government, which respectively comprised 53.4%, 28.1% and 13.9% of our total governmental activities revenues. As would be expected, the major component of our expenses was instructional services which accounted for 76.4% of our total expenses during the most recent fiscal year. Of the remaining 23.6% of our total expenses, 21.3% was attributable to system-wide support services.

Our business-type activities generated revenues of \$15.0 million, expenses in this category totaled \$14.0 million for the year ended June 30, 2024. For the year, net position increased by \$1.1 million (including transfers in of \$127,000). Comparatively, net position increased by \$2.3 million for the year ended June 30, 2023. In comparing the two years, profitability declined by \$1.2 million. Revenues and transfers in for the year ended June 30, 2024 decreased year-over-year by \$855,000 when compared to the year ended June 30, 2023, this decrease in revenues is a result of a decrease in the reimbursement rates as the final COVID-19 additional reimbursement rate expire before the start of the school year, this was in addition to an increase in expenses of \$357,000. The increase in expenses is primarily due to an increase in food costs associated with inflationary pressures and an increase in contracted repairs and maintenance on equipment.

Financial Analysis of the Board's Funds

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

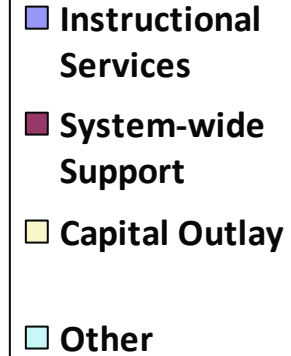
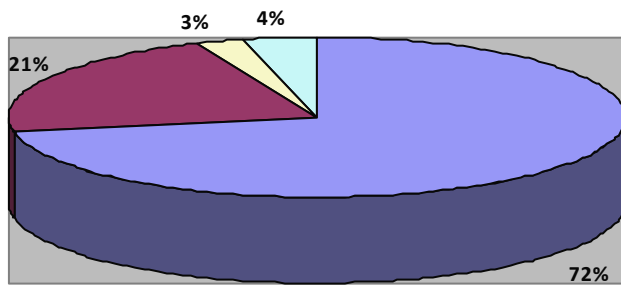
The Board's governmental funds reported a combined fund balance of \$22.7 million at June 30, 2024, a decrease of \$2.7 million from the \$25.4 million reported at June 30, 2023. The Board's Other Restricted, Capital Outlay and Individual Schools funds each reported an increase in fund balance for the year of \$5.6 million, \$253,000 and \$123,000 respectively. The increase in fund balance is the result of increases in revenues. In the Capital Outlay fund the Board has deferred \$1.0 million in revenues received from the Office of State Budget Management for facility improvements to be spent next year on capital projects. The Individual Schools revenue continues to increase due to fundraising efforts and athletics. The General fund balance decreased by \$8.6 million because of increases in instructional services expenditures.

The State Public School Fund and Federal Grants Fund do not carry fund balance. All revenues are expended in the year received. Federal revenues and expenditures decreased by \$215,000 for the fiscal year ended June 30, 2024 primarily due to the expiration of some of the COVID-19 Education Stabilization funds used to help provide instructional and support services during the pandemic and provide services for learning loss, mental health services, 1:1 technology and facility repairs and improvements to help limit the spread of COVID-19. State Public School fund revenues and expenditures increased \$5.6 million or 3.1%, for the fiscal year ended June 30, 2024. The change in State revenues and expenditures is a result of increases in allotments to cover legislated salary and benefit increases.

The Other Restricted fund reported an increase in fund balance for the 2024 year of \$5.6 million, this increase is due to an increase in indirect costs allocated for the year ended June 30, 2024 due to the increase in indirect cost rates able to be charged against federal funds received, and increase in interest income and private grants received by the Board.

**NEW HANOVER COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Categorization of Expenditures for Governmental Funds



Expenditures presented on modified accrual basis of accounting.

Proprietary Fund: The Board's business-type fund, the School Food Service Fund, reported an increase in net position of \$1.1 million for the fiscal year ended June 30, 2024 compared to an increase of \$2.3 million for the same 2023 period, a year-over-year decline of \$1.2 million. See the section above titled *Financial Analysis of the Board as a Whole* for a detailed explanation of the reasons for this decrease in profitability.

General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget several times to account for changes in revenue expectations and program allocations. Since several revenue sources are either unknown or uncertain at the beginning of the fiscal year when the original budget is adopted, budget revisions are necessary throughout the year to recognize these adjustments.

For the year, the Board's General Fund reported a decrease in fund balance of \$8.6 million (including the decrease in reserve for inventory of \$6,200). Revenues from New Hanover County for the local operating budget increased \$3.0 million, from the prior year. Overall, total General Fund revenues increased by \$1.6 million from the prior year while expenditures increased \$2.5 million. The increase in revenues and expenditures in the General Fund was specifically attributed to increases in County appropriations offset by a decrease in FEMA funds. The General fund also recognized \$1.8 million in other financing sources related to lease and IT subscription agreements entered into in the previous year.

Capital Assets

Total primary government capital assets were \$280.6 million at June 30, 2024 compared to \$279.9 million at June 30, 2023, an increase of 0.2%. The following is a summary of the Board's capital assets, net of depreciation, at June 30, 2024 and 2023. More detailed information about the Board's capital assets is contained in Note 2 to the basic financial statements.

**NEW HANOVER COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Table 3
Summary of Capital Assets
As of June 30, 2024 and 2023**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/24	6/30/23	6/30/24	6/30/23	6/30/24	6/30/23
Land	\$ 24,041,049	\$ 24,041,049	\$ -	\$ -	\$ 24,041,049	\$ 24,041,049
Right to use assets	1,046,368	1,407,250	-	-	1,046,368	1,407,250
Construction in progress	5,938,154	24,347,942	-	-	5,938,154	24,347,942
Buildings and improvements	243,350,245	225,211,440	-	-	243,350,245	225,211,440
Equipment and furniture	2,084,079	1,615,153	721,229	507,341	2,805,308	2,122,494
Vehicles	3,411,194	2,780,867	-	-	3,411,194	2,780,867
Total	<u>\$ 279,871,089</u>	<u>\$ 279,403,701</u>	<u>\$ 721,229</u>	<u>\$ 507,341</u>	<u>\$ 280,592,318</u>	<u>\$ 279,911,042</u>

Debt Outstanding

During the year, the Board's long-term debt increased by \$33,000 from \$1.60 million at June 30, 2023 to \$1.63 million at June 30, 2024. The Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used. The County holds virtually all debt issued for school capital construction. More detailed information about the Board's outstanding debt is contained in Note 2 to the basic financial statements.

Economic Factors

County funding is a major source of income for the school district; therefore, the County's economic outlook directly affects that of the school district. Along with the national and State economy, our local economy has felt the impact of the recent recession. The following factors impact the current economic outlook of New Hanover County and the Board of Education:

- The unemployment rate in New Hanover County at June 30, 2024 was 3.5% which is a 0.2% increase from the 3.3% rate at June 30, 2023. The County's unemployment rate is lower than the N.C. statewide rate which was 3.6% at June 30, 2024.
- New Hanover County's population estimation of approximately 242,000 is an increase of approximately 6.9% since 2020.

All of these factors were considered in preparing the Board's budget for the new fiscal year. The Board's budget was created with a focus on protecting instructional program allocations and personnel.

Requests for Information

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

Ashley Sutton, Chief Financial Officer
New Hanover County Board of Education
6410 Carolina Beach Road
Wilmington, North Carolina 28412

GOVERNMENT-WIDE FINANCIAL STATEMENTS

NEW HANOVER COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
June 30, 2024

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and cash equivalents	\$ 32,872,608	\$ 9,276,432	\$ 42,149,040
Due from other governments	2,791,594	221,791	3,013,385
Receivables	38,141	150	38,291
Inventories	1,011,065	265,655	1,276,720
Prepays	628,255	-	628,255
Capital assets:			
Right to use assets, net of amortization	1,046,368	-	1,046,368
Land and construction in progress	29,979,203	-	29,979,203
Other capital assets, net of depreciation	<u>248,845,518</u>	<u>721,229</u>	<u>249,566,747</u>
Total capital assets	<u>279,871,089</u>	<u>721,229</u>	<u>280,592,318</u>
 Total assets	 <u>317,212,752</u>	 <u>10,485,257</u>	 <u>327,698,009</u>
 Deferred Outflows of Resources	 <u>179,813,208</u>	 <u>3,023,389</u>	 <u>182,836,597</u>
Liabilities			
Accounts payable and accrued expenses	9,630,113	184,926	9,815,039
Accrued salaries and wages payable	2,226,624	30,412	2,257,036
Unearned revenue	2,737,543	136,089	2,873,632
Long-term liabilities:			
Due within one year	8,549,476	132,617	8,682,093
Due in more than one year	9,888,164	260,499	10,148,663
Net pension liability	193,956,694	3,261,195	197,217,889
Net OPEB liability	<u>265,047,841</u>	<u>4,456,524</u>	<u>269,504,365</u>
 Total liabilities	 <u>492,036,455</u>	 <u>8,462,262</u>	 <u>500,498,717</u>
 Deferred Inflows of Resources	 <u>77,598,061</u>	 <u>1,304,737</u>	 <u>78,902,798</u>
Net position			
Net investment in capital assets	276,391,315	721,229	277,112,544
Restricted for:			
Stabilization by State statute	1,221,633	-	1,221,633
School capital outlay	252,891	-	252,891
Instructional services	1,095,031	-	1,095,031
Individual schools activities	2,320,356	-	2,320,356
Unrestricted (deficit)	<u>(353,889,782)</u>	<u>3,020,418</u>	<u>(350,869,364)</u>
 Total net position (deficit)	 <u>\$ (72,608,556)</u>	 <u>\$ 3,741,647</u>	 <u>\$ (68,866,909)</u>

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

NEW HANOVER COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2024

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Instructional services:							
Regular instructional	\$ 156,392,282	\$ -	\$ 120,801,795	\$ -	\$ (35,590,487)	\$ -	\$ (35,590,487)
Special populations	49,374,216	-	45,172,587	-	(4,201,629)	-	(4,201,629)
Alternative programs	22,659,984	-	16,646,566	-	(6,013,418)	-	(6,013,418)
School leadership	19,467,983	-	10,590,431	-	(8,877,552)	-	(8,877,552)
Co-curricular	5,556,528	3,293,119	15,257	-	(2,248,152)	-	(2,248,152)
School-based support	20,758,937	-	13,329,747	-	(7,429,190)	-	(7,429,190)
System-wide support services:							
Support and development	3,651,142	-	746,484	-	(2,904,658)	-	(2,904,658)
Special population support and development	519,091	-	250,652	-	(268,439)	-	(268,439)
Alternative programs and services support and development							
support and development	2,243,977	-	558,023	-	(1,685,954)	-	(1,685,954)
Technology support	14,732,130	-	9,043,815	-	(5,688,315)	-	(5,688,315)
Operational support	40,238,254	3,434	16,728,835	535,478	(22,970,507)	-	(22,970,507)
Financial and human resource services	9,746,597	438,970	1,335,424	-	(7,972,203)	-	(7,972,203)
Accountability	632,038	-	251,970	-	(380,068)	-	(380,068)
System-wide pupil support	751,883	-	137,017	-	(614,866)	-	(614,866)
Policy, leadership and public relations	3,896,683	-	1,540,598	-	(2,356,085)	-	(2,356,085)
Ancillary services	439,023	-	124,046	-	(314,977)	-	(314,977)
Payments to other governments	7,195,897	-	5,317,151	-	(1,878,746)	-	(1,878,746)
Interest on long-term debt	63,013	-	-	-	(63,013)	-	(63,013)
Unallocated depreciation expense**	585,915	-	-	-	(585,915)	-	(585,915)
Total governmental activities	358,905,573	3,735,523	242,590,398	535,478	(112,044,174)	-	(112,044,174)
Business-type activities:							
School food service	14,008,872	2,549,179	12,023,312	232,168	-	795,787	795,787
Total primary government	\$ 372,914,445	\$ 6,284,702	\$ 254,613,710	\$ 767,646	(112,044,174)	795,787	(111,248,387)
General revenues:							
Unrestricted county appropriations - operating					96,271,184	-	96,271,184
Unrestricted county appropriations - capital					5,777,156	-	5,777,156
Unrestricted State appropriation - capital					3,839,321	-	3,839,321
Investment earnings, unrestricted					1,280,072	182,623	1,462,695
Miscellaneous, unrestricted					2,729,375	3,765	2,733,140
Transfers					(126,684)	126,684	-
Total general revenues and transfers					109,770,424	313,072	110,083,496
Change in net position					(2,273,750)	1,108,859	(1,164,891)
Net position (deficit) - beginning					(70,334,806)	2,632,788	(67,702,018)
Net position (deficit) - ending					\$ (72,608,556)	\$ 3,741,647	\$ (68,866,909)

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

FUND FINANCIAL STATEMENTS

NEW HANOVER COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

Exhibit 3

	Major Funds					Non-major Fund	Total Governmental Funds
	General	State Public School	Federal Grants	Other Restricted Fund	Capital Outlay	Individual Schools	
Assets							
Cash and cash equivalents	\$ 11,612,022	\$ 1,454,057	\$ 219,883	\$ 15,730,643	\$ 1,535,647	\$ 2,320,356	\$ 32,872,608
Due from other governments	213,680	-	-	969,812	1,608,102	-	2,791,594
Accounts receivable	4,817	-	-	33,324	-	-	38,141
Inventories	1,011,065	-	-	-	-	-	1,011,065
Prepays	628,255	-	-	-	-	-	628,255
Total assets	<u>\$ 13,469,839</u>	<u>\$ 1,454,057</u>	<u>\$ 219,883</u>	<u>\$ 16,733,779</u>	<u>\$ 3,143,749</u>	<u>\$ 2,320,356</u>	<u>\$ 37,341,663</u>
Liabilities and fund balances							
Liabilities:							
Accounts payable and accrued liabilities	\$ 7,320,685	\$ -	\$ -	\$ 463,504	\$ 1,845,924	\$ -	\$ 9,630,113
Accrued salaries and wages payable	2,226,624	-	-	-	-	-	2,226,624
Unearned revenue	-	1,454,057	219,883	18,669	1,044,934	-	2,737,543
Total liabilities	<u>9,547,309</u>	<u>1,454,057</u>	<u>219,883</u>	<u>482,173</u>	<u>2,890,858</u>	<u>-</u>	<u>14,594,280</u>
Fund balances:							
Nonspendable:							
Inventories	1,011,065	-	-	-	-	-	1,011,065
Prepays	628,255	-	-	-	-	-	628,255
Restricted:							
Stabilization by State statute	218,497	-	-	1,003,136	-	-	1,221,633
School capital outlay	-	-	-	-	252,891	-	252,891
Instructional services	-	-	-	1,095,031	-	-	1,095,031
Individual schools	-	-	-	-	-	2,320,356	2,320,356
Committed:							
Disaster recovery	500,000	-	-	-	-	-	500,000
Assigned:							
Subsequent year's expenditures	275,750	-	-	-	-	-	275,750
Special revenues	-	-	-	14,153,439	-	-	14,153,439
Unassigned:	1,288,963	-	-	-	-	-	1,288,963
Total fund balances	<u>3,922,530</u>	<u>-</u>	<u>-</u>	<u>16,251,606</u>	<u>252,891</u>	<u>2,320,356</u>	<u>22,747,383</u>
Total liabilities and fund balances	<u>\$ 13,469,839</u>	<u>\$ 1,454,057</u>	<u>\$ 219,883</u>	<u>\$ 16,733,779</u>	<u>\$ 3,143,749</u>	<u>\$ 2,320,356</u>	<u>\$ 37,341,663</u>

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

NEW HANOVER COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2024

Exhibit 3 (continued)

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

Total fund balance (All Governmental Funds)	22,747,383
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	278,824,721
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,046,368
Deferred outflows of resources related to pensions	113,629,786
Deferred outflows of resources related to OPEB plans	66,183,422
Some liabilities, including those for compensated absences and installment purchases, are not due and payable in the current period and therefore are not reported in the funds.	(18,437,640)
Net pension liability	(193,956,694)
Net OPEB liability	(265,047,841)
Deferred inflows of resources related to pensions	(1,553,939)
Deferred inflows of resources related to OPEB plans	<u>(76,044,122)</u>
Net position (deficit) of governmental activities	<u>\$ (72,608,556)</u>

**NEW HANOVER COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2024**

Exhibit 4

	Major Funds					Non-major Fund	Total Governmental Funds
	General	State Public School	Federal Grants	Other Restricted Fund	Capital Outlay	Individual Schools	
Revenues:							
State of North Carolina	\$ -	\$ 185,165,382	\$ -	\$ 3,931,067	\$ 4,374,799	\$ -	\$ 193,471,248
New Hanover County							
Local current expense	94,027,460	-	-	1,953,107	-	-	95,980,567
Other	-	-	-	-	5,777,156	-	5,777,156
U.S. Government	-	-	47,192,174	2,963,056	-	-	50,155,230
Other	2,404,432	-	-	10,632,957	360,949	3,293,119	16,691,457
Total revenues	<u>96,431,892</u>	<u>185,165,382</u>	<u>47,192,174</u>	<u>19,480,187</u>	<u>10,512,904</u>	<u>3,293,119</u>	<u>362,075,658</u>
Expenditures:							
Current:							
Instructional services:							
Regular instructional	27,685,639	107,419,639	8,046,939	2,311,972	159,169	-	145,623,358
Special populations	5,237,156	33,019,373	9,962,746	1,143,587	-	-	49,362,862
Alternative programs	1,049,338	5,812,553	8,249,734	7,541,004	-	-	22,652,629
School leadership	8,804,575	10,513,648	76,783	68,824	-	-	19,463,830
Co-curricular	2,318,150	15,257	-	50,698	-	3,170,334	5,554,439
School-based support	6,624,575	10,291,305	2,963,442	874,077	-	-	20,753,399
System-wide support services:							
Support and development	2,867,381	309,271	437,213	24,340	12,133	-	3,650,338
Special population support and development	266,134	175,638	75,014	2,200	-	-	518,986
Alternative programs and services							
support and development	1,128,248	351,134	206,889	557,212	-	-	2,243,483
Technology support	4,633,580	953,416	8,090,399	240,740	483,720	-	14,401,855
Operational support	25,363,202	13,390,275	3,211,876	546,093	61,487	-	42,572,933
Financial and human resource services	7,958,247	1,054,197	281,227	288,124	-	-	9,581,795
Accountability	379,872	53,258	198,712	-	-	-	631,842
System-wide pupil support	611,838	137,017	-	2,844	-	-	751,699
Policy, leadership and public relations	2,352,098	1,540,598	-	2,968	-	-	3,895,664
Ancillary services	175,643	2,119	74,049	187,212	-	-	439,023
Non-programmed charges	7,195,897	-	5,317,151	-	-	-	12,513,048
Debt service:							
Principal retirement	342,929	-	-	-	535,478	-	878,407
Interest and fees	63,013	-	-	-	-	-	63,013
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,919,662</u>	<u>-</u>	<u>9,919,662</u>
Total expenditures	<u>105,057,515</u>	<u>185,038,698</u>	<u>47,192,174</u>	<u>13,841,895</u>	<u>11,171,649</u>	<u>3,170,334</u>	<u>365,472,265</u>
Revenues over (under) expenditures	(8,625,623)	126,684	-	5,638,292	(658,745)	122,785	(3,396,607)
Other financing sources (uses):							
Transfers to other funds	-	(126,684)	-	-	-	-	(126,684)
Installment purchase obligations issued	-	-	-	-	911,636	-	911,636
Total other financing sources (uses)	<u>-</u>	<u>(126,684)</u>	<u>-</u>	<u>-</u>	<u>911,636</u>	<u>-</u>	<u>784,952</u>
Net change in fund balance	(8,625,623)	-	-	5,638,292	252,891	122,785	(2,611,655)
Fund balances:							
Beginning of year	12,554,353	-	-	10,613,314	-	2,197,571	25,365,238
Change in reserve for inventories	(6,200)	-	-	-	-	-	(6,200)
End of year	<u>\$ 3,922,530</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,251,606</u>	<u>\$ 252,891</u>	<u>\$ 2,320,356</u>	<u>\$ 22,747,383</u>

