

**NASH BOARD OF EDUCATION**  
**Nashville, North Carolina**

*Financial Statements*  
*For the Fiscal Year Ended*  
*June 30, 2023*

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# ANDERSON SMITH & WIKE PLLC

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

To the Nash Board of Education  
Nashville, 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 Nash Board of Education, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Nash 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 Nash Board of Education, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General, State Public School, Restricted Revenue and Federal Grants 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 Nash 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 Nash 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 Nash 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 Nash 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 10 and the Schedules of the Board's Proportionate Share of the Net Pension Liability, OPEB Liabilities (Assets) and the Schedules of Board Contributions on pages 50 through 55, 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 Nash Board of Education's basic financial statements. The accompanying individual nonmajor fund schedule, budgetary 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 nonmajor fund schedule, 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 November 21 2023, on our consideration of the Nash 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 Nash 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 Nash Board of Education's internal control over financial reporting and compliance.

*Anderson Smith & Wike PLLC*

November 21, 2023  
Rockingham, North Carolina  
(910) 997-1418

## **NASH BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

### ***Financial Highlights***

For the fiscal year ended June 30, 2023, the Board's total government-wide net position increased by \$31.6 million. Governmental activities net position increased by \$32.5 million while business-type activities net position decreased by \$903 thousand.

- Total government-wide net investment in capital assets increased by \$4.4 million, or 3.0%, over the prior year. Governmental activities net investment in capital assets increased by \$4.2 million and business-type activities investment in capital assets increased by \$136 thousand.
- The Board's total government-wide unrestricted net position for the year ended June 30, 2023 increased by \$25.6 million over the prior year. Total governmental activities restricted net position increased by \$1.6 million over the prior year.
- A financial reporting award from the Association of School Business Officials International was received for the fiscal year ended June 30, 2022.

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

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

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

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

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

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

## **NASH BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS**

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### **Government-wide Statements**

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

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

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

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

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

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

### **Fund Financial Statements**

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

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

Nash Board of Education has two types of funds:

*Governmental funds:* Most of the Board's basic services are included in the governmental funds, which generally focus on two things – 1) how cash and other assets that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the coming year to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental fund statements, in the form of a reconciliation, explains the relationship (or differences) between the government-wide and the fund financial statements. The Board has several governmental funds: the General Fund, the State Public School Fund, the Individual Schools Fund, the Capital Outlay Fund, the Restricted Revenue Fund and the Federal Grants Fund. The governmental fund statements are shown as Exhibits 3, 4, 5 and 6 of this report.

*Proprietary fund:* 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



**NASH BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

government-wide statements. The Nash Board of Education's only proprietary fund is 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**

Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$6.5 million as of June 30, 2023 as compared to \$38.1 million as of June 30, 2022.

Following is a summary of the Statement of Net Position at June 30, 2023 and 2022:

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/23	6/30/22	6/30/23	6/30/22	6/30/23	6/30/22
Current and other assets	\$ 24,184,130	\$ 18,398,350	\$ 5,247,856	\$ 5,436,460	\$ 29,431,986	\$ 23,834,810
Capital assets	148,642,066	144,691,548	465,683	329,296	149,107,749	145,020,844
Total assets	172,826,196	163,089,898	5,713,539	5,765,756	178,539,735	168,855,654
Deferred outflows of resources	71,977,132	43,022,364	2,023,700	886,252	74,000,832	43,908,616
Current liabilities	5,573,659	8,366,336	151,912	228,034	5,725,571	8,594,370
Long-term liabilities	