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

NEW HANOVER COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2024

Exhibit 5

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

Net changes in fund balances - total governmental funds	\$ (2,611,655)
Change in fund balance due to change in reserve for inventory	(6,200)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	946,416
Governmental funds report right to use leased assets as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the life of the lease and reported as amortization expense. This is the amount by which amortization exceeded capitalized right to use leased asset expenditures in the current period.	(360,882)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	33,447,027
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	13,754,450
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	347,837
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(33,229)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Pension (expense) benefit	(50,837,083)
Net OPEB (expense) benefit	3,352,310
Compensated absences	(154,595)
Loss on disposal of capital assets	<u>(118,146)</u>
Total change in net position of governmental activities	<u>\$ (2,273,750)</u>

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

NEW HANOVER COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2024

Exhibit 6

	General Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
New Hanover County	94,027,460	94,027,460	94,027,460	-
U.S. Government	-	-	-	-
Other	2,110,736	1,957,111	2,404,432	447,321
Total revenues	96,138,196	95,984,571	96,431,892	447,321
Expenditures:				
Current:				
Instructional services:				
Regular instructional	20,225,785	27,686,012	27,685,639	373
Special populations	5,054,048	5,247,826	5,237,156	10,670
Alternative programs	857,956	1,069,718	1,049,338	20,380
School leadership	8,783,619	8,804,585	8,804,575	10
Co-curricular	2,255,970	2,397,757	2,318,150	79,607
School-based support	8,532,140	6,641,959	6,624,575	17,384
Total instructional services	45,709,518	51,847,857	51,719,433	128,424
System-wide support services:				
Support and development	3,169,022	2,879,368	2,867,381	11,987
Special population support and development	173,719	266,137	266,134	3
Alternative programs and services support and development	963,963	1,128,290	1,128,248	42
Technology support	5,383,052	4,653,861	4,633,580	20,281
Operational support	25,877,674	25,415,532	25,363,202	52,330
Financial and human resource services	8,255,485	7,958,258	7,958,247	11
Accountability	436,792	382,796	379,872	2,924
System-wide pupil support services	546,970	625,414	611,838	13,576
Policy, leadership and public relations	2,533,215	2,363,351	2,352,098	11,253
Total system-wide support services	47,339,892	45,673,007	45,560,600	112,407
Ancillary services:				
Community	140,000	140,000	87,500	52,500
Nutrition	-	88,211	88,143	68
Total ancillary services	140,000	228,211	175,643	52,568
Nonprogrammed charges	7,074,058	7,195,897	7,195,897	-
Debt service:				
Principal retirement	-	342,929	342,929	-
Interest and fees	-	63,013	63,013	-
Total debt service	-	405,942	405,942	-
Total expenditures	100,263,468	105,350,914	105,057,515	293,399
Revenues over (under) expenditures	(4,125,272)	(9,366,343)	(8,625,623)	740,720
Other financing sources (uses):				
Lease obligations issued	-	-	-	-
IT subscription agreement	-	-	-	-
Fund balance appropriated	4,125,272	9,366,343	-	(9,366,343)
Total other financing sources (uses)	4,125,272	9,366,343	-	(9,366,343)
Net change in fund balance	\$ -	\$ -	(8,625,623)	\$ (8,625,623)
Fund balances:				
Beginning of year			12,554,353	
Change in reserve for inventories			(6,200)	
End of year			\$ 3,922,530	

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

NEW HANOVER COUNTY BOARD OF EDUCATION

Exhibit 6 (continued)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -

BUDGET AND ACTUAL

GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 2024

	State Public School Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ 196,787,000	\$ 191,081,828	\$ 185,165,382	\$ (5,916,446)
New Hanover County	-	-	-	-
U.S. Government	-	-	-	-
Other	-	-	-	-
Total revenues	<u>196,787,000</u>	<u>191,081,828</u>	<u>185,165,382</u>	<u>(5,916,446)</u>
Expenditures:				
Current:				
Instructional services:				
Regular instructional	124,259,848	109,986,986	107,419,639	2,567,347
Special populations	31,530,846	33,019,373	33,019,373	-
Alternative programs	5,379,439	5,816,543	5,812,553	3,990
School leadership	9,648,240	10,533,420	10,513,648	19,772
Co-curricular	-	15,257	15,257	-
School-based support	9,012,514	13,563,404	10,291,305	3,272,099
Total instructional services	<u>179,830,887</u>	<u>172,934,983</u>	<u>167,071,775</u>	<u>5,863,208</u>
System-wide support services:				
Support and development	261,175	309,271	309,271	-
Special population support and development	222,338	175,638	175,638	-
Alternative programs and services support and development	259,165	351,134	351,134	-
Technology support	97,888	966,379	953,416	12,963
Operational support	13,611,581	13,430,549	13,390,275	40,274
Financial and human resource services	885,660	1,054,197	1,054,197	-
Accountability	-	53,258	53,258	-
System-wide pupil support services	173,709	137,018	137,017	1
Policy, leadership and public relations	1,369,698	1,540,598	1,540,598	-
Total system-wide support services	<u>16,881,214</u>	<u>18,018,042</u>	<u>17,964,804</u>	<u>53,238</u>
Ancillary services:				
Community	-	-	-	-
Nutrition	-	2,119	2,119	-
Total ancillary services	<u>-</u>	<u>2,119</u>	<u>2,119</u>	<u>-</u>
Nonprogrammed charges	-	-	-	-
Total expenditures	<u>196,712,101</u>	<u>190,955,144</u>	<u>185,038,698</u>	<u>5,916,446</u>
Revenues over (under) expenditures	<u>74,899</u>	<u>126,684</u>	<u>126,684</u>	<u>-</u>
Other financing sources (uses):				
Transfers to other funds	(74,899)	(126,684)	(126,684)	-
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	<u>(74,899)</u>	<u>(126,684)</u>	<u>(126,684)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances:				
Beginning of year			-	
End of year			<u>\$ -</u>	

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

NEW HANOVER COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2024

Exhibit 6 (continued)

	Federal Grants Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
New Hanover County	-	-	-	-
U.S. Government	18,157,428	52,578,619	47,192,174	(5,386,445)
Other	-	-	-	-
Total revenues	<u>18,157,428</u>	<u>52,578,619</u>	<u>47,192,174</u>	<u>(5,386,445)</u>
Expenditures:				
Current:				
Instructional services:				
Regular instructional	1,667,740	8,520,946	8,046,939	474,007
Special populations	4,701,522	10,863,528	9,962,746	900,782
Alternative programs	9,633,577	10,180,124	8,249,734	1,930,390
School leadership	29,344	102,168	76,783	25,385
Co-curricular	-	-	-	-
School-based support	413,759	3,637,543	2,963,442	674,101
Total instructional services	<u>16,445,942</u>	<u>33,304,309</u>	<u>29,299,644</u>	<u>4,004,665</u>
System-wide support services:				
Support and development	150,477	457,149	437,213	19,936
Special population support and development	74,947	76,225	75,014	1,211
Alternative programs and services support and development	236,627	218,164	206,889	11,275
Technology support	-	8,252,439	8,090,399	162,040
Operational support	288,060	4,262,584	3,211,876	1,050,708
Financial and human resource services	225,794	350,336	281,227	69,109
Accountability	-	198,712	198,712	-
System-wide pupil support services	-	-	-	-
Policy, leadership and public relations	-	-	-	-
Total system-wide support services	<u>975,905</u>	<u>13,815,609</u>	<u>12,501,330</u>	<u>1,314,279</u>
Ancillary services:				
Community	-	-	-	-
Nutrition	60,000	74,049	74,049	-
Total ancillary services	<u>60,000</u>	<u>74,049</u>	<u>74,049</u>	<u>-</u>
Nonprogrammed charges	<u>675,581</u>	<u>5,384,652</u>	<u>5,317,151</u>	<u>67,501</u>
Total expenditures	<u>18,157,428</u>	<u>52,578,619</u>	<u>47,192,174</u>	<u>5,386,445</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances:				
Beginning of year			-	
End of year			<u>\$ -</u>	

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

NEW HANOVER COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2024

Exhibit 6 (continued)

	Other Restricted Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ -	\$ 3,931,169	\$ 3,931,067	\$ (102)
New Hanover County	-	1,953,107	1,953,107	-
U.S. Government	6,043,346	2,881,437	2,963,056	81,619
Other	1,949,844	5,616,694	10,632,957	5,016,263
Total revenues	<u>7,993,190</u>	<u>14,382,407</u>	<u>19,480,187</u>	<u>5,097,780</u>
Expenditures:				
Current:				
Instructional services:				
Regular instructional	78,200	4,126,774	2,311,972	1,814,802
Special populations	-	2,280,260	1,143,587	1,136,673
Alternative programs	7,265,269	7,938,326	7,541,004	397,322
School leadership	-	128,671	68,824	59,847
Co-curricular	-	215,065	50,698	164,367
School-based support	350,936	1,054,468	874,077	180,391
Total instructional services	<u>7,694,405</u>	<u>15,743,564</u>	<u>11,990,162</u>	<u>3,753,402</u>
System-wide support services:				
Support and development	-	149,231	24,340	124,891
Special population support and development	-	40,765	2,200	38,565
Alternative programs and services support and development	277,229	872,435	557,212	315,223
Technology support	-	249,364	240,740	8,624
Operational support	11,400	1,711,265	546,093	1,165,172
Financial and human resource services	-	657,932	288,124	369,808
Accountability	-	-	-	-
System-wide pupil support services	-	25,128	2,844	22,284
Policy, leadership and public relations	-	77,282	2,968	74,314
Total system-wide support services	<u>288,629</u>	<u>3,783,402</u>	<u>1,664,521</u>	<u>2,118,881</u>
Ancillary services:				
Community	-	334,784	115,314	219,470
Nutrition	10,156	154,455	71,898	82,557
Total ancillary services	<u>10,156</u>	<u>489,239</u>	<u>187,212</u>	<u>302,027</u>
Nonprogrammed charges	-	251,748	-	251,748
Total expenditures	<u>7,993,190</u>	<u>20,267,953</u>	<u>13,841,895</u>	<u>6,426,058</u>
Revenues over (under) expenditures	-	(5,885,546)	5,638,292	11,523,838
Other financing sources (uses):				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	5,885,546	-	(5,885,546)
Total other financing sources (uses)	-	<u>5,885,546</u>	-	<u>(5,885,546)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	5,638,292	<u>\$ 5,638,292</u>
Fund balances:				
Beginning of year			10,613,314	
End of year			<u>\$ 16,251,606</u>	

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

NEW HANOVER COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE
June 30, 2024

Exhibit 7

	Enterprise
	<u>Major Fund</u>
	<u>School Food</u>
	<u>Service</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 9,276,432
Due from other governments	221,791
Receivables	150
Inventories	265,655
Total current assets	<u>9,764,028</u>
Noncurrent assets:	
Capital assets:	
Furniture, equipment and vehicles, net	<u>721,229</u>
Total assets	<u>10,485,257</u>
Deferred Outflows of Resources	<u>3,023,389</u>
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	184,926
Accrued salaries and wages payable	30,412
Compensated absences	132,617
Unearned revenue	136,089
Total current liabilities	<u>484,044</u>
Noncurrent liabilities:	
Net pension liability	3,261,195
Net OPEB liability	4,456,524
Compensated absences	260,499
Total noncurrent liabilities	<u>7,978,218</u>
Total liabilities	<u>8,462,262</u>
Deferred Inflows of Resources	<u>1,304,737</u>
Net position	
Investment in capital assets	721,229
Unrestricted net position	<u>3,020,418</u>
Total net position	<u>\$ 3,741,647</u>

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

NEW HANOVER COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPE
For the Fiscal Year Ended June 30, 2024

Exhibit 8

	Enterprise Major Fund School Food Service
Operating revenues:	
Food sales	\$ 2,549,179
Operating expenses:	
Food cost:	
Purchase of food	6,171,796
Donated commodities	869,410
Salaries and benefits	6,202,586
Materials and supplies	118,983
Depreciation	40,405
Non-capitalized equipment	134,975
Contracted services	419,887
Other	50,830
Total operating expenses	<u>14,008,872</u>
Operating loss	<u>(11,459,693)</u>
Nonoperating revenues:	
Federal reimbursements and grants	11,143,028
Federal commodities	869,410
State reimbursements	10,874
Gain on disposal of capital assets	3,765
Interest earned	182,623
Total nonoperating revenues	<u>12,209,700</u>
Income before transfers and contributions	750,007
Transfers from other funds	126,684
Capital contributions	<u>232,168</u>
Change in net position	1,108,859
Net position, beginning of year	<u>2,632,788</u>
Net position, end of year	<u>\$ 3,741,647</u>

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

NEW HANOVER COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2024

Exhibit 9

	Enterprise
	<u>Major Fund</u>
	<u>School Food</u>
	<u>Service</u>
Cash flows from operating activities:	
Cash received from customers	\$ 2,524,851
Cash paid for goods and services	(6,928,368)
Cash paid to employees for services	<u>(6,343,808)</u>
Net cash used by operating activities	<u>(10,747,325)</u>
Cash flows from noncapital financing activities:	
Federal and State reimbursements and grants	<u>11,453,623</u>
Cash flows from capital and related financing activities:	
Proceeds from disposal of capital assets	9,407
Purchase of capital assets	<u>(27,767)</u>
Net cash used by capital and related financing activities	<u>(18,360)</u>
Cash flows from investing activities:	
Interest earned on investments	<u>182,623</u>
Net increase in cash and cash equivalents	870,561
Cash and cash equivalents, beginning of year	<u>8,405,871</u>
Cash and cash equivalents, end of year	<u>\$ 9,276,432</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	<u>\$ (11,459,693)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	40,405
Donated commodities	869,410
Salaries paid by special revenue fund	126,684
Changes in assets and liabilities:	
Increase in accounts receivable	(110)
Decrease in inventories	4,870
Decrease in accounts payable and accrued liabilities	(36,767)
Decrease in accrued salaries and wages payable	(1,523)
Decrease in unearned revenue	(24,218)

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

NEW HANOVER COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2024

Exhibit 9 (continued)

	Enterprise
	<u>Major Fund</u>
	<u>School Food</u>
	<u>Service</u>
Reconciliation of operating loss to net cash used by operating activities (continued):	
Increase in pension liability	400,326
Increase in OPEB liability	582,051
Increase in deferred outflow	(608,152)
Decrease in deferred inflow	(673,307)
Increase in compensated absences payable	32,699
Total adjustments	<u>712,368</u>
Net cash used by operating activities	<u>\$ (10,747,325)</u>

NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:

The School Food Service Fund received donated commodities with a value of \$869,410 during the fiscal year. The receipt of these commodities is reflected as a nonoperating revenue on Exhibit 8. The consumption of these commodities is recorded as an operating expense.

The State Public School Fund paid salaries and benefits of \$126,684 to personnel of the School Food Service Fund during the fiscal year. The payment is reflected as a transfer in and an operating expense on Exhibit 8.

School Food Service capital assets with a value of \$232,168 were purchased by the Federal Grantsy Fund during the year. The value of these assets is reflected as a capital contribution on Exhibit 8.

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

**NEW HANOVER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of New Hanover 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 New Hanover County Board of Education (Board) is a Local Education Agency empowered by State law [Chapter 115C of the North Carolina General Statutes] with the responsibility to oversee and control all activities related to public school education in New Hanover County, North Carolina. The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity. The Board has no component units.

B. Basis of Presentation

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

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

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

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

The Board reports the following major governmental funds:

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

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

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

**NEW HANOVER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

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

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

The Board reports the following nonmajor governmental funds:

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

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. Issuance of general long-term debt and acquisitions under leases qualifying as other than short term and IT subscriptions are reported as other financing sources.

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

D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the Individual Schools' Funds, as required by the North Carolina General Statutes. Per State law no budget is required for individual school funds. All appropriations lapse

NEW HANOVER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

at fiscal year-end. Year-end capital outlay project appropriations are re-appropriated in the new fiscal year and related encumbrances are carried forward to the new fiscal year. All budgets, except for the Child Nutrition Proprietary Fund, are prepared using the modified accrual basis of accounting, which is consistent with the accounting system used to record transactions. The child nutrition proprietary fund budget has been prepared under the accrual basis of accounting. A budget comparison statement is presented for the Child Nutrition Proprietary Fund.

Budgetary control is exercised in all funds except individual school funds. Expenditures may not legally exceed appropriations at the purpose/function total level (the legal level of control) for all annually budgeted funds. A budget comparison statement is presented for the General Fund, State Public School Fund, Federal Grants Fund and Other Restricted Revenue Fund, which includes a comparison of original budget, final budget, actual data and the variance between final budget and actual. Separately, schedules are presented Capital Outlay Fund and Enterprise Fund which include comparisons of final budget and actual data.

As specified in State law [G.S. 115C-433], the Board of Education retains the authority to approve all amendments which would increase the total of any fund. The Chief Financial Officer is authorized to approve transfers within the same function or project, and transfers between functions or projects up to \$50,000 within the same fund. Transfers which change the function in excess of \$50,000 in the aggregate must be reported to the Board at its next regular meeting. Budget amendments, transfers other than the aforementioned types or transfers between funds require prior governing board approval. Amendments which alter County appropriation of transfer monies to or from the capital project fund also require the approval of the New Hanover County Board of Commissioners. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

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

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

**NEW HANOVER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

2. Cash and Cash Equivalents

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

3. Inventories

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

4. Capital Assets

Donated assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 1, 1995 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 assets costing more than \$5,000 with an estimated useful life of two or more years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

New Hanover 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.

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 an 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, less any incentives received from the IT subscription vendor 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 if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, 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.

**NEW HANOVER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

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

Item	Capitalization Level	Years
Land improvements	10,000	20
Buildings	20,000	50
Building improvements	20,000	20
Mobile classrooms	20,000	20
Furnishings and fixtures	5,000	10
Vehicles	All	6
Buses	All	10
Equipment (non-computer)	5,000	5
Cafeteria equipment	1,000	12
Computer equipment and Software	5,000	3

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

5. Deferred outflows and inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The Board has one item that meets this criterion - contributions made to the pension plan in the current fiscal year. 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 assets that applies to a future period and so will not be recognized as revenue until then. The Board has several items that meet this criterion – pension related deferrals, grants not yet earned in the Other Restricted Fund and sales tax refunds receivable in the State Public School Fund, Capital Outlay Fund, Federal Grants Fund, Other Restricted Fund, School Food Service Fund and Child Care Fund.

6. Long-term Obligations

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

7. Compensated Absences

The Board follows the State’s policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board’s liability for accumulated earned vacation and the salary-related payments as of June 30, 2024 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years’ records of the current portion of compensated absences.

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

**NEW HANOVER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

8. Net Position/Fund Balances

Net Position

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

Fund Balances

In the governmental fund financial statements, fund balance is composed of four 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.

Prepaid expenditures - portion of fund balance that is not an available resource because it represents the year-end balance of prepaid expenses, which are not spendable resources.

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

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

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

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

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.

Disaster recovery – portion of fund balance that is for hurricane or other disaster recovery expenditures.

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

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

**NEW HANOVER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

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

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

The Board of Education has a management policy for revenue spending that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-board of education funds, 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.

NEW HANOVER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

9. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. The net adjustment of \$(95,355,939) 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 at historical cost on government-wide statement in governmental activities column)	\$ 524,119,844
Less accumulated depreciation and amortization	<u>(245,295,123)</u>
Net capital assets	<u>278,824,721</u>
Right to use leased assets used in governmental activities are not financial resources and are therefore not reported in the funds (total right to use leased assets at historical cost on government-wide statement in governmental activities column)	1,768,132
Less accumulated amortization	<u>(721,764)</u>
Right to use leased assets, net	<u>1,046,368</u>
Pension related deferred outflows of resources	113,629,786
OPEB related deferred outflows of resources	66,183,422
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 financing	(535,478)
IT subscription liability	(78,983)
Lease liability	(1,019,389)
Compensated absences	(16,803,790)
Net pension liability	(193,956,694)
Net OPEB liability	(265,047,841)
Deferred inflows of resources related to pensions	(1,553,939)
Deferred inflows of resources related to OPEB	<u>(76,044,122)</u>
Total adjustment	<u>\$ (95,355,939)</u>

NEW HANOVER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$337,905 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 13,000,986
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	(12,054,570)
Loss on disposal of capital assets recorded in the statement of activities but not in the fund statements	(118,146)
Amortization expense for intangible capital assets, the allocation of those assets over their useful lives, that is recorded in the statement of activities but not in the fund statements	(360,882)
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	(911,636)
Principal payments on debt owed are recorded as a use of funds on the fund statements but affect only the statement of net position on the government-wide statements	878,407
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	33,447,027
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	13,754,450
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	
OPEB nonemployer contributions	347,837
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	
Pension (expense) benefit	(50,837,083)
OPEB (expense) benefit	3,352,310
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(154,595)
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	<u>(6,200)</u>
Total adjustment	<u>\$ 337,905</u>

NEW HANOVER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

10. Defined Benefit Pension Plan and OPEB Plans

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

NOTE 2 - DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

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

At June 30, 2024, the Board had deposits with banks and savings and loans with a carrying amount of \$17,292,340 and with the State Treasurer of \$1,673,940. The bank balances with the financial institutions and the State Treasurer were \$18,927,260 and \$1,000,000, respectively. Of these balances, \$1,791,960 was covered by federal depository insurance and \$18,135,300 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2024, the Board had \$3,070,854 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2024. The Board had \$20,111,906 invested in the NCCMT as of June 30, 2024. The Board has no policy for managing interest rate risk or credit risk. All investments are measured using the market approach. The STIF is classified in Level 2 of the fair value hierarchy and valued using prices that are either directly or indirectly observable for an asset or liability.

**NEW HANOVER COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2024**

3. Accounts Receivable

Receivables at the government-wide level at June 30, 2024 are as follows:

	Due from other governments	Other	Total
Governmental activities:			
General Fund	\$ 213,680	\$ 4,817	\$ 218,497
Other governmental activities	<u>2,577,914</u>	<u>33,324</u>	<u>2,611,238</u>
Total governmental activities	<u>\$ 2,791,594</u>	<u>\$ 38,141</u>	<u>\$ 2,829,735</u>
Business-type activities:			
School Food Service Fund	<u>\$ 221,791</u>	<u>\$ 150</u>	<u>\$ 221,941</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 213,680	Amounts due from the City & County
Other Restricted Fund	969,812	Program funds
Capital Outlay Fund	<u>1,608,102</u>	Amounts due from County
Total	<u>\$ 2,791,594</u>	
Business-type activities:		
School Food Service Fund	<u>\$ 221,791</u>	Federal funds

NEW HANOVER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. Capital Assets

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	12,173,407	-	-	12,173,407
Non-exhaustible land improvements	11,867,642	-	-	11,867,642
Construction in progress	24,347,942	11,657,957	30,067,745	5,938,154
Total capital assets not being depreciated	<u>48,388,991</u>	<u>11,657,957</u>	<u>30,067,745</u>	<u>29,979,203</u>
Capital assets being depreciated:				
Land improvements	14,481,653	1,904,918	-	16,386,571
Buildings and improvements	418,514,120	26,969,086	-	445,483,206
Equipment and furniture	14,898,252	1,093,007	1,735,206	14,256,053
Vehicles	17,465,470	1,443,763	894,422	18,014,811
Total capital assets being depreciated	<u>465,359,495</u>	<u>31,410,774</u>	<u>2,629,628</u>	<u>494,140,641</u>
Less accumulated depreciation for:				
Land improvements	11,301,477	445,437	-	11,746,914
Buildings and improvements	196,482,856	10,289,762	-	206,772,618
Equipment and furniture	13,283,099	585,916	1,697,041	12,171,974
Vehicles	14,684,603	733,456	814,442	14,603,617
Total accumulated depreciation	<u>235,752,035</u>	<u>12,054,571</u>	<u>2,511,483</u>	<u>245,295,123</u>
Total capital assets being depreciated, net	<u>229,607,460</u>			<u>248,845,518</u>
Capital assets being amortized:				
Right to use assets:				
Leased equipment	1,623,030	-	-	1,623,030
IT subscriptions	145,102	-	-	145,102
Total right to use assets:	<u>1,768,132</u>	<u>-</u>	<u>-</u>	<u>1,768,132</u>
Less accumulated amortization for:				
Leased equipment	324,606	324,606	-	649,212
IT subscriptions	36,276	36,276	-	72,552
Total accumulated amortization for:	<u>360,882</u>	<u>360,882</u>	<u>-</u>	<u>721,764</u>
Right to use assets, net	<u>\$ 1,407,250</u>			<u>\$ 1,046,368</u>
Governmental activity capital assets, net	<u>\$ 279,403,701</u>			<u>\$ 279,871,089</u>

**NEW HANOVER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment and furniture	\$ 5,242,784	\$ 259,935	\$ 198,775	\$ 5,303,944
Less accumulated depreciation for:				
Equipment and furniture	<u>4,735,443</u>	<u>40,405</u>	<u>193,133</u>	<u>4,582,715</u>
Business-type activities capital assets, net	<u>\$ 507,341</u>			<u>\$ 721,229</u>

Depreciation was charged to governmental functions as follows:

Instructional services	\$ 10,735,199
System-wide support services	733,456
Unallocated depreciation	<u>585,916</u>
Total	<u>\$ 12,054,571</u>

Construction Commitments

The Board has several active construction projects as of June 30, 2024, including middle school renovations, a gym floor and security upgrades. At year-end, the Board's commitments with contractors for school construction are as follows:

<u>Projects</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Various construction projects	<u>\$ 5,938,154</u>	<u>\$ 8,700,000</u>

B. Liabilities

1. Pension Plan and Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

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

**NEW HANOVER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

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

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

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2024, was 17.63% 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 \$34,009,407 for the year ended June 30, 2024.

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

At June 30, 2024, the Board reported a liability of \$197,217,889 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 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, 2023 and at June 30, 2022, the Board's proportion was 1.18293 % and 1.11141%, respectively.

For the year ended June 30, 2024, the Board recognized pension expense of \$51,638,005. At June 30, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**NEW HANOVER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 16,077,923	\$ 1,455,607
Changes of assumptions	6,926,031	-
Net difference between projected and actual earnings on pension plan investments	54,925,167	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	3,601,835	124,460
Board contributions subsequent to the measurement date	34,009,407	-
Total	<u>\$ 115,540,363</u>	<u>\$ 1,580,067</u>

\$34,009,407 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, 2025. Other amounts reported as deferred outflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2025	\$ 26,187,497
2026	15,096,633
2027	36,320,524
2028	2,346,235
2029	-
Thereafter	<u>-</u>
Total	<u>\$ 79,950,889</u>

Actuarial Assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 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, 2022 valuation were based on the results of an actuarial 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.

NEW HANOVER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	100%	

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

Discount rate. The discount rates used to measure the total pension liability reported at June 30, 2023 and 2022 was 6.50% for both years. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Board's proportionate share of the net pension liability (asset)	\$ 338,576,901	\$ 197,217,889	\$ 80,601,290

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.

**NEW HANOVER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

b. Other Postemployment Benefits

Healthcare Benefits

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

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

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

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

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

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

**NEW HANOVER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

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

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also, by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the year ended June 30, 2024, the Board contributed 7.14% of covered payroll, which amounted to \$13,773,521 for the entire fiscal year. During the current fiscal year, the plan also recognized a one-time transfer of excess funding from the Public Employees Health Benefits Fund totaling \$35.0 million, which was isolated from the OPEB expense and allocated to participating employers as a separate revenue item. The Board's proportionate share of this allocation totaled \$353,686.

At June 30, 2024, Board reported a liability of \$269,229,057 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. The total OPEB liability was then rolled forward to the measurement date of June 30, 2023 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 at June 30, 2022, the Board's proportion was 1.01034% and .93955%, respectively.

\$13,773,521 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2025	\$ (14,048,943)
2026	(15,003,167)
2027	(4,335,611)
2028	8,986,989
2029	-
Thereafter	-
Total	<u>\$ (24,400,732)</u>

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

**NEW HANOVER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

Inflation	2.50%
Salary increases	3.25-8.05%, include 3.25% inflation and productivity factor
Investment rate of return	6.50%

Healthcare cost trend rates:

Medical	5.00-6.50%
Prescription drug	5.00-10.00%
Administrative costs	3.00%
Post-retirement mortality rates	Pub-2010 Healthy Annuitant Mortality Table for males and females, adjusted for classification for some Participants, further adjusted with scaling factors varying by participant group, and projected for mortality improvement using Scale MP-2019

Discount rate. The discount rates used to measure the total OPEB liability for the RHBF at June 30, 2024 and 2023 were 3.65% and 3.54%, respectively. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.65% was used as the discount rate used to measure the total OPEB liability. The 3.65% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2023.

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 (2.65 percent) or 1-percentage point higher (4.65 percent) than the current discount rate:

	<u>1% Decrease (2.65%)</u>	<u>Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
Net OPEB liability	\$ 317,607,550	\$ 269,229,057	\$ 229,828,977

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 that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Healthcare Trend Rates		
	<u>1% Decrease (Medical- 4.00-5.50%, Pharmacy- 4.00-9.00%, Medicare Advantage - 4.00%, Administrative - 2.00%)</u>	<u>(Medical - 5.00-6.50%, Pharmacy - 5.00-10.00%, Medicare Advantage - 5.00%, Administrative - 3.00%)</u>	<u>1% Increase (Medical- 6.00-7.50%, Pharmacy- 6.00-11.00%, Medicare Advantage - 6.00%, Administrative - 4.00%)</u>
Net OPEB liability	\$ 222,273,175	\$ 269,229,057	\$ 329,778,936

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.

**NEW HANOVER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

Disability Benefits

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

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

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

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

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2024, employers made a statutory contribution of 0.11% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$212,197 for the year ended June 30, 2024.

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

At June 30, 2024, Board reported an OPEB liability of \$275,308 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. The total OPEB liability was then rolled forward to the measurement date of June 30, 2023 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 at June 30, 2022, the Board's proportion was 1.03515% and .97499%, respectively.

NEW HANOVER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

\$212,197 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2025	\$	119,303
2026		71,248
2027		123,029
2028		42,845
2029		19,754
Thereafter		<u>12,338</u>
Total	<u>\$</u>	<u>388,517</u>

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

Inflation	2.50%
Salary increases	3.25%-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:

	<u>1% Decrease</u> <u>(2.00%)</u>	<u>Discount Rate</u> <u>(3.00%)</u>	<u>1% Increase</u> <u>(4.00%)</u>
Net OPEB asset	\$ 330,958	\$ 275,308	\$ 218,644

Common actuarial assumptions for both OPEB plans. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2022 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2023. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

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

The actuarial assumptions were based on the results of an actuarial experience review for the period January 1, 2015 through December 31, 2019.

DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2023. The long-term expected rate of return was determined based on the combination of expected future real rates of return and expected inflation. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2023 is 1.3%.

NEW HANOVER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

Following is information related to OPEB expense, proportionate share, assets, liabilities, deferred outflows of resources and deferred inflows of resources reported by the Board as of and for the year ended June 30, 2024:

	RHBFB	DIPNC	Total
OPEB Expense (Benefit)	\$ (4,022,210)	\$ 369,393	\$ (3,652,817)
OPEB Liability (Asset)	269,229,057	275,308	269,504,365
Proportionate share of the net OPEB liability (asset)	1.01034%	1.03515%	
Deferred Outflows of Resources			
Differences between expected and actual experience	2,964,739	241,273	3,206,012
Changes of assumptions	29,165,703	20,061	29,185,764
Net difference between projected and actual earnings on plan investments	2,150,740	359,590	2,510,330
Changes in proportion and differences between Board contributions and proportionate share of contributions	18,397,654	10,756	18,408,410
Board contributions subsequent to the measurement date	13,773,521	212,197	13,985,718
Total Deferred Outflows of Resources	66,452,357	843,877	67,296,234
Deferred Inflows of Resources			
Differences between Expected and actual experience	263,790	152,488	416,278
Changes of assumptions	71,828,140	46,996	71,875,136
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	4,987,638	43,679	5,031,317
Total Deferred Inflows of Resources	77,079,568	243,163	77,322,731

2. Accounts Payable

Accounts payable as of June 30, 2024 are as follows:

	Vendors	Salaries and Benefits	Total
Governmental activities:			
General Fund	\$ 7,320,685	\$ 2,226,624	\$ 9,547,309
Other governmental activities	2,309,428	-	2,309,428
Total governmental activities	\$ 9,630,113	\$ 2,226,624	\$ 11,856,737
Business-type activities:			
School Food Service Fund	\$ 184,926	\$ 30,412	\$ 215,338

**NEW HANOVER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

3. Unearned Revenues

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

Governmental activities:	
Grants not yet earned	<u>\$ 2,737,543</u>
Business-type activities:	
Prepayments of meals (School Food Service Fund)	<u>\$ 136,089</u>

4. Deferred Outflows and Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Board contributions subsequent to the measurement date		
Differences between expected and actual experience	\$ 19,283,935	\$ 1,871,885
Changes of assumptions	36,111,795	71,875,136
Net difference between projected and actual earnings on pension plan investments	57,435,497	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	22,010,245	5,155,777
Board contributions subsequent to the measurement date	<u>47,995,125</u>	<u>-</u>
	<u>182,836,597</u>	<u>78,902,798</u>

5. Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2020-21 the Board purchased insurance through private insurers. The Board maintained Commercial General Liability coverage and Errors and Omissions coverage with a limit of \$1 million per occurrence. This policy had an annual aggregate limit for both General Liability and Errors and Omissions of \$3 million. This policy includes coverage for theft, disappearance, and destruction, as well as computer fraud coverage, forgery and alterations coverage, deception fraud coverage, funds transfer coverage, and public employee dishonesty coverage. Each of these theft and fraud related coverages have a per occurrence limit of \$250,000.00. The Board also maintains Commercial Auto coverage through a private insurer, with a \$3 million liability limit, as well as Uninsured Motorist Coverage, comprehensive and collision coverage. In addition, the Board maintains a Commercial Umbrella Liability policy with a coverage limit of \$1 million. The Board also maintained a Specialty Risk Protector policy which has Security and Privacy Liability Insurance with a coverage limit of \$1 million, Event Management insurance with a limit of \$1 million, and Cyber extortion insurance with a coverage limit of \$1 million. Statutory workers' compensation coverage is purchased through private insurers. Coverage is provided to the extent employees are paid from federal or local funds. Workers' Compensation coverage is also provided by the State of North Carolina through a self-insured fund, to the extent employees are paid from State funds. The Board also participates in the State Education Public School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing fund administered by the North Carolina Department of Insurance. The Fund insures the tangible property assets of the Board. Coverage is provided on an "all risk" perils contract. Buildings and contents are insured on a replacement cost basis. The Fund purchases excess reinsurance to protect the assets of the Fund in the event of a catastrophic event. The Fund maintains a self-insured retention of

**NEW HANOVER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

\$10 million. Excess reinsurance is purchased through commercial insurers. A limit of \$5 million per occurrence is provided on Earthquake, Business Interruption and Extra Expense. \$10 million per occurrence is provided on Increased Cost of Construction.

The Board also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan, a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Through the Plan, permanent full-time employees of the Board are eligible to receive health care benefits. The Board pays 96% of the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

In accordance with G.S. 115C-442, the Board provides for a blanket crime policy to cover all treasurers, officers, employees and agents who have custody of public money with a single loss limit of \$250,000. The Chief Financial Officer is bonded for \$250,000.

There have been no significant reductions in insurance coverage in the prior year, and claims have not exceeded coverage in any of the past three fiscal years.

6. Contingent liabilities

At June 30, 2024, the Board was a defendant to various lawsuits and legal claims. 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.

7. Long-Term Obligations

a. Installment Purchases

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot monies for the payments on financing contracts entered into pursuant to G.S. 115C-528. The State has accepted the bid to purchase Thomas Built Buses through special third party financing arrangements. The buses are pledged as collateral for the debt while the debt is outstanding. During the fiscal year ended June 30, 2023 and 2024, the Board entered into direct placement financing contract for the purchase of school buses. The original amount of the Board's school bus direct placement installment purchase contract outstanding at June 30, 2024 totaled \$1,230,280. The contract requires four equal principal-only payments with the first payment due within 10 days of receipt of the buses and the following 3 payments due on the next 3 immediately following November 15th dates.

The future minimum payments of the direct placement installment purchases as of June 30, 2024 are as follows:

Year Ending June 30:	<u>Governmental Activities</u> <u>Principal</u>
2025	\$ 307,569
2026	227,909
2027	<u> -</u>
Total	<u>\$ 535,478</u>

**NEW HANOVER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

b. Leases

The Board has entered into an agreement to lease certain equipment. The lease agreement qualifies as other than short-term leases under GASB 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception.

The agreement was executed effective July 1, 2022, with a term of 60 months, and requires quarterly payments of \$91,648. There are no variable payment components of the lease. The lease liability was measured using a discount rate of 4.75%. As a result of the lease, the Board has recorded right to use assets with a net book value of \$974,000 on June 30, 2024. The right to use assets is discussed in more detail in Note 1.

c. Subscriptions

For the year ended June 30, 2024 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.

During the fiscal year ended June 30, 2023 the Board entered into a new subscription for a web-based recruiting and hiring solutions. The term of the agreement is four years. The Subscription does not have a stated interest rate. Accordingly, the Board estimated the incremental borrowing rate based on the prime rate of 4.75% to discount the subscription payments. The initial liability for the subscription was \$145,102. The liability balance remaining at June 30, 2024 was \$78,983.

The future minimum subscription and lease obligations and the net present value of these minimum payments as of June 30, 2024, were as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2025	\$ 361,449	\$ 46,461	\$ 407,910
2026	380,961	29,015	409,976
2027	355,962	10,630	366,592
2028	-	-	-
	\$ 1,098,372	\$ 86,106	\$ 1,184,478

d. 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, 2024:

**NEW HANOVER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

	July 1, 2023	Increases	Decreases	June 30, 2024	Current Portion
Governmental activities:					
Direct placement					
installment purchases	\$ 159,320	\$ 911,636	\$ 535,478	\$ 535,478	\$ 307,569
Lease liabilities	1,328,334	-	308,945	1,019,389	323,883
IT subscription liabilities	112,967	-	33,984	78,983	37,566
Net pension liability	162,097,248	31,859,446	-	193,956,694	-
Net OPEB liability	219,528,237	45,519,604	-	265,047,841	-
Compensated absences	16,649,195	14,994,518	14,839,923	16,803,790	7,880,458
Total	\$ 399,875,301	\$ 93,285,204	\$ 15,718,330	\$ 477,442,175	\$ 8,549,476
Business-type activities:					
Net pension liability	\$ 2,860,869	\$ 400,326	\$ -	\$ 3,261,195	\$ -
Net OPEB liability	3,874,473	582,051	-	4,456,524	-
Compensated absences	360,417	232,830	200,131	393,116	132,617
Total	\$ 7,095,759	\$ 1,215,207	\$ 200,131	\$ 8,110,835	\$ 132,617

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

C. Interfund Balances and Activity

1. Transfers to/from other Funds

Transfers to/from other funds at June 30, 2024 consist of the following:

From the State Public School Fund to the School Food Service Fund for personnel costs	<u>\$ 126,684</u>
---	-------------------

D. Net Position/Fund Balance

1. Net Investment in Capital Assets – Governmental Activities

Net investment in capital assets presented in Exhibit 1 is calculated as follows:

Total governmental activities capital assets	\$ 279,871,089
Less:	
Lease liabilities	(1,019,389)
IT subscription liabilities	(78,983)
Installment purchase obligations for school buses	(535,478)
Capital Outlay accounts payable	<u>(1,845,924)</u>
Net investment in capital assets, governmental activities	<u>\$ 276,391,315</u>

**NEW HANOVER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

2. Fund Balance

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

Total fund balance - General Fund	\$ 3,922,530
Less:	
Prepays	(628,255)
Inventories	(1,011,065)
Stabilization by State statute	(218,497)
Disaster recovery	(500,000)
Appropriated fund balance in 2024-2025 budget	<u>(275,750)</u>
Remaining fund balance	<u>\$ 1,288,963</u>

NOTE 3 – OTHER RESTRICTED FUND – OTHER REVENUES

Other revenues for the fiscal year ended June 30, 2024 in the Other Restricted Fund consists of the following:

Medicaid reimbursements	\$ 2,190,468
Tuition and fees	102,824
Private grants and programs	1,148,251
Indirect costs allocated	5,317,151
Contributions and donations	30,205
Rental of school property	336,146
Sales tax reimbursement	290,617
Interest earned on investments	1,014,580
Other	<u>202,715</u>
Total other revenues	<u>\$ 10,632,957</u>

NOTE 4 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

Schedule of Board Contributions
Retiree Health Benefit Fund

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

Schedule of Board Contributions
Disability Income Plan of North Carolina

**NEW HANOVER COUNTY SCHOOLS
SCHEDULE 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***

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Board's proportion of the net pension liability (asset)	1.18293%	1.11141%	1.09164%	1.08116%	1.09421%
Board's proportionate share of the net pension liability	\$ 197,217,889	\$ 164,958,117	\$ 51,117,146	\$ 130,625,719	\$ 113,436,280
Board's covered payroll	\$ 192,340,727	\$ 183,941,389	\$ 164,070,908	\$ 161,614,215	\$ 160,370,503
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	102.54%	89.68%	31.16%	80.83%	70.73%
Plan fiduciary net position as a percentage of the total pension liability	82.97%	84.14%	94.86%	85.98%	87.56%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Board's proportion of the net pension liability (asset)	1.10864%	1.09772%	1.07055%	1.04746%	1.02480%
Board's proportionate share of the net pension liability	\$ 110,377,185	\$ 87,097,946	\$ 98,394,604	\$ 38,600,986	\$ 12,015,205
Board's covered payroll	\$ 155,524,703	\$ 150,594,149	\$ 141,295,463	\$ 142,551,650	\$ 134,685,791
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	70.97%	57.84%	69.64%	27.08%	8.92%
Plan fiduciary net position as a percentage of the total pension liability	87.61%	89.51%	87.32%	94.64%	98.24%

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

**NEW HANOVER COUNTY SCHOOLS
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 34,009,407	\$ 33,428,818	\$ 30,129,600	\$ 24,249,680	\$ 20,961,364
Contributions in relation to the contractually required contribution	<u>34,009,407</u>	<u>33,428,818</u>	<u>30,129,600</u>	<u>24,249,680</u>	<u>20,961,364</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 192,906,051	\$ 192,340,727	\$ 183,941,389	\$ 164,070,908	\$ 161,614,215
Contributions as a percentage of covered payroll	17.63%	17.38%	16.38%	14.78%	12.97%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 19,709,535	\$ 16,791,180	\$ 15,063,570	\$ 12,965,164	\$ 12,901,153
Contributions in relation to the contractually required contribution	<u>19,709,535</u>	<u>16,791,180</u>	<u>15,063,570</u>	<u>12,965,164</u>	<u>12,901,153</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 160,370,503	\$ 155,524,703	\$ 150,594,149	\$ 141,295,563	\$ 142,551,650
Contributions as a percentage of covered payroll	12.29%	10.78%	9.98%	9.15%	9.15%

**NEW HANOVER COUNTY SCHOOLS
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
RETIREE HEALTH BENEFIT FUND
LAST EIGHT FISCAL YEARS***

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Board's proportion of the net OPEB liability/asset	1.01034%	0.93955%	0.94199%	0.93756%	0.95580%
Board's proportionate share of the net OPEB liability (asset)	\$ 269,229,057	\$ 223,112,670	\$ 291,221,255	\$ 260,085,848	\$ 302,393,398
Board's covered payroll	\$ 192,340,727	\$ 183,941,389	\$ 164,070,908	\$ 161,614,215	\$ 160,370,503
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	139.98%	121.30%	177.50%	160.93%	188.56%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	10.73%	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/asset	0.98210%	0.98580%	0.92600%		
Board's proportionate share of the net OPEB liability (asset)	\$ 279,785,407	\$ 323,208,169	\$ 402,845,548		
Board's covered payroll	\$ 155,524,703	\$ 150,594,149	\$ 141,295,463		
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	179.90%	214.62%	285.11%		
Plan fiduciary net position as a percentage of the total OPEB liability/asset	4.40%	3.52%	2.41%		

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

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

**NEW HANOVER COUNTY SCHOOLS
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
RETIREE HEALTH BENEFIT FUND
LAST TEN FISCAL YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 13,773,521	\$ 13,252,276	\$ 11,569,913	\$ 10,959,937	\$ 10,456,440
Contributions in relation to the contractually required contribution	<u>13,773,521</u>	<u>13,252,276</u>	<u>11,569,913</u>	<u>10,959,937</u>	<u>10,456,440</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 192,906,051	\$ 192,340,727	\$ 183,941,389	\$ 164,070,908	\$ 161,614,215
Contributions as a percentage of covered payroll	7.14%	6.89%	6.29%	6.68%	6.47%

56

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 10,055,231	\$ 9,409,245	\$ 8,749,520	\$ 7,912,546	\$ 7,826,086
Contributions in relation to the contractually required contribution	<u>10,055,231</u>	<u>9,409,245</u>	<u>8,749,520</u>	<u>7,912,546</u>	<u>7,826,086</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 160,370,503	\$ 155,524,703	\$ 150,594,149	\$ 141,295,563	\$ 142,551,650
Contributions as a percentage of covered payroll	6.27%	6.05%	5.81%	5.60%	5.49%

**NEW HANOVER COUNTY SCHOOLS
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
DISABILITY INCOME PLAN OF NORTH CAROLINA
LAST EIGHT FISCAL YEARS***

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Board's proportion of the net OPEB liability/asset	1.03515%	0.97499%	0.96192%	0.94487%	0.96630%
Board's proportionate share of the net OPEB liability (asset)	\$ 275,308	\$ 290,040	\$ (157,120)	\$ (464,819)	\$ (416,941)
Board's covered payroll	\$ 192,340,727	\$ 183,941,389	\$ 164,070,908	\$ 161,614,215	\$ 160,370,503
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	0.14%	0.16%	0.10%	0.29%	0.26%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	90.61%	90.34%	105.18%	115.57%	113.00%
	<u>2019</u>	<u>2018</u>	<u>2017</u>		
Board's proportion of the net OPEB liability/asset	0.98330%	0.97400%	0.95700%		
Board's proportionate share of the net OPEB liability (asset)	\$ (298,690)	\$ (595,290)	\$ (594,272)		
Board's covered payroll	\$ 155,524,703	\$ 150,594,149	\$ 141,295,463		
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	0.19%	-0.40%	-0.42%		
Plan fiduciary net position as a percentage of the total OPEB liability/asset	108.47%	116.23%	116.06%		

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

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

**NEW HANOVER COUNTY SCHOOLS
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
DISABILITY INCOME PLAN OF NORTH CAROLINA
LAST TEN FISCAL YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 212,197	\$ 192,341	\$ 165,547	\$ 147,664	\$ 161,164
Contributions in relation to the contractually required contribution	<u>212,197</u>	<u>192,341</u>	<u>165,547</u>	<u>147,664</u>	<u>161,164</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 192,906,051	\$ 192,340,727	\$ 183,941,389	\$ 164,070,908	\$ 161,614,215
Contributions as a percentage of covered payroll	0.11%	0.10%	0.09%	0.09%	0.10%

58

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 224,519	\$ 217,735	\$ 572,250	\$ 579,311	\$ 584,462
Contributions in relation to the contractually required contribution	<u>224,519</u>	<u>217,735</u>	<u>572,250</u>	<u>579,311</u>	<u>584,462</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 160,370,503	\$ 155,524,703	\$ 150,594,149	\$ 141,295,563	\$ 142,551,650
Contributions as a percentage of covered payroll	0.14%	0.14%	0.38%	0.41%	0.41%

**SUPPLEMENTARY INFORMATION
GENERAL FUND**

NEW HANOVER COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2024

	Final Budget	Actual	Variance with Final Budget
Revenues:			
New Hanover County			
County appropriation	\$ 94,027,460	\$ 94,027,460	\$ -
Other:			
Fines and forfeitures	1,685,789	2,133,110	447,321
Interest earned on investment	265,492	265,492	-
Insurance proceeds	-	-	-
Rental of school property	-	-	-
Tuition and fees	3,434	3,434	-
Miscellaneous	2,396	2,396	-
Total other	<u>1,957,111</u>	<u>2,404,432</u>	<u>447,321</u>
Total revenues	<u>95,984,571</u>	<u>96,431,892</u>	<u>447,321</u>
Expenditures:			
Current:			
Instructional services:			
Regular instructional	27,686,012	27,685,639	373
Special populations	5,247,826	5,237,156	10,670
Alternative programs	1,069,718	1,049,338	20,380
School leadership	8,804,585	8,804,575	10
Co-curricular	2,397,757	2,318,150	79,607
School-based support	6,641,959	6,624,575	17,384
Total instructional services	<u>51,847,857</u>	<u>51,719,433</u>	<u>128,424</u>
System-wide support services:			
Support and development	2,879,368	2,867,381	11,987
Special population support and development	266,137	266,134	3
Alternative programs and services support and development	1,128,290	1,128,248	42
Technology support	4,653,861	4,633,580	20,281
Operational support	25,415,532	25,363,202	52,330
Financial and human resource services	7,958,258	7,958,247	11
Accountability	382,796	379,872	2,924
System-wide pupil support	625,414	611,838	13,576
Policy, leadership and public relations	2,363,351	2,352,098	11,253
Total system-wide support services	<u>45,673,007</u>	<u>45,560,600</u>	<u>112,407</u>

NEW HANOVER COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)
GENERAL FUND
For the Fiscal Year Ended June 30, 2024

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Expenditures: (Continued)			
Current:			
Ancillary services:			
Community	140,000	87,500	52,500
Nutrition	<u>88,211</u>	<u>88,143</u>	<u>68</u>
Total ancillary services	<u>228,211</u>	<u>175,643</u>	<u>52,568</u>
Nonprogrammed charges:			
Payments to other governments	<u>7,195,897</u>	<u>7,195,897</u>	<u>-</u>
Debt service:			
Principal retirement	342,929	342,929	-
Interest and fees	<u>63,013</u>	<u>63,013</u>	<u>-</u>
Total debt service	<u>405,942</u>	<u>405,942</u>	<u>-</u>
Total expenditures	<u>105,350,914</u>	<u>105,057,515</u>	<u>293,399</u>
Revenues over (under) expenditures	(9,366,343)	(8,625,623)	740,720
Fund balance appropriated	<u>9,366,343</u>	<u>-</u>	<u>(9,366,343)</u>
Net change in fund balance	<u>\$ -</u>	(8,625,623)	<u>\$ (8,625,623)</u>
Fund balance:			
Beginning of year		<u>12,554,353</u>	
Change in reserve for inventories		<u>(6,200)</u>	
End of year		<u>\$ 3,922,530</u>	

**SUPPLEMENTARY INFORMATION
CAPITAL OUTLAY FUND**

**NEW HANOVER COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CAPITAL OUTLAY FUND
For the Fiscal Year Ended June 30, 2024**

	Final Budget	Actual	Variance with Final Budget
Revenues:			
State of North Carolina:			
Public School Capital Fund - Lottery	\$ 3,633,774	\$ 1,150,977	\$ (2,482,797)
Public School Capital Fund	165,831	-	(165,831)
OSBM SCIF Grant - Sea Tech	3,733,278	2,688,344	(1,044,934)
State appropriations - buses	<u>535,478</u>	<u>535,478</u>	<u>-</u>
Total State of North Carolina	<u>8,068,361</u>	<u>4,374,799</u>	<u>(3,693,562)</u>
New Hanover County:			
County bond proceeds	478,855	319,743	(159,112)
Restricted portion of sales tax	357,532	51,791	(305,741)
County appropriations	<u>14,680,996</u>	<u>5,405,622</u>	<u>(9,275,374)</u>
Total New Hanover County	<u>15,517,383</u>	<u>5,777,156</u>	<u>(9,740,227)</u>
Other:			
Miscellaneous	<u>360,949</u>	<u>360,949</u>	<u>-</u>
Total revenues	<u>23,946,693</u>	<u>10,512,904</u>	<u>(13,433,789)</u>
Expenditures:			
Current:			
Instructional services:			
Regular instructional	<u>209,119</u>	<u>159,169</u>	<u>49,950</u>
System-wide support services:			
Support and development	12,133	12,133	-
Technology support	772,519	483,720	288,799
Operational support	<u>68,669</u>	<u>61,487</u>	<u>7,182</u>
Debt service:			
Principal retirement	<u>535,478</u>	<u>535,478</u>	<u>-</u>
Capital outlay			
Real property and buildings	21,739,075	8,396,351	13,342,724
Furnishings and equipment	470,766	489,247	(18,481)
Vehicles	<u>1,050,570</u>	<u>1,034,064</u>	<u>16,506</u>
Total capital outlay	<u>23,260,411</u>	<u>9,919,662</u>	<u>13,340,749</u>
Total expenditures	<u>24,858,329</u>	<u>11,171,649</u>	<u>345,931</u>
Revenues over (under) expenditures	(911,636)	(658,745)	252,891
Other financing sources:			
Installment purchase obligations issued	<u>911,636</u>	<u>911,636</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	252,891	<u>\$ 252,891</u>
Fund balance:			
Beginning of year		<u>-</u>	
End of year		<u>\$ 252,891</u>	

**SUPPLEMENTARY INFORMATION
INDIVIDUAL SCHOOLS FUND**

NEW HANOVER COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
For the Fiscal Year Ended June 30, 2024

	Revenues	Expenditures	Net change in fund balance	Fund balances June 30, 2023	Fund balances June 30, 2024
Alderman Elementary	\$ 9,658	\$ 7,788	\$ 1,870	\$ 11,342	\$ 13,212
Anderson Elementary	46,226	34,413	11,813	28,806	40,619
Ashley High School	458,538	471,522	(12,984)	325,073	312,089
Bellamy Elementary	7,280	8,367	(1,087)	29,846	28,759
Blair Elementary	10,050	12,095	(2,045)	17,626	15,581
Bradley Creek Elementary	43,763	34,295	9,468	18,608	28,076
Career Readiness at Mosley	7,805	7,476	329	8,397	8,726
Carolina Beach Elementary	11,581	9,756	1,825	10,339	12,164
Castle Hayne Elementary	25,748	24,836	912	15,721	16,633
Codington Elementary	28,816	27,343	1,473	11,712	13,185
College Park Elementary	41,713	38,060	3,653	12,635	16,288
College Road Early Childhood	3,961	3,663	298	6,807	7,105
Eaton Elementary	29,328	32,021	(2,693)	33,138	30,445
Forest Hills Elementary	12,046	10,309	1,737	6,318	8,055
Freeman Elementary	8,117	8,200	(83)	9,145	9,062
Hoggard High School	684,180	638,233	45,947	389,413	435,360
Holly Shelter Middle	51,454	46,090	5,364	23,709	29,073
Holly Tree Elementary	14,959	13,700	1,259	33,719	34,978
Howe Pre-K Center	10,994	9,194	1,800	18,018	19,818
International School at Gregory	19,626	21,151	(1,525)	17,721	16,196
Isaac Bear Early College	21,172	17,415	3,757	61,059	64,816
J. C. Roe Center	8,257	5,072	3,185	939	4,124
Johnson Pre-K Center	4,706	8,109	(3,403)	6,220	2,817
Lake Forest Academy	73	525	(452)	3,031	2,579
Laney High School	569,276	573,156	(3,880)	310,793	306,913
Masonboro Elementary	15,372	17,068	(1,696)	31,916	30,220
MC Williams Elementary	4,411	5,278	(867)	4,414	3,547
MCS Noble Middle	48,122	48,635	(513)	59,579	59,066
Murray Middle	121,032	109,084	11,948	94,839	106,787
Murrayville Elementary	41,355	14,301	27,054	6,370	33,424
Myrtle Grove Middle	78,921	79,996	(1,075)	35,216	34,141
New Hanover High School	397,485	391,967	5,518	232,821	238,339
Ogden Elementary	48,842	53,703	(4,861)	37,636	32,775
Pine Valley Elementary	16,013	19,536	(3,523)	22,765	19,242
Porters Neck Elementary	34,327	27,683	6,644	6,616	13,260
Roland-Grise Middle	65,485	61,116	4,369	51,296	55,665
Snipes Academy	25,010	23,806	1,204	2,842	4,046
Southeast Area Technical High	18,708	17,979	729	10,629	11,358
Sunset Park Elementary	21,305	19,716	1,589	12,978	14,567
Trask Middle	75,760	76,134	(374)	23,911	23,537
Williston Middle	37,163	35,886	1,277	43,013	44,290
Wilmington Early College	15,393	13,598	1,795	19,791	21,586
Winter Park Elementary	27,972	20,983	6,989	18,746	25,735
Wrightsboro Elementary	34,684	41,739	(7,055)	31,788	24,733
Wrightsville Beach Elementary	36,432	29,337	7,095	40,270	47,365
Totals	<u>\$ 3,293,119</u>	<u>\$ 3,170,334</u>	<u>\$ 122,785</u>	<u>\$ 2,197,571</u>	<u>\$ 2,320,356</u>

**SUPPLEMENTARY INFORMATION
ENTERPRISE FUND**

NEW HANOVER COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
SCHOOL FOOD SERVICE FUND
For the Fiscal Year Ended June 30, 2024

	Final Budget	Actual	Variance with Final Budget
Operating revenues - food sales	\$ 2,467,997	\$ 2,549,179	\$ 81,182
Operating expenditures:			
Business support services:			
Purchase of food	-	6,166,926	-
Donated commodities	-	869,410	-
Salaries and benefits	-	6,468,969	-
Materials and supplies	-	118,983	-
Non-capitalized equipment	-	134,975	-
Contracted services	-	419,887	-
Other	-	50,830	-
Capital outlay	-	27,767	-
Total operating expenditures	<u>14,376,781</u>	<u>14,257,747</u>	<u>119,034</u>
Operating loss	<u>(11,908,784)</u>	<u>(11,708,568)</u>	<u>200,216</u>
Nonoperating revenues:			
Federal reimbursements and grants	11,080,198	11,143,028	62,830
Federal commodities	811,830	869,410	57,580
State reimbursements	11,991	10,874	(1,117)
Proceeds from disposal of capital assets	3,765	9,407	5,642
Interest earned	-	182,623	182,623
Total nonoperating revenues	<u>11,907,784</u>	<u>12,215,342</u>	<u>307,558</u>
Revenues over (under) expenditures before other financing sources	(1,000)	506,774	507,774
Other financing sources:			
Transfers from other funds	-	126,684	126,684
Fund balance appropriated	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>633,458</u>	<u>\$ 633,458</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(40,405)	
Capital contributions		232,168	
Net pension liability		(400,326)	
Net OPEB liability		(582,051)	
Deferred outflows		608,152	
Deferred inflows		673,307	
Equipment purchases		27,767	
Proceeds from disposal of capital assets		(9,407)	
Gain on disposal of capital assets		3,765	
Increase in compensated absences payable		(32,699)	
Decrease in inventories		<u>(4,870)</u>	
Change in net position (full accrual)		<u>\$ 1,108,859</u>	

STATISTICAL SECTION

STATISTICAL SECTION (Unaudited)

The Statistical Section of the District's Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial outlook.

Sections

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and operations have changed over time.

Revenue Capacity

Since the District's local revenues are primarily provided by New Hanover County, these schedules on the county's revenue sources are relevant to an understanding of New Hanover County's most significant local revenue source, the property tax.

Debt Capacity

Since the District has no tax-levying or debt-issuing authority, the County of New Hanover provides significant funding to the school system. Selected fiscal data from the County of New Hanover has been included to help the reader better understand the school system and its financial operations.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. County information is included.

Operating Information

These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

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

	Fiscal Year				
	2015	2016	2017	2018	2019
Governmental activities:					
Net investment in capital assets	\$ 218,292,760	\$ 220,096,542	\$ 249,726,226	\$ 269,442,267	\$ 286,982,328
Restricted:					
Stabilization by state statute	762,877	671,486	583,255	852,127	3,341,303
School capital outlay	1,431,940	1,695,237	1,939,664	1,335,361	3,157,372
DIPNC OPEB plan	-	-	-	586,650	294,769
Individual schools	1,508,408	1,632,435	1,665,324	1,890,348	2,049,009
Instructional services (Programs)	4,095,893	4,534,057	4,421,300	3,350,865	3,837,537
Unrestricted	(25,652,960)	(15,252,285)	(23,014,789)	(432,751,896)	(435,040,350)
Total governmental activities net position	\$ 200,438,918	\$ 213,377,472	\$ 235,320,980	\$ (155,294,278)	\$ (135,378,032)
Business-type activities:					
Net investment in capital assets	\$ 1,042,417	\$ 902,387	\$ 735,006	\$ 585,152	\$ 465,149
Restricted:					
DIPNC OPEB plan	-	-	-	8,640	3,921
Unrestricted	437,583	600,161	1,336,046	(4,086,936)	(3,557,632)
Total business-type activities net position	\$ 1,480,000	\$ 1,502,548	\$ 2,071,052	\$ (3,493,144)	\$ (3,088,562)
Primary government:					
Net investment in capital assets	\$ 219,335,177	\$ 220,998,929	\$ 250,461,232	\$ 270,027,419	\$ 287,447,477
Restricted:					
Stabilization by state statute	762,877	671,486	583,255	852,127	3,341,303
School capital outlay	1,431,940	1,695,237	1,939,664	1,335,361	3,157,372
DIPNC OPEB plan	-	-	-	595,290	298,690
Individual schools	1,508,408	1,632,435	1,665,324	1,890,348	2,049,009
Instructional services (Programs)	4,095,893	4,534,057	4,421,300	3,350,865	3,837,537
Unrestricted	(25,215,377)	(14,652,124)	(21,678,743)	(436,838,832)	(438,597,982)
Total primary government net position	\$ 201,918,918	\$ 214,880,020	\$ 237,392,032	\$ (158,787,422)	\$ (138,466,594)

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

	Fiscal Year				
	2020	2021	2022	2023	2024
Governmental activities:					
Net investment in capital assets	\$ 300,642,058	\$ 290,728,410	\$ 284,932,296	\$ 277,803,080	\$ 276,391,315
Restricted:					
Stabilization by state statute	1,963,096	532,262	2,297,504	1,272,694	1,221,633
School capital outlay	1,333,498	1,357,876	951,615	-	252,891
DIPNC OPEB plan	410,989	458,493	685,376	-	-
Individual schools	1,933,712	2,045,932	2,241,870	2,197,571	2,320,356
Instructional services (Programs)	4,217,108	5,382,483	2,831,714	1,704,269	1,095,031
Unrestricted	(432,228,238)	(422,624,272)	(389,494,067)	(353,312,420)	(353,889,782)
Total governmental activities net position	\$ (121,727,777)	\$ (122,118,816)	\$ (95,553,692)	\$ (70,334,806)	\$ (72,608,556)
Business-type activities:					
Net investment in capital assets	\$ 366,375	\$ 263,653	\$ 264,157	\$ 507,341	\$ 721,229
Restricted:					
DIPNC OPEB plan	5,952	6,326	11,109	-	-
Unrestricted	(3,218,505)	(3,331,421)	51,381	2,125,447	3,020,418
Total business-type activities net position	\$ (2,846,178)	\$ (3,061,442)	\$ 326,647	\$ 2,632,788	\$ 3,741,647
Primary government:					
Net investment in capital assets	\$ 301,008,433	\$ 290,992,063	\$ 285,196,453	\$ 278,310,421	\$ 277,112,544
Restricted:					
Stabilization by state statute	1,963,096	532,262	2,297,504	1,272,694	1,221,633
School capital outlay	1,333,498	1,357,876	951,615	-	252,891
DIPNC OPEB plan	416,941	464,819	696,485	-	-
Individual schools	1,933,712	2,045,932	2,241,870	2,197,571	2,320,356
Instructional services (Programs)	4,217,108	5,382,483	2,831,714	1,704,269	1,095,031
Unrestricted	(435,446,743)	(425,955,693)	(389,442,686)	(351,186,973)	(350,869,364)
Total primary government net position	\$ (124,573,955)	\$ (125,180,258)	\$ (95,227,045)	\$ (67,702,018)	\$ (68,866,909)

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

	Fiscal Year				
	2015	2016	2017	2018	2019
Expenses:					
Governmental activities:					
Instructional services:					
Regular instruction	\$ 93,677,375	\$ 94,723,498	\$ 108,069,162	\$ 116,745,120	\$ 109,620,605
Special populations	29,628,721	30,377,607	34,901,684	39,079,959	37,513,231
Alternative programs	17,451,628	16,811,698	17,729,373	19,908,577	19,975,014
School leadership	12,627,664	13,354,379	15,043,364	16,921,552	16,235,470
Co-curricular	5,275,895	5,497,985	5,434,759	5,590,369	5,033,973
School-based support	15,218,280	15,666,386	18,252,310	18,729,223	17,008,218
System-wide support services:					
Support and development	2,182,721	2,209,390	2,590,993	2,710,074	2,495,101
Special population support and development	711,487	855,641	864,298	734,542	838,967
Alternative program support and development	1,207,014	1,130,736	1,393,456	1,551,305	1,567,941
Technology support	4,059,913	3,944,068	8,385,166	6,057,938	5,443,827
Operational support	36,926,556	37,837,934	36,874,380	40,826,969	54,314,413
Financial and human resources	4,452,985	5,078,348	5,101,332	5,644,006	5,543,886
Accountability	212,847	330,680	385,340	407,052	388,467
System-wide pupil support	506,342	528,526	602,189	584,240	580,119
Policy, leadership and public relations	2,249,654	2,223,137	2,432,736	2,554,852	2,740,397
Ancillary services	316,782	293,841	401,715	408,756	779,844
Payments to other governments	2,809,760	2,790,652	3,588,767	4,809,144	5,725,202
Interest on long-term debt	112	3,083	-	-	-
Depreciation expense (unallocated)	9,602,233	9,772,312	9,998,140	11,591,715	12,691,897
Total governmental activities expenses	239,117,969	243,429,901	272,049,164	294,855,393	298,496,572
Business-type activities:					
School food service	11,814,476	12,045,125	11,648,400	12,052,622	11,472,145
After school program	591,685	644,066	629,756	669,826	604,476
Total business-type activities expenses	12,406,161	12,689,191	12,278,156	12,722,448	12,076,621
Total primary government expenses	\$ 251,524,130	\$ 256,119,092	\$ 284,327,320	\$ 307,577,841	\$ 310,573,193

continued on following page

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

	Fiscal Year				
	2020	2021	2022	2023	2024
Expenses:					
Governmental activities:					
Instructional services:					
Regular instruction	\$ 117,992,210	\$ 112,333,311	\$ 135,952,630	\$ 130,661,323	\$ 156,392,282
Special populations	38,246,775	37,212,979	40,499,473	41,509,439	49,374,216
Alternative programs	19,654,131	21,031,140	26,350,491	24,013,072	22,659,984
School leadership	17,740,499	17,167,692	15,730,332	15,794,939	19,467,983
Co-curricular	4,950,967	3,229,135	4,268,319	4,837,752	5,556,528
School-based support	17,542,967	19,467,587	19,179,327	19,549,524	20,758,937
System-wide support services:					
Support and development	2,415,559	2,457,744	3,053,799	3,522,279	3,651,142
Special population support and development	691,350	623,365	652,331	860,652	519,091
Alternative program support and development	1,579,524	1,373,500	1,516,584	1,656,007	2,243,977
Technology support	7,031,517	6,766,557	12,931,389	13,288,346	14,732,130
Operational support	43,148,999	39,686,527	37,210,738	41,327,039	40,238,254
Financial and human resources	5,936,643	6,309,292	7,372,907	8,460,279	9,746,597
Accountability	428,448	376,656	765,133	569,193	632,038
System-wide pupil support	556,435	526,122	680,023	641,783	751,883
Policy, leadership and public relations	3,241,515	2,967,245	3,262,710	3,373,160	3,896,683
Ancillary services	475,861	1,352,019	878,942	818,714	439,023
Payments to other governments	5,682,330	6,503,128	6,572,022	7,035,978	7,195,897
Interest on long-term debt	-	-	-	78,788	63,013
Depreciation expense (unallocated)	12,995,018	12,861,599	1,039,712	808,497	585,915
Total governmental activities expenses	300,310,748	292,245,598	317,916,862	318,806,764	358,905,573
Business-type activities:					
School food service	11,487,580	8,861,154	12,569,630	13,651,717	14,008,872
After school program	621,784	16,035	-	-	-
Total business-type activities expenses	12,109,364	8,877,189	12,569,630	13,651,717	14,008,872
Total primary government expenses	\$ 312,420,112	\$ 301,122,787	\$ 330,486,492	\$ 332,458,481	\$ 372,914,445

continued on following page

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

	Fiscal Year				
	2015	2016	2017	2018	2019
Program Revenues:					
Governmental activities:					
Charges for service:					
Co-curricular	\$ -	\$ -	\$ -	\$ -	\$ -
Financial and human resource services	-	-	-	-	-
Operational support	262,972	247,761	185,123	134,892	111,387
Operating grants and contributions:					
Regular instruction	85,262,553	84,760,062	89,999,827	91,801,067	100,869,718
Special populations	27,272,416	29,599,114	31,589,176	32,439,648	33,368,556
Alternative programs	11,138,717	10,936,005	10,727,401	11,175,131	12,360,499
School leadership	8,012,176	8,381,476	8,497,034	8,765,130	9,017,785
Co-curricular	2,414,534	2,405,002	2,863,731	2,998,831	2,682,373
School-based support	8,886,046	7,866,894	8,749,923	9,139,697	9,151,945
Support and development	623,904	506,935	388,729	256,323	257,484
Special population support and development	137,868	468,590	411,723	376,698	337,489
Alternative program support and development	814,150	637,821	594,859	591,020	674,551
Technology support	712,993	707,106	1,273,212	810,526	688,499
Operational support	15,399,292	15,126,281	15,008,641	15,747,194	16,792,164
Financial and human resources	362,673	443,034	435,858	416,027	352,508
Accountability	-	-	-	-	-
System-wide pupil support	-	-	-	-	-
Policy, leadership and public relations	705,643	730,674	750,940	733,912	919,526
Ancillary services	74,098	87,261	75,962	85,052	287,995
Payments to other governments	790,759	635,896	445,586	508,470	910,034
Capital grants and contributions:					
Co-curricular	-	-	-	-	-
Operational support	-	-	-	-	-
Total governmental activities program revenues	162,870,794	163,539,912	171,997,725	175,979,618	188,782,513
Business-type activities:					
Charges for service:					
School food service	2,834,072	2,766,576	2,816,031	2,889,354	2,509,705
After school program	688,072	724,990	699,937	626,378	595,338
Operating grants and contributions:					
Child nutrition	8,749,403	9,078,798	9,248,540	9,276,337	9,229,807
Capital grants and contributions:					
School food service	-	-	-	-	-
Total business-type activities program revenues	12,271,547	12,570,364	12,764,508	12,792,069	12,334,850
Total primary government program revenues	\$ 175,142,341	\$ 176,110,276	\$ 184,762,233	\$ 188,771,687	\$ 201,117,363
Net (Expense)/Revenue					
Governmental activities	\$ (76,247,175)	\$ (79,889,989)	\$ (100,051,439)	\$ (118,875,775)	\$ (109,714,059)
Business-type activities	(134,614)	(118,826)	486,352	69,621	258,229
Total primary government net expense	\$ (76,381,789)	\$ (80,008,815)	\$ (99,565,087)	\$ (118,806,154)	\$ (109,455,830)

continued on following page

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

	Fiscal Year				
	2020	2021	2022	2023	2024
Program Revenues:					
Governmental activities:					
Charges for service:					
Co-curricular	\$ -	\$ -	\$ 2,329,578	\$ 2,764,203	\$ 3,293,119
Financial and human resource services	-	-	84,481	188,925	438,970
Operational support	190,170	3,097	111,586	120,858	3,434
Operating grants and contributions:					
Regular instruction	101,992,971	103,706,394	117,209,129	116,204,099	120,801,795
Special populations	33,893,675	35,012,348	41,181,634	41,080,871	45,172,587
Alternative programs	13,140,790	14,358,225	24,402,418	20,603,264	16,646,566
School leadership	9,597,389	10,056,048	10,018,408	10,816,376	10,590,431
Co-curricular	2,256,422	1,181,131	17,870	9,592	15,257
School-based support	9,936,699	12,518,787	13,404,412	14,978,611	13,329,747
Support and development	412,892	495,449	765,073	820,579	746,484
Special population support and development	277,243	243,283	271,315	488,471	250,652
Alternative program support and development	613,346	585,444	493,419	443,441	558,023
Technology support	1,193,276	849,946	7,277,957	8,230,512	9,043,815
Operational support	12,738,358	12,085,595	14,017,369	13,806,906	16,728,835
Financial and human resources	1,396,294	1,431,136	1,377,260	1,164,758	1,335,424
Accountability	41,771	-	396,819	192,991	251,970
System-wide pupil support	270,507	301,345	324,470	216,063	137,017
Policy, leadership and public relations	1,244,417	1,271,869	1,294,091	1,344,557	1,540,598
Ancillary services	160,549	410,944	668,863	498,099	124,046
Payments to other governments	684,146	344,631	4,373,189	4,633,777	5,317,151
Capital grants and contributions:					
Co-curricular	-	-	-	-	-
Operational support	-	-	534,380	390,349	535,478
Total governmental activities program revenues	190,040,915	194,855,672	240,553,721	238,997,302	246,861,399
Business-type activities:					
Charges for service:					
School food service	1,751,399	237,126	904,336	2,852,697	2,549,179
After school program	461,222	1,364	-	-	-
Operating grants and contributions:					
School food service	9,676,413	8,063,472	14,924,216	12,678,971	12,023,312
Capital grants and contributions:					
School food service	-	-	70,286	287,137	232,168
Total business-type activities program revenues	11,889,034	8,301,962	15,898,838	15,818,805	14,804,659
Total primary government program revenues	\$ 201,929,949	\$ 203,157,634	\$ 256,452,559	\$ 254,816,107	\$ 261,666,058
Net (Expense)/Revenue					
Governmental activities	\$ (110,269,833)	\$ (97,389,926)	\$ (77,363,141)	\$ (79,809,462)	\$ (112,044,174)
Business-type activities	(220,330)	(575,227)	3,329,208	2,167,088	795,787
Total primary government net expense	\$ (110,490,163)	\$ (97,965,153)	\$ (74,033,933)	\$ (77,642,374)	\$ (111,248,387)

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

	Fiscal Year				
	2015	2016	2017	2018	2019
Net (Expense)/Revenue					
Governmental activities	\$ (76,247,175)	\$ (79,889,989)	\$ (100,051,439)	\$ (118,875,775)	\$ (109,714,059)
Business-type activities	(134,614)	(118,826)	486,352	69,621	258,229
Total primary government net expense	\$ (76,381,789)	\$ (80,008,815)	\$ (99,565,087)	\$ (118,806,154)	\$ (109,455,830)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Unrestricted county appropriations - operating	\$ 67,879,109	\$ 70,610,100	\$ 72,855,604	\$ 75,141,652	\$ 78,338,270
Unrestricted county appropriations - capital	5,278,660	16,365,003	40,188,543	33,815,148	39,759,407
Unrestricted federal appropriations - operating	-	-	-	-	-
Unrestricted state appropriations - capital	3,689,539	1,452,061	4,531,585	2,495,521	2,290,176
Investment earnings, unrestricted	79,936	130,749	212,981	299,796	329,177
Miscellaneous, unrestricted	3,962,671	4,319,503	4,236,516	3,771,059	8,879,803
Transfers	(2,063)	(48,873)	(30,282)	(38,246)	(55,720)
Total governmental activities	80,887,852	92,828,543	121,994,947	115,484,930	129,541,113
Business-type activities:					
Investment earnings, unrestricted	2,863	3,775	20,267	7,078	10,904
Miscellaneous, unrestricted	55,177	88,726	31,603	24,087	79,729
Transfers	2,063	48,873	30,282	38,246	55,720
Total business-type activities	60,103	141,374	82,152	69,411	146,353
Total primary government	\$ 80,947,955	\$ 92,969,917	\$ 122,077,099	\$ 115,554,341	\$ 129,687,466
Change in Net Position					
Governmental activities	\$ 4,640,677	\$ 12,938,554	\$ 21,943,508	\$ (3,390,845)	\$ 19,827,054
Business-type activities	(74,511)	22,548	568,504	139,032	404,582
Total primary government	\$ 4,566,166	\$ 12,961,102	\$ 22,512,012	\$ (3,251,813)	\$ 20,231,636

continued on following page

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

	Fiscal Year				
	2020	2021	2022	2023	2024
Net (Expense)/Revenue					
Governmental activities	\$ (110,269,833)	\$ (97,389,926)	\$ (77,363,141)	\$ (79,809,462)	\$ (112,044,174)
Business-type activities	(220,330)	(575,227)	3,329,208	2,167,088	795,787
Total primary government net expense	\$ (110,490,163)	\$ (97,965,153)	\$ (74,033,933)	\$ (77,642,374)	\$ (111,248,387)
General Revenues and Other Changes in					
Governmental activities:					
Unrestricted county appropriations - operating	\$ 81,366,950	\$ 82,887,553	\$ 93,334,167	\$ 93,569,851	\$ 96,271,184
Unrestricted county appropriations - capital	31,222,153	7,430,693	5,308,724	4,936,653	5,777,156
Unrestricted federal appropriations - operating	-	-	127,761	854,304	-
Unrestricted state appropriations - capital	3,372,209	3,430,805	2,558,935	2,509,810	3,839,321
Investment earnings, unrestricted	194,475	31,813	36,129	597,687	1,280,072
Miscellaneous, unrestricted	8,190,570	3,570,933	2,615,589	2,672,143	2,729,375
Transfers	(426,269)	(352,910)	(53,040)	(112,100)	(126,684)
Total governmental activities	123,920,088	96,998,887	103,928,265	105,028,348	109,770,424
Business-type activities:					
Investment earnings, unrestricted	10,085	1,603	1,972	24,842	182,623
Miscellaneous, unrestricted	26,360	5,450	3,869	2,111	3,765
Transfers	426,269	352,910	53,040	112,100	126,684
Total business-type activities	462,714	359,963	58,881	139,053	313,072
Total primary government	\$ 124,382,802	\$ 97,358,850	\$ 103,987,146	\$ 105,167,401	\$ 110,083,496
Change in Net Position					
Governmental activities	\$ 13,650,255	\$ (391,039)	\$ 26,565,124	\$ 25,218,886	\$ (2,273,750)
Business-type activities	242,384	(215,264)	3,388,089	2,306,141	1,108,859
Total primary government	\$ 13,892,639	\$ (606,303)	\$ 29,953,213	\$ 27,525,027	\$ (1,164,891)

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

	Fiscal Year				
	2015	2016	2017	2018	2019
General Fund:					
Nonspendable	\$ 2,027,473	\$ 2,106,782	\$ 2,154,751	\$ 1,310,712	\$ 1,332,590
Restricted	762,877	671,486	583,255	852,127	3,341,303
Committed	-	-	-	-	-
Assigned	2,670,235	8,295,872	6,395,837	13,464,339	6,137,307
Unassigned	21,556,429	17,223,140	15,509,260	7,034,835	8,849,946
Total general fund	\$ 27,017,014	\$ 28,297,280	\$ 24,643,103	\$ 22,662,013	\$ 19,661,146
All Other Governmental Funds:					
Restricted:					
Capital outlay fund	\$ 1,431,940	\$ 1,695,237	\$ 1,939,664	\$ 1,335,361	\$ 3,157,372
Individual schools	1,508,408	1,632,435	1,665,324	1,890,348	2,049,009
Stabilization by State statute	-	-	-	-	-
Instructional Services	-	-	-	-	-
Programs	4,095,893	4,534,057	4,421,300	3,350,865	3,837,537
Assigned:					
Subsequent year's expenditures	-	-	-	-	-
Special revenues	-	-	-	-	-
Total all other governmental funds	\$ 7,036,241	\$ 7,861,729	\$ 8,026,288	\$ 6,576,574	\$ 9,043,918

	Fiscal Year				
	2020	2021	2022	2023	2024
General Fund:					
Nonspendable	\$ 2,509,326	\$ 1,386,325	\$ 1,843,386	\$ 1,649,111	\$ 1,639,320
Restricted	1,963,096	532,262	1,777,778	415,867	218,497
Committed	-	-	-	-	500,000
Assigned	7,121,273	12,394,487	8,000,000	4,360,912	275,750
Unassigned	15,932,985	11,963,724	6,642,895	6,128,463	1,288,963
Total general fund	\$ 27,526,680	\$ 26,276,798	\$ 18,264,059	\$ 12,554,353	\$ 3,922,530
All Other Governmental Funds:					
Restricted:					
Capital outlay fund	\$ 1,333,498	\$ 1,357,876	\$ 951,615	\$ -	\$ 252,891
Individual schools	1,933,712	2,045,932	2,241,870	2,197,571	2,320,356
Stabilization by State statute	-	-	519,726	856,827	1,003,136
Instructional Services	-	-	2,831,714	1,704,269	1,095,031
Programs	4,217,108	5,382,483	-	-	-
Assigned:					
Subsequent year's expenditures	-	-	-	4,177,539	-
Special revenues	-	-	5,937,476	3,874,679	14,153,439
Total all other governmental funds	\$ 7,484,318	\$ 8,786,291	\$ 12,482,401	\$ 12,810,885	\$ 18,824,853

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

	Fiscal Year				
	2015	2016	2017	2018	2019
Revenues:					
State of North Carolina	\$ 144,089,539	\$ 145,161,504	\$ 154,648,099	\$ 156,609,373	\$ 169,372,329
New Hanover County	73,157,769	86,975,103	113,044,147	108,956,800	118,585,099
U.S. Government	19,793,288	16,895,445	17,319,224	18,461,738	18,906,600
Contributions and donations	2,414,534	2,405,002	2,863,731	2,998,831	2,682,373
Other revenues	4,305,579	4,698,015	4,634,620	4,205,747	8,832,945
Total revenues	243,760,709	256,135,069	292,509,821	291,232,489	318,379,346
Expenditures:					
Instructional services:					
Regular instruction	96,637,463	98,614,636	104,626,101	107,199,301	110,975,868
Special populations	30,719,796	31,700,964	34,265,338	36,048,174	37,980,035
Alternative programs	18,027,682	17,456,658	17,443,820	18,562,388	20,191,041
School leadership	13,117,450	13,959,896	14,760,522	15,570,694	16,443,876
Co-curricular	5,352,754	5,589,566	5,396,498	5,408,634	5,060,332
School-based support	15,678,176	16,209,128	17,984,500	17,556,592	17,177,386
System-wide support services:					
Support and development	2,261,923	2,303,852	2,544,689	2,511,291	2,524,934
Special population support and development	725,256	874,220	855,731	698,684	845,655
Alternative programs and services support and development	1,249,735	1,181,255	1,367,464	1,430,032	1,587,460
Technology support	4,141,184	4,037,815	8,340,926	5,799,729	5,483,033
Operational support	31,236,516	32,222,739	32,236,439	33,733,854	43,220,934
Financial and human resource services	4,580,757	5,254,553	5,027,233	5,295,121	5,597,891
Accountability	217,160	341,563	379,825	380,740	392,546
System-wide pupil support	522,760	548,840	592,862	544,623	586,634
Policy, leadership and public relations	2,322,868	2,312,138	2,392,392	2,372,676	2,770,572
Ancillary services	326,896	309,273	394,976	321,145	780,097
Non-programmed charges	3,005,201	3,010,997	3,477,328	4,341,842	5,734,030
Debt service:					
Principal	820,261	139,244	708,022	785,225	514,920
Interest and other charges	112	3,083	-	-	-
Capital outlay:					
Real property and buildings	10,903,989	16,134,963	42,866,218	35,223,059	39,221,252
Furniture and equipment	1,726,512	1,597,114	18,501	984,675	1,922,322
Buses and motor vehicles	245,655	500,267	1,565,817	53,023	55,569
Total expenditures	243,820,106	254,302,764	297,245,202	294,821,502	319,066,387
Excess of revenues over (under) expenditures	(59,397)	1,832,305	(4,735,381)	(3,589,013)	(687,041)
Other financing sources (uses):					
Lease obligations issued	-	-	-	-	-
IT subscription agreements	-	-	-	-	-
Installment purchase obligations issued	-	282,261	1,513,133	270,305	-
Transfers in	3,640,762	714,795	123,753	60,997	13,701
Transfers out	(3,642,825)	(763,668)	(154,035)	(99,243)	(69,421)
Total other financing sources (uses)	(2,063)	233,388	1,482,851	232,059	(55,720)
Change in fund balance	\$ (61,460)	\$ 2,065,693	\$ (3,252,530)	\$ (3,356,954)	\$ (742,761)
Debt service as a percentage of noncapital expenditures	0.36%	0.06%	0.28%	0.30%	0.19%

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

	Fiscal Year				
	2020	2021	2022	2023	2024
Revenues:					
State of North Carolina	\$ 170,180,266	\$ 170,933,650	\$ 180,432,814	\$ 186,165,452	\$ 193,471,248
New Hanover County	113,076,528	90,805,668	98,196,279	98,501,430	101,757,723
U.S. Government	20,483,465	25,244,504	58,013,111	50,345,293	50,155,230
Contributions and donations	2,256,422	1,181,131	-	-	-
Other revenues	7,814,893	3,118,421	12,351,004	13,946,639	16,691,457
Total revenues	313,811,574	291,283,374	348,993,208	348,958,814	362,075,658
Expenditures:					
Instructional services:					
Regular instruction	113,821,665	116,188,273	142,529,638	138,075,639	145,623,358
Special populations	37,267,388	38,770,851	46,340,718	47,467,260	49,362,862
Alternative programs	19,228,517	21,746,922	29,079,035	26,856,301	22,652,629
School leadership	17,253,328	17,927,247	18,273,872	18,376,428	19,463,830
Co-curricular	4,907,386	3,291,778	4,481,615	5,074,109	5,554,439
School-based support	17,170,019	20,101,386	21,456,921	21,897,014	20,753,399
System-wide support services:					
Support and development	2,353,499	2,553,508	3,540,077	4,015,054	3,650,338
Special population support and development	679,408	639,566	709,770	920,591	518,986
Alternative programs and services support and development	1,538,072	1,431,949	1,751,137	1,894,216	2,243,483
Technology support	6,940,527	6,899,550	13,379,730	15,110,985	14,401,855
Operational support	33,030,651	33,335,615	38,837,141	41,660,358	42,572,933
Financial and human resource services	5,831,433	6,478,190	7,985,769	9,185,806	9,581,795
Accountability	418,550	390,596	811,523	620,188	631,842
System-wide pupil support	543,248	546,909	773,962	737,933	751,699
Policy, leadership and public relations	3,176,520	3,063,114	3,637,778	3,760,368	3,895,664
Ancillary services	475,390	1,360,253	878,942	818,714	439,023
Non-programmed charges	5,672,953	6,509,465	11,030,204	11,732,220	12,513,048
Debt service:					
Principal	1,264,573	673,548	374,948	717,180	878,407
Interest and other charges	-	-	-	78,788	63,013
Capital outlay:					
Real property and buildings	30,289,955	6,936,269	6,981,970	6,073,280	8,396,351
Furniture and equipment	5,664,351	2,509,817	324,418	808,497	489,247
Buses and motor vehicles	53,100	924,095	-	629,526	1,034,064
Total expenditures	307,580,533	292,278,901	353,179,168	356,510,455	365,472,265
Excess of revenues over (under) expenditures	6,231,041	(995,527)	(4,185,960)	(7,551,641)	(3,396,607)
Other financing sources (uses):					
Lease obligations issued	-	-	-	1,623,030	
IT subscription agreements	-	-	-	145,102	
Installment purchase obligations issued	575,698	924,095	-	318,644	911,636
Transfers in	67,090	202,485	-	-	
Transfers out	(493,359)	(81,908)	(53,040)	(112,100)	(126,684)
Total other financing sources (uses)	149,429	1,044,672	(53,040)	1,974,676	784,952
Change in fund balance	\$ 6,380,470	\$ 49,145	\$ (4,239,000)	\$ (5,576,965)	\$ (2,611,655)
Debt service as a percentage of noncapital expenditures	0.47%	0.23%	0.11%	0.23%	0.27%

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

	Fiscal Year				
	2015	2016	2017	2018	2019
Business-type activities:					
Operating revenues					
Food sales	\$ 2,834,072	\$ 2,766,576	\$ 2,816,031	\$ 2,889,354	\$ 2,509,705
Child care fees	688,072	724,990	699,937	626,378	595,338
Total operating revenues	\$ 3,522,144	\$ 3,491,566	\$ 3,515,968	\$ 3,515,732	\$ 3,105,043

	Fiscal Year				
	2020	2021	2022	2023	2024
Business-type activities:					
Operating revenues					
Food sales	\$ 1,751,399	\$ 237,126	\$ 904,336	\$ 2,852,697	\$ 2,549,179
Child care fees	461,222	1,364	-	-	-
Total operating revenues	\$ 2,212,621	\$ 238,490	\$ 904,336	\$ 2,852,697	\$ 2,549,179

New Hanover County Board of Education, North Carolina
 Property Tax Rates-Direct and All Overlapping Governments of New Hanover County
 Last Ten Fiscal Years
 (Per \$100.00 of Assessed Value)
 (Unaudited)

Fiscal Year Ended June 30	New Hanover County	Special Fire District	City of Wilmington	Wrightsville Beach	Carolina Beach	Kure Beach
2015	0.554	0.070	0.460	0.133	0.235	0.262
2016	0.574	0.070	0.485	0.133	0.235	0.262
2017	0.623	0.070	0.485	0.133	0.235	0.285
2018	0.570	0.078	0.483	0.128	0.225	0.285
2019	0.555	0.078	0.498	0.128	0.225	0.330
2020	0.555	0.078	0.498	0.128	0.245	0.340
2021	0.555	0.078	0.498	0.128	0.245	0.340
2022	0.475	0.073	0.381	0.092	0.215	0.266
2023	0.455	0.073	0.395	0.092	0.215	0.266
2024	0.455	0.073	0.395	0.092	0.215	0.266

Source: New Hanover County, North Carolina, Annual Comprehensive Financial Report for year ended June 30, 2024.

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

Taxpayer	2024			2015		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Duke Energy Progress, Inc.	561,155,864	1	1.10%	\$ 439,880,143	1	1.48%
Corning, Inc.	255,436,414	2	0.50%	236,420,029	3	0.80%
General Electric Company	210,654,225	3	0.41%	340,464,859	2	1.15%
Bedrock Holdings II LLC	118,985,800	4	0.23%			--
Live Oak Banking Company	152,358,530	5	0.30%			0.00%
River Ventures	91,428,200	6	0.18%	77,920,600	4	0.26%
Mayfaire Town Center LP	90,542,646	7	0.18%			--
Fortron Industries	90,232,169	8	0.18%	68,735,253	5	--
RPP Holdings LLC	73,961,300	9	0.15%			--
Wilmington Independent Living LLC	63,619,967	10	0.13%			--
BellSouth Telecommunications	--		--	54,934,410	6	0.18%
Centro Independence LLC	--		--	54,078,800	7	0.18%
Global Nuclear Fuel	--		--	48,869,941	8	0.16%
Wal Mart Property	--		--	48,018,442	9	0.16%
Piedmont Natural Gas Co Inc	--		--	38,010,289	10	0.13%
Total	<u>\$ 1,708,375,115</u>		<u>3.36%</u>	<u>\$ 1,407,332,766</u>		<u>4.49%</u>
Total taxable assessed value	<u>\$ 50,784,345,217</u>			<u>\$ 29,714,634,628</u>		

Source: New Hanover County, North Carolina, Annual Comprehensive Financial Report for year ended June 30, 2024.

New Hanover County Board of Education, North Carolina
Property Tax Levies and Collections of New Hanover County
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30	Property Taxes Levied for the Fiscal Year	Property Taxes Collected Within the Fiscal Year of the Levy		Property Tax Collections In Subsequent Years	Property Tax Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	165,254,585	163,605,339	99.00%	1,129,347	164,734,686	99.69%
2016	173,584,355	171,936,775	98.05%	847,280	172,784,055	99.54%
2017	192,309,354	191,650,934	99.15%	873,178	192,524,112	100.11%
2018	193,338,644	191,954,631	99.28%	754,210	192,708,841	99.67%
2019	192,254,086	191,022,582	99.36%	569,791	191,592,373	99.66%
2020	195,335,328	193,576,815	99.10%	687,142	194,263,957	99.45%
2021	201,275,470	199,911,580	99.32%	440,027	200,937,906	99.83%
2022	230,470,469	229,435,328	99.55%	431,205	229,866,533	99.74%
2023	225,262,023	224,291,757	99.57%	392,521	224,684,278	99.74%
2024	228,917,554	228,025,735	99.61%	-	228,025,735	99.61%

New Hanover County Board of Education, North Carolina
 Assessed Value and Actual Value of Taxable Property of New Hanover County
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year Ended June 30	Real Property	Personal Property	Public Service Companies	Total Taxable Assessed Property	Total Direct Tax Rate
2015	25,492,331,491	3,672,975,235	580,429,717	29,745,736,443	0.554
2016	25,904,897,551	3,652,542,644	639,868,628	30,197,308,823	0.574
2017	26,319,887,074	3,858,561,067	638,149,144	30,816,597,285	0.623
2018	28,921,465,616	4,141,051,570	673,709,962	33,736,227,148	0.570
2019	29,446,336,633	4,426,560,993	682,196,043	34,555,093,669	0.555
2020	29,873,800,932	4,570,434,528	694,374,071	35,138,609,531	0.555
2021	30,575,940,663	4,927,262,292	689,537,819	36,192,740,774	0.555
2022	42,461,105,286	5,100,242,182	727,906,339	48,289,253,807	0.475
2023	43,204,877,309	5,479,780,184	764,846,733	49,449,504,226	0.455
2024	44,153,170,657	5,870,294,306	760,880,254	50,784,345,217	0.450

Source: New Hanover County, North Carolina, Annual Comprehensive Financial Report for year ended June 30, 2024.

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

Governmental Activities							
Fiscal Year	Financed Purchases	Lease Liabilities	Installment Purchase	IT Subscription Liabilities	Total Primary Government	Percentage of Personal Income (1)	Per Capita
2015	114,617	-	165,393	-	280,010	0.0030%	1.25
2016	58,069	-	364,958	-	423,027	0.0042%	1.87
2017	-	-	1,228,138	-	1,228,138	0.0117%	5.32
2018	-	-	983,523	-	983,523	0.0086%	4.14
2019	-	-	468,603	-	468,603	0.0039%	1.96
2020	-	-	355,426	-	355,426	N/A	1.50
2021	-	-	605,973	-	605,973	N/A	2.61
2022	-	-	231,025	-	231,025	N/A	0.98
2023	-	1,328,334	159,320	112,967	1,600,621	N/A	6.81
2024	-	1,019,389	535,478	78,983	1,633,850	N/A	6.84

(1) N/A = Information not available from New Hanover County

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

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Other Installment Debt	Other Installment Debt	Certificates of Participation	Other Installment Debt			
2015	283,589,997	17,741,000	66,813,433	-	99,000	1,136,410	369,379,840	4.14%	1,690.45
2016	337,694,997	12,932,700	70,451,886	-	67,300	681,632	421,828,515	4.47%	1,889.40
2017	332,733,063	8,053,896	69,428,987	-	34,300	230,879	410,481,125	4.08%	1,813.00
2018	337,428,140	3,151,949	73,127,948	-	-	172,813	413,880,850	3.93%	1,792.32
2019	375,266,067	-	70,722,174	-	-	116,204	446,104,445	3.96%	1,876.84
2020	341,622,496	-	101,507,634	-	-	870,308	444,000,438	3.70%	1,855.63
2021	305,058,136	-	168,858,062	-	-	722,995	474,639,193	3.59%	1,998.92
2022	273,600,991	-	166,132,396	1,801,066	-	1,305,147	442,839,600	N/A	1,905.07
2023	245,346,055	-	167,254,888	3,379,561	-	2,409,533	418,390,037	N/A	1,780.98
2024	217,772,947	-	209,971,789	2,647,354	-	4,106,060	434,498,150	N/A	1,819.11

Source: New Hanover County, North Carolina, Annual Comprehensive Financial Report for the year ended June 30, 2024.

New Hanover County Board of Education, North Carolina
Ratios of General Bond Debt Outstanding for New Hanover County
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2015	283,589,997	0.95%	1,297.84
2016	337,694,997	1.12%	1,512.56
2017	332,733,063	1.08%	1,469.60
2018	337,428,140	1.00%	1,461.24
2019	375,266,067	1.09%	1,578.81
2020	341,622,496	0.98%	1,427.76
2021	305,058,136	0.84%	1,284.74
2022	273,600,991	0.57%	1,177.02
2023	245,346,055	0.50%	1,044.38
2024	217,772,947	0.43%	911.75

Source: New Hanover County, North Carolina, Annual Comprehensive Financial Report for the year ended June 30, 2024.

New Hanover County Board of Education, North Carolina
 Direct and Overlapping Governmental Activities Debt for New Hanover County (Note 1)
 As of June 30, 2024
 (Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County direct debt	\$ 430,392,090	100.00%	\$ 430,392,090
City of Wilmington debt	273,248,266	100.00%	273,248,266
Town of Wrightsville Beach debt	348,570	100.00%	348,570
Town of Carolina Beach debt	5,168,436	100.00%	5,168,436
Town of Kure Beach debt	4,834,417	100.00%	4,834,417
Subtotal, overlapping debt			283,599,689
Total direct and overlapping debt:			\$ 713,991,779

Source: New Hanover County, City of Wilmington, Town of Wrightsville Beach, Town of Carolina Beach, Town of Kure Beach, and NC Department of State Treasurer (LGC)

Note 1: Schools in North Carolina are not allowed to issue debt. We rely upon the County for debt issuance and therefore, this schedule is representative of the debt that the County holds and not New Hanover County Schools.

New Hanover County Board of Education, North Carolina
 Legal Debt Margin Information for New Hanover County
 Last Ten Fiscal Years
 (Unaudited)

	Fiscal Year				
	2015	2016	2017	2018	2019
Debt limit	\$ 2,379,658,915	\$ 2,415,784,706	\$ 2,465,327,783	\$ 2,698,898,172	\$ 2,764,407,494
Total net debt applicable to limit	350,107,072	408,148,717	371,926,370	378,307,851	410,571,726
Legal debt margin	<u>\$ 2,029,551,843</u>	<u>\$ 2,007,635,989</u>	<u>\$ 2,093,401,413</u>	<u>\$ 2,320,590,321</u>	<u>\$ 2,353,835,768</u>
Total net debt applicable to the limit as a percentage of debt limit	14.71%	16.90%	15.09%	14.02%	14.85%

	Fiscal Year				
	2020	2021	2022	2023	2024
Debt limit	\$ 2,811,088,762	\$ 2,895,419,262	\$ 3,863,140,305	\$ 3,955,960,338	\$ 4,062,747,617
Total net debt applicable to limit	442,219,550	428,344,021	399,882,652	378,602,387	396,350,954
Legal debt margin	<u>\$ 2,368,869,212</u>	<u>\$ 2,467,075,241</u>	<u>\$ 3,463,257,653</u>	<u>\$ 3,577,357,951</u>	<u>\$ 3,666,396,663</u>
Total net debt applicable to the limit as a percentage of debt limit	15.73%	14.79%	10.35%	9.57%	9.76%

Legal Debt Margin Calculation for June 30, 2024	
Total assessed value	\$ 50,784,345,217
Debt limit (8% of assessed value)	<u>4,062,747,617</u>
Debt applicable to limit:	
General obligation bonds	207,055,000
Certificates of participation	-
Installment	193,105,954
Authorized but unissued debt	-
Less:	
Water Sewer	(3,810,000)
Authorized but unissued debt	-
Total net applicable to limit	<u>396,350,954</u>
Legal debt margin	<u>\$ 3,666,396,663</u>

Source: New Hanover County, North Carolina, Annual Comprehensive Financial Report for year ended June 30, 2024.

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

Fiscal Year Ended June 30	Population	Personal Income (000's) (1)	Per Capita Personal Income (1)	Median Age	School Enrollment (2)	Unemployment Rate
2015	218,510	8,921,731	40,487	38.2	25,937	5.7%
2016	223,260	9,444,753	42,262	38.4	26,132	4.9%
2017	226,410	10,050,351	44,236	38.8	26,096	4.3%
2018	230,919	10,519,705	45,290	39.0	25,994	3.9%
2019	237,689	11,261,502	48,029	39.2	25,512	4.1%
2020	239,272	12,015,314	50,780	39.8	25,617	7.2%
2021	237,448	13,212,775	57,693	40.4	24,302	4.4%
2022	232,453	N/A	N/A	39.0	24,602	3.6%
2023	234,921	N/A	N/A	40.5	24,796	3.3%
2024	238,852	N/A	N/A	41.3	24,719	3.5%

(1) N/A = Information not available from New Hanover County

(2) School enrollment numbers are based on Final Average and Last Day Membership as published by DPI.

Source: New Hanover County, North Carolina, Annual Comprehensive Financial Report for year ended June 30, 2024

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

Employer (Top Ten)	2024			2015		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Novant Health (New Hanover Health Network)	8,553	1	6.68%	6,120	1	5.76%
New Hanover County Schools	3,700	2	2.89%	4,440	2	4.18%
General Electric Companies	3,300	3	2.58%	2,175	3	2.05%
University of NC at Wilmington	2,326	4	1.82%	1,860	4	1.75%
New Hanover County Government	2,124	5	1.66%	1,610	6	1.52%
Thermo Fisher Scientific (PPD)	1,700	6	1.33%	1,500	7	1.41%
Cape Fear Community College	1,283	7	1.00%	-----	-----	-----
City of Wilmington	1,191	8	0.93%	1,000	9	0.94%
Wilmington Health	1,116	9	0.87%	-----	-----	-----
Corning, Inc.	1,000	10	0.78%	1,000	10	-----
Wal-Mart	-----	-----	-----	1,755	5	-----
Verizon Wireless	-----	-----	-----	1,410	8	1.33%
Total New Hanover County Employment	<u>128,125</u>			<u>106,218</u>		

Sources: Greater Wilmington Business Journal 2024 Book on Business, NC Commerce Demographics Web Site, and New Hanover County

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

	Fiscal Year				
	2015	2016	2017	2018	2019
Instructional programs:					
Regular instruction	1,541.5	1,519.4	1,540.0	1,535.5	1,532.5
Special populations	526.0	550.0	596.5	623.2	624.6
Alternative programs	295.8	293.5	282.1	301.0	282.9
School leadership	188.0	190.5	196.5	200.0	198.5
Co-curricular	30.0	37.0	38.0	37.0	37.0
School-based support	205.1	207.6	227.1	211.9	193.4
Total instructional programs	2,786.4	2,798.0	2,880.2	2,908.6	2,868.9
Support services:					
Support and development	23.9	24.7	25.2	27.2	23.2
Special population support and development	5.0	6.0	6.0	6.0	7.0
Alternative program support and development	15.6	15.8	17.2	17.2	17.8
Technology support	30.5	30.5	31.5	42.5	42.5
Operational support	522.5	532.5	527.5	522.5	512.5
Financial and human resources	43.0	45.0	45.0	45.0	45.0
Accountability	2.0	3.0	4.0	4.0	4.0
System-wide pupil support	8.0	7.0	7.0	7.0	7.0
Policy, leadership and public relations	16.0	15.8	15.8	16.3	17.3
Nutrition	238.5	238.5	235.5	231.5	227.5
Program Management	-	2.0	3.0	3.0	3.0
Total support services	905.0	920.8	917.7	922.2	906.8
Total	3,691.4	3,718.8	3,797.9	3,830.8	3,775.7

Source: New Hanover County Schools Annual Budget.

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

	Fiscal Year				
	2020	2021	2022	2023	2024
Instructional programs:					
Regular instruction	1,549.0	1,545.0	1,635.0	1,557.0	1,582.5
Special populations	547.6	586.1	598.4	589.8	502.2
Alternative programs	241.0	255.6	283.5	293.5	163.5
School leadership	199.5	201.5	196.5	197.5	193.5
Co-curricular	37.0	37.0	5.0	6.0	5.0
School-based support	179.5	194.1	205.1	210.6	168.6
Total instructional programs	2,753.6	2,819.3	2,923.5	2,854.4	2,615.3
Support services:					
Support and development	23.2	23.0	27.0	32.6	26.7
Special population support and development	7.0	5.0	5.0	5.0	5.0
Alternative program support and development	19.8	19.5	18.5	20.2	15.6
Technology support	42.5	42.5	42.5	49.5	39.5
Operational support	480.6	504.9	489.6	477.4	466.3
Financial and human resources	45.1	47.1	50.1	53.1	50.3
Accountability	4.0	4.0	4.0	4.0	4.0
System-wide pupil support	7.0	7.0	9.0	10.0	7.0
Policy, leadership and public relations	18.3	16.5	18.0	21.0	20.0
Nutrition	172.1	172.1	173.1	172.7	169.3
Program Management	2.0	2.0	2.0	2.0	2.0
Total support services	821.6	843.6	838.8	847.5	805.8
Total	3,575.2	3,662.9	3,762.3	3,701.8	3,421.1

Source: New Hanover County Schools Annual Budget.

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

Fiscal Year	Enrollment	Fund Operating Expenditures (1)	Cost per Pupil	Percentage Change	Statement of Activities Expenses	Cost per Pupil	Percentage Change	*Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced Price Meals
2015	25,667	228,240,712	8,892	2.172%	239,117,969	9,316	-0.290%	1,690	15	45.58%
2016	25,901	233,673,066	9,022	1.455%	243,429,901	9,398	0.884%	1,727	15	44.01%
2017	26,096	249,179,456	9,549	5.839%	272,049,164	10,425	10.922%	1,748	15	44.52%
2018	25,994	254,067,414	9,774	2.362%	294,855,393	11,343	8.808%	1,762	15	40.50%
2019	25,512	272,668,810	10,688	9.349%	298,496,572	11,700	3.148%	1,731	15	40.71%
2020	25,617	292,245,598	10,366	-3.009%	300,310,748	11,723	0.195%	1,716	15	36.69%
2021	24,302	287,236,661	11,819	14.019%	292,245,598	12,026	2.580%	1,716	14	32.52%
2022	24,602	352,069,854	14,311	21.077%	317,916,862	12,922	7.458%	1,810	14	31.03%
2023	24,796	341,167,206	13,759	-3.855%	318,806,764	12,857	-0.505%	1,754	14	46.32%
2024	24,719	347,415,286	14,055	2.149%	358,905,573	14,519	12.928%	1,729	14	45.91%

Notes:

(1) Fund Operating Expenditures included General Fund, State Public School Fund, Federal Grants Fund, Other Restricted Fund, Individual School Fund and excludes funds distributed to Charter Schools.

Source: North Carolina Department of Public Instruction final average daily membership.

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

School	Fiscal Year				
	2015	2016	2017	2018	2019
Elementary:					
Alderman (year built 1963)					
Square feet	37,640	37,640	37,640	37,640	37,640
Capacity	317	317	278	278	302
Enrollment	262	263	298	290	282
Anderson (year built 2006)					
Square feet	69,372	69,372	69,372	69,372	69,372
Capacity	610	610	559	559	563
Enrollment	650	651	656	687	667
Bellamy (year built 1984)					
Square feet	47,926	47,926	47,926	47,926	47,926
Capacity	589	589	524	524	516
Enrollment	608	632	650	660	606
Blair (year built 2019) ²					
Square feet (1969-2017)	48,936	48,936	48,936	0	0
Square feet (temp. location at Porters Neck)	-	-	-	81,201.00	81,201.00
Square feet (2020-current)	-	-	-	-	-
Capacity	555	555	529	559	549
Enrollment	575	555	571	575	576
Bradley Creek (year built 1985)					
Square feet	51,545	51,545	51,545	51,545	51,545
Capacity	380	380	338	338	398
Enrollment	448	446	430	420	404
Carolina Beach (year built 1938)					
Square feet	43,431	43,431	43,431	43,431	43,431
Capacity	403	403	367	367	382
Enrollment	442	469	447	456	458
Castle Hayne (year built 2009)					
Square feet	84,023	84,023	84,023	84,023	84,023
Capacity	535	535	509	509	517
Enrollment	522	598	591	569	542
Codington (year built 1996)					
Square feet	60,395	60,395	60,395	60,395	60,395
Capacity	526	526	481	481	474
Enrollment	573	571	592	545	526
College Park (year built 2019) ³					
Square feet (1964-2017)	48,598	48,598	48,598	0	0
Square feet (temporary location at Sidbury Rd)	-	-	-	49,058.00	49,058.00
Square feet (2020-present)	-	-	-	-	-
Capacity	459	459	411	411	501
Enrollment	493	485	484	430	447
Eaton (year built 1996)					
Square feet	60,395	60,395	60,395	60,395	60,395
Capacity	526	526	466	466	489
Enrollment	572	577	563	539	522

continued on following page

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

School	Fiscal Year				
	2020	2021	2022	2023	2024
Elementary: (continued)					
Alderman (year built 1963)					
Square feet	37,640	37,640	37,640	37,640	37,640
Capacity	278	278	278	278	314
Enrollment	279	274	279	285	272
Anderson (year built 2006)					
Square feet	69,372	69,372	69,372	69,372	69,372
Capacity	563	563	563	563	560
Enrollment	684	591	637	621	602
Bellamy (year built 1984)					
Square feet	47,926	47,926	47,926	47,926	47,926
Capacity	499	499	499	499	535
Enrollment	626	461	571	555	557
Blair (year built 2019) ²					
Square feet (1969-2017)	0	-	-	-	-
Square feet (temp. location at Porters Neck)	-	0	0	-	-
Square feet (2020-current)	85,799.00	85,799.00	85,799.00	85,799	85,799
Capacity	554	554	554	554	525
Enrollment	584	420	429	432	437
Bradley Creek (year built 1985)					
Square feet	51,545	51,545	51,545	51,545	51,545
Capacity	408	408	408	408	404
Enrollment	428	352	369	356	380
Carolina Beach (year built 1938)					
Square feet	43,431	43,431	43,431	43,431	43,431
Capacity	373	373	373	373	386
Enrollment	446	401	411	435	436
Castle Hayne (year built 2008)					
Square feet	84,023	84,023	84,023	84,023	84,023
Capacity	529	529	529	529	523
Enrollment	533	443	407	419	469
Codington (year built 1996)					
Square feet	60,395	60,395	60,395	60,395	60,395
Capacity	447	447	447	447	484
Enrollment	493	435	443	430	445
College Park (year built 2019) ³					
Square feet (1964-2017)	0	-	-	-	-
Square feet (temporary location at Sidbury Rd)	-	0	0	-	-
Square feet (2020-present)	80,349.00	80,349.00	80,349.00	80,349	80,349
Capacity	492	492	492	492	527
Enrollment	511	461	463	459	456
Eaton (year built 1996)					
Square feet	60,395	60,395	60,395	60,395	60,395
Capacity	477	477	477	477	491
Enrollment	506	449	442	437	447

continued on following page

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

School	Fiscal Year				
	2015	2016	2017	2018	2019
Elementary: (continued)					
Forest Hills (year built 1936)					
Square feet	60,430	60,430	60,430	60,430	60,430
Capacity	468	468	432	432	486
Enrollment	459	510	339	406	372
Freeman (year built 1999)					
Square feet	62,844	62,844	62,844	62,844	62,884
Capacity	441	441	396	396	389
Enrollment	368	343	278	255	251
Gregory (year built 1937)					
Square feet	103,056	103,056	103,056	103,056	103,056
Capacity	706	649	649	720	720
Enrollment	410	544	498	502	502
Holly Tree (year built 1998)					
Square feet	64,488	64,488	64,488	64,488	64,488
Capacity	466	466	421	421	429
Enrollment	528	513	523	534	509
Lake Forest Academy (year built 2007)					
Square feet	15,699	15,699	15,699	15,699	15,699
Capacity	88	88	88	88	65
Enrollment	48	33	33	50	41
Masonboro (year built 2001)					
Square feet	68,508	68,508	68,508	68,508	68,508
Capacity	591	591	546	546	579
Enrollment	628	665	696	706	679
Murrayville (year built 2005)					
Square feet	69,372	69,372	69,372	69,372	69,372
Capacity	650	650	619	619	678
Enrollment	705	705	743	691	663
Ogden (year built 2007)					
Square feet	76,009	76,009	76,009	76,009	76,009
Capacity	650	650	599	599	592
Enrollment	694	695	709	698	694
Pine Valley (year built 1969)					
Square feet	42,436	42,436	42,436	42,436	42,436
Capacity	536	536	507	507	500
Enrollment	548	589	593	612	598
Porters Neck (year built 2017) ⁶					
Square feet	-	-	-	-	-
Capacity	-	-	-	-	-
Enrollment	-	-	-	-	-
Snipes (year built 2010)					
Square feet	89,055	89,055	89,055	89,055	89,055
Capacity	589	589	541	541	544
Enrollment	473	467	409	403	405
Sunset Park (year built 1954)					
Square feet	51,865	51,865	51,865	51,865	51,865
Capacity	360	360	471	471	511
Enrollment	458	392	395	411	350

continued on following page

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

School	Fiscal Year				
	2020	2021	2022	2023	2024
Elementary: (continued)					
Forest Hills (year built 1936)					
Square feet	60,430	60,430	60,430	60,430	60,430
Capacity	475	475	475	475	416
Enrollment	351	434	458	346	362
Freeman (year built 1999)					
Square feet	62,884	62,884	62,884	62,884	62,884
Capacity	377	377	377	377	408
Enrollment	255	248	249	295	242
Gregory (year built 1937)					
Square feet	103,056	103,056	103,056	103,056	103,056
Capacity	706	706	706	706	742
Enrollment	508	502	514	515	506
Holly Tree (year built 1998)					
Square feet	64,488	64,488	64,488	64,488	64,488
Capacity	417	417	417	417	439
Enrollment	511	439	442	426	403
Lake Forest Academy (year built 2007)					
Square feet	15,699	15,699	15,699	15,699	15,699
Capacity	65	65	65	65	116
Enrollment	47	32	40	45	42
Masonboro (year built 2001)					
Square feet	68,508	68,508	68,508	68,508	68,508
Capacity	547	567	567	567	596
Enrollment	652	523	541	582	586
Murrayville (year built 2005)					
Square feet	69,372	69,372	69,372	69,372	69,372
Capacity	643	663	663	663	649
Enrollment	655	544	530	547	547
Ogden (year built 2007)					
Square feet	76,009	76,009	76,009	76,009	76,009
Capacity	579	579	579	579	612
Enrollment	720	596	624	642	609
Pine Valley (year built 1969)					
Square feet	42,436	42,436	42,436	42,436	42,436
Capacity	501	501	501	501	528
Enrollment	586	472	464	462	450
Porters Neck (year built 2017) ⁶					
Square feet	-	81,201	81,201	81,201	81,201
Capacity	-	552	552	552	589
Enrollment	-	446	539	614	656
Snipes (year built 2010)					
Square feet	89,055	89,055	89,055	89,055	89,055
Capacity	502	502	502	502	513
Enrollment	394	378	383	394	366
Sunset Park (year built 1954)					
Square feet	51,865	51,865	51,865	51,865	51,865
Capacity	484	484	484	484	526
Enrollment	344	383	393	402	410

continued on following page

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

School	Fiscal Year				
	2015	2016	2017	2018	2019
Elementary: (continued)					
Williams (year built 1976)					
Square feet	41,493	41,493	41,493	41,493	41,493
Capacity	404	454	406	406	409
Enrollment	462	491	486	475	454
Winter Park (year built 1912)					
Square feet	36,944	36,944	36,944	36,944	36,944
Capacity	344	344	364	364	357
Enrollment	351	371	340	328	303
Wrightsboro (year built 1926)					
Square feet	65,110	65,110	65,110	65,110	65,110
Capacity	549	549	526	526	577
Enrollment	521	545	558	576	558
Wrightsville Beach (year built 1953)					
Square feet	13,800	13,800	13,800	13,800	13,800
Capacity	312	312	282	282	306
Enrollment	349	357	356	336	311
Middle:					
Holly Shelter (year built 2010)					
Square feet	139,176	139,176	139,176	139,176	139,176
Capacity	944	944	918	918	918
Enrollment	725	675	652	627	693
Murray (year built 2001)					
Square feet	120,948	120,948	120,948	120,948	120,948
Capacity	778	778	752	752	768
Enrollment	892	849	890	958	1,091
Myrtle Grove (year built 1988)					
Square feet	90,742	90,742	90,742	90,742	90,742
Capacity	674	674	674	738	738
Enrollment	797	756	736	718	726
Noble (year built 1970)					
Square feet	86,111	86,111	86,111	86,111	86,111
Capacity	666	666	640	640	680
Enrollment	776	819	858	884	922
Roland Grise (year built 1960)					
Square feet	92,315	92,315	92,315	92,315	92,315
Capacity	769	769	785	785	810
Enrollment	802	794	836	836	899
Trask (year built 1976)					
Square feet	100,095	100,095	100,095	100,829	100,095
Capacity	688	688	662	662	662
Enrollment	728	726	744	731	754
Virgo (year built 1964) ⁴					
Square feet	79,514	79,514	79,514	79,514	79,514
Capacity	525.00	525	499	499	525
Enrollment	256.00	183	169	147	0
Williston (year built 1937)					
Square feet	130,543	130,543	130,543	130,543	130,543
Capacity	736	736	736	736	736
Enrollment	724	709	657	653	660

continued on following page

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

School	Fiscal Year				
	2020	2021	2022	2023	2024
Elementary: (continued)					
Williams (year built 1976)					
Square feet	41,493	41,493	41,493	41,493	41,493
Capacity	412	412	412	412	447
Enrollment	474	378	392	398	389
Winter Park (year built 1912)					
Square feet	36,944	36,944	36,944	36,944	36,944
Capacity	349	349	349	349	354
Enrollment	294	284	294	296	298
Wrightsboro (year built 1926)					
Square feet	65,110	65,110	65,110	65,110	65,110
Capacity	564	564	564	564	541
Enrollment	557	469	442	470	434
Wrightsville Beach (year built 1953)					
Square feet	42,755	42,755	42,755	42,755	42,755
Capacity	252	252	252	252	258
Enrollment	308	270	265	264	276
Middle:					
Holly Shelter (year built 2010)					
Square feet	139,176	139,176	139,176	139,176	139,176
Capacity	934	934	934	934	991
Enrollment	693	801	876	855	827
Murray (year built 2001)					
Square feet	120,948	120,948	120,948	120,948	120,948
Capacity	848	848	848	848	889
Enrollment	1,021	915	832	877	897
Myrtle Grove (year built 1988)					
Square feet	90,742	90,742	90,742	90,742	90,742
Capacity	738	738	738	738	747
Enrollment	747	762	710	655	597
Noble (year built 1970)					
Square feet	86,111	86,111	86,111	86,111	86,111
Capacity	664	664	664	664	733
Enrollment	862	711	631	638	652
Roland Grise (year built 1960)					
Square feet	92,315	92,315	92,315	92,315	92,315
Capacity	802	802	802	802	891
Enrollment	866	898	834	849	855
Trask (year built 1976)					
Square feet	100,095	99,289	99,289	99,289	99,289
Capacity	662	662	662	662	655
Enrollment	757	707	682	675	647
Virgo (year built 1964) ⁴					
Square feet	79,514	79,514	79,514	79,514	79,514
Capacity	525	525	525	525	525
Enrollment	0	0	-	-	-
Williston (year built 1937)					
Square feet	130,543	130,543	130,543	130,543	130,543
Capacity	688	688	688	688	793
Enrollment	730	691	699	670	660

continued on following page

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

School	Fiscal Year				
	2015	2016	2017	2018	2019
High:					
Ashley (year built 2001)					
Square feet	265,073	265,073	265,073	265,073	265,073
Capacity	1,540	1,540	1,786	1,786	1,786
Enrollment	1,789	1,881	1,906	1,933	1,855
J. C. Roe Center (year built 1955) ⁵					
Square feet	23,237	23,237	23,237	23,237	23,237
Capacity	239	239	183	183	241
Enrollment	-	-	83.00	49.00	57.00
Hoggard (year built 1967)					
Square feet	188,836	188,836	188,836	227,036	227,036
Capacity	1,590	1,590	1,834	1,834	1,882
Enrollment	1,737	1,746	1,811	1,810	1,831
Isaac Bear Early College High School *(Housed within UNCW Campus)					
Square feet	-	-	-	-	-
Capacity	230	230	270	270	270
Enrollment	228	222	226	224	231
Laney (year built 1976)					
Square feet	182,584	182,584	182,584	214,144	214,144
Capacity	1,495	1,495	1,733	1,733	1,923
Enrollment	2,086	2,180	2,229	2,260	2,116
Mosley (year built 1951) ⁵					
Square feet	30,122	30,122	30,122	30,122	30,122
Capacity	340	340	197	197	292
Enrollment	104	115	82	106	111
New Hanover (year built 1920)					
Square feet	341,414	341,414	341,414	341,414	341,414
Capacity	1,450	1,450	1,688	1,688	1,688
Enrollment	1,586	1,614	1,589	1,501	1,396
SEA-Tech (year built 2002) (Housed within CFCC Campus through 2019)					
Square feet	-	-	-	-	-
Capacity	-	-	-	-	96.00
Enrollment	-	-	-	44.00	81.00
Wilmington Early College High School *(Housed within CFCC Campus)					
Square feet	-	-	-	-	-
Capacity	190	190	222	222	222
Enrollment	187	197	228	242	244

continued on following page

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

School	Fiscal Year				
	2020	2021	2022	2023	2024
High:					
Ashley (year built 2001)					
Square feet	265,073	326,759	326,759	326,759	326,759
Capacity	1,776	1,896	1,896	1,896	1,900
Enrollment	1,769	1,763	1,897	1,909	1,861
J. C. Roe Center (year built 1955) ⁵					
Square feet	23,237	23,237	23,237	23,237	23,237
Capacity	241	221	221	221	236
Enrollment	55	23	33	43	43
Hoggard (year built 1967)					
Square feet	227,036	214,629	214,629	214,629	214,629
Capacity	1,882	1,882	1,882	1,882	1,928
Enrollment	2,044	2,074	2,126	2,131	2,117
Isaac Bear Early College High School *(Housed within UNCW Campus)					
Square feet	-	-	-	-	-
Capacity	270	270	270	270	270
Enrollment	235	230	227	223	251
Laney (year built 1976)					
Square feet	214,144	232,166	232,166	232,166	232,166
Capacity	1,903	1,903	1,903	1,903	1,941
Enrollment	2,045	2,003	2,062	2,178	2,195
Mosley (year built 1951) ⁵					
Square feet	30,122	30,122	30,122	30,122	30,122
Capacity	322	322	322	322	266
Enrollment	106	73	105	107	84
New Hanover (year built 1920)					
Square feet	341,414	341,414	341,414	341,414	341,414
Capacity	1,648	1,648	1,648	1,648	1,678
Enrollment	1,448	1,457	1,438	1,401	1,458
SEA-Tech (Housed within CFCC Campus through 2019)					
Square feet	49,058.00	49,058.00	49,058.00	49,058	49,058
Capacity	240.00	240.00	240	240	336
Enrollment	137.00	190	191	222	252
Wilmington Early College High School *(Housed within CFCC Campus)					
Square feet	-	-	-	-	-
Capacity	222	222	222	222	222
Enrollment	256	244	238	236	246

continued on following page

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

School	Fiscal Year				
	2015	2016	2017	2018	2019
Pre-K:					
Howe Pre-K Center (year built 1963)					
Square feet	27,924	27,924	27,924	27,924	27,924
Capacity	216	216	216	216	216
**Enrollment	-	-	-	-	-
Johnson Pre-K Center (year built 1955)					
Square feet	51,545	51,545	51,545	51,545	51,545
Capacity	379	379	379	379	379
**Enrollment	-	-	-	-	-
College Road Early Childhood Center (Purchased 2006) ¹					
Square feet	12,133	12,133	12,133	12,133	12,133
Capacity	146	130	115	115	108
Enrollment	103.00	126.00	116	121	125

School	Fiscal Year				
	2020	2021	2022	2023	2024
Pre-K:					
Howe Pre-K Center (year built 1963)					
Square feet	27,924	27,924	27,924	27,924	27,924
Capacity	216	216	216	216	216
**Enrollment	-	-	-	-	-
Johnson Pre-K Center (year built 1955)					
Square feet	51,545	51,545	51,545	51,545	51,545
Capacity	379	379	379	379	379
**Enrollment	-	-	-	-	-
College Road Early Childhood Center (Purchased 2006) ¹					
Square feet	12,133	12,133	12,133	12,133	12,133
Capacity	93	93	93	93	93
** Enrollment	100	75	0	0	-

Notes:

(1) Enrollment numbers are based on ADM & MLD by school - final report, as published by DPI.

¹ College Road Early Childhood Center was the kindergarten for Bellamy Elementary 2015-2021

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

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

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

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

⁴ Virgo Middle School was closed in 2012, reopened in 2013 as K-8 school through 2018.

2019 became a Lab School run by UNCW. Building maintained by NHCS, but enrollment is under UNCW

⁵ Mosley High School PLC and Lakeside Alternative Hight School were located in same facility and relocated in 2010.

Beginning in the 2016-2017 school year, only Mosley resides in this facility. Lakeside is now J.C. Roe Center.

⁶ Porters Neck Elementary established in 2020-21 school year

* New Hanover County Schools does not own this building.

** Pre-K enrollment numbers are not included in ADM published by DPI.

Source: New Hanover County Schools Board of Education Operations Department Building Design Report for year ended June 30, 2024

COMPLIANCE SECTION



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT

To the New Hanover County Board of Education
Wilmington, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of New Hanover County Board of Education, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the basic financial statements, which collectively comprises the New Hanover County Board of Education, North Carolina's basic financial statements and have issued our report thereon dated October 28, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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 have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Anderson Smith & Wike PLLC

*October 28, 2024
West End, North Carolina*



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

To the New Hanover County Board of Education
Wilmington, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited New Hanover County Board of Education, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Board's major federal programs for the year ended June 30, 2024. The New Hanover 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, the New Hanover County Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards, the Uniform Guidance and the State Single Audit Implementation Act are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of New Hanover 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 the New Hanover 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 control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to New Hanover County Board of Education's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on New Hanover 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*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about New Hanover 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*, the Uniform Guidance and the State Single Audit Implementation Act, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding New Hanover 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 New Hanover 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 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of New Hanover 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Anderson Smith & Wike PLLC

*October 28, 2024
West End, North Carolina*



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

To the New Hanover County Board of Education
Wilmington, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited New Hanover County Board of Education, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the Board's major State programs for the year ended June 30, 2024. The New Hanover County Board of Education's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the New Hanover County Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2024.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and applicable sections of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Our responsibilities under those standards, the Uniform Guidance and the State Single Audit Implementation Act are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of New Hanover 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 State program. Our audit does not provide a legal determination of the New Hanover 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 control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to New Hanover 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 New Hanover 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*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about New Hanover 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*, the Uniform Guidance and the State Single Audit Implementation Act, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding New Hanover 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 New Hanover 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 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of New Hanover 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Anderson Smith & Wike PLLC

*October 28, 2024
West End, North Carolina*

**NEW HANOVER COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2024**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified that are not considered to be material weaknesses *None Identified for Reporting*

Noncompliance material to financial statements noted *No*

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified that are not considered to be material weaknesses *None Identified for Reporting*

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

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

Identification of major federal programs:

AL Numbers	Names of Federal Programs or Clusters
84.425	COVID-19 - Education Stabilization Funds
93.600	Head Start
84.010	Title I – Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B Programs *\$ 1,865,000*

Auditee qualified as low-risk auditee? *Yes*

**NEW HANOVER COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2024**

State Awards

Internal control over major State programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses None Identified for Reporting

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act No

Identification of major State program:

Program Name

- State Public School Fund
- North Carolina Pre-Kindergarten Program
- Career and Technical Education – Months of Employment
- Career and Technical Education – Program Support Funds
- Driver Training
- Public School Building Capital Fund – Lottery
- State Capital Infrastructure Funds - K-12 Facilities Grant

Dollar threshold used to distinguish between Major State Programs \$ 500,000

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

No findings were noted that are required to be reported under *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

No findings and questioned costs related to the audit of federal awards aggregating \$25,000 or more were noted.

Section IV - State Award Findings and Questioned Costs

No findings and questioned costs related to the audit of State awards aggregating \$25,000 or more were noted.

**NEW HANOVER COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2024**

There were no audit findings reported in the prior year.

NEW HANOVER COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2024

Grantor/Pass-through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Expenditures
Federal Grants:			
<u>U.S. Department of Agriculture</u>			
Passed-through the N.C. Department of Public Instruction:			
Child Nutrition Cluster:			
Noncash Assistance (Commodities):			
National School Lunch Program	10.555	PRC 035	\$ 869,410
Cash Assistance:			
School Breakfast Program	10.553	PRC 035	2,605,772
National School Lunch Program	10.555	PRC 035	7,557,546
Supply Chain Assistance Funds	10.555	PRC 035	598,750
After School Snack Program	10.555	PRC 035	1,832
Summer Food Service Program for Children	10.559	PRC 035	115,991
Fresh Fruit and Vegetable Grant	10.582	PRC 035	263,137
Cash Assistance Subtotal			<u>11,143,028</u>
Total Child Nutrition Cluster			<u>12,012,438</u>
Local Food for Schools Cooperative Agreement Program	10.185	PRC 035	<u>47,878</u>
Total U.S. Department of Agriculture			<u>12,060,316</u>
<u>U.S. Department of Health and Human Services</u>			
Direct Program:			
Head Start	93.600		2,256,089
COVID-19 - Head Start	93.600		301,292
Total U.S. Department of Health and Human Services			<u>2,557,381</u>
<u>U.S. Department of Defense</u>			
Direct Program:			
ROTC	12.000		<u>282,797</u>
<u>U.S. Department of Education</u>			
Office of Elementary and Secondary Education:			
Passed-through the N.C. Department of Public Instruction:			
Title I, Grants to Local Educational Agencies	84.010	PRC 050, 105 & 115	6,976,796
Supporting Effective Instruction	84.367	PRC 103	1,053,299
Language Acquisition Grant	84.365	PRC 104	242,508
Language Acquisition Grant - Significant Increase	84.365	PRC 111	35,061
Principal Mentoring - Low Performing	84.377B	PRC 354	75,000
Student Support and Academic Enrichment	84.424	PRC 108	515,036
Education of Homeless Children and Youth	84.196	PRC 026	103,370

NEW HANOVER COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2024

Grantor/Pass-through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Expenditures
Education Stabilization Fund:			
CARES Act:			
COVID-19 - Rethink Education Stipends Grant	84.425B	PRC 146	22,304
CRRSA:			
COVID-19 - K-12 Emergency Relief Fund - ESSER II	84.425D	PRC 171	2,793
COVID-19 - CRRSA - ESSER II - Learning Loss Funding	84.425D	PRC 176	82,549
COVID-19 - CRRSA - ESSER II - Summer Career Accelerator Program	84.425D	PRC 177	27,846
ARP:			
COVID-19 - ESSER III - K-12 Emergency Relief Fund	84.425D	PRC 181	30,652,199
COVID-19 - ESSER III - Homeless	84.425W	PRC 183	32,252
COVID-19 - ESSER III - Homeless II	84.425W	PRC 184	257,370
COVID-19 - ESSER III - Summer Career Accel. Programs	84.425U	PRC 188	254,703
COVID-19 - ESSER III - Math Enrichment Programs	84.425U	PRC 189	73,092
COVID-19 - ESSER III - CTE - Hospitality	84.425U	PRC 194	2,542
COVID-19 - ESSER III - District and School Turnaround	84.425U	PRC 195	50,006
COVID-19 - ESSER III - National Board for Professional Teaching Standards (NBPTS) Certification Fee Reimbursement	84.425U	PRC 198	47,466
COVID-19 - ESSER III - School Psychologists	84.425U	PRC 204	33,520
COVID-19 - ESSER III - Principal Retention Supp	84.425U	PRC 206	23,798
Total COVID-19 - Education Stabilization Fund	84.425		<u>31,562,440</u>
Office of Special Education and Rehabilitative Services:			
Passed-through the N.C. Department of Public Instruction:			
Individuals with Disabilities Education Act			
Special Education Cluster:			
Grants to States - IDEA, part B (611)	84.027	PRC 060	5,438,709
Coordinated Early Intervening Services	84.027	PRC 070	561,678
Special Needs Targeted Assistance	84.027	PRC 118	6,562
Risk Pool	84.027	PRC 114	165,477
Preschool Grants - IDEA, Part B (619)	84.173	PRC 049	155,578
COVID-19 - ARP - Preschool Grants - IDEA, Part B (619)	84.173	PRC 186	5,809
Preschool Targeted Assistance	84.173	PRC 119	1,162
Total Special Education Cluster			<u>6,334,975</u>
Title VI-B, Education of the Handicapped	84.323	PRC 082	4,951
Career and Technical Education - Basic Grants to States Program Development	84.048	PRC 017	<u>363,738</u>
Total U.S. Department of Education			<u>47,267,174</u>
Total Federal Assistance			<u>62,167,668</u>

NEW HANOVER COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2024

Grantor/Pass-through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Expenditures
State Grants:			
<u>N.C. Department of Public Instruction:</u>			
Cash Assistance:			
State Public School Fund		Various	174,562,353
Career and Technical Education:			
State Months of Employment		PRC 013	8,618,895
Program Support Funds		PRC 014	1,249,678
Driver Training		PRC 012	438,146
School Technology Fund		PRC 015	296,310
School Capital Infrastructure Facilities Grant		PRC 462	2,688,344
Passed-through New Hanover County:			
Public School Capital Fund - Lottery		PRC 076	<u>1,150,977</u>
Cash assistance subtotal			189,004,703
Non-Cash Assistance:			
State Buses Appropriations		PRC 120	535,478
Total NC Department of Public Instruction			<u>189,540,181</u>
<u>N.C. Department of Health and Human Services</u>			
Division of Child Development:			
Smart Start		PRC 401	26,898
NC Pre-Kindergarten Program		PRC 413	<u>3,904,169</u>
Total NC Department of Health and Human Services			<u>3,931,067</u>
<u>N.C. Department of Agriculture</u>			
State Reduced Breakfast Program			2,559
State Reduced Lunch Program			<u>8,315</u>
Total State Assistance			<u>193,482,122</u>
Total Federal and State Assistance			<u>\$ 255,649,790</u>

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

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of New Hanover County Board of Education under the programs of the federal government and the State of North Carolina for the year ended June 30, 2024. 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 New Hanover County Board of Education, it is not intended to and does not present the financial position, changes in net assets or cash flows of New Hanover County Board of Education.

Note 2. Summary of Significant Accounting Policies

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

New Hanover County Schools has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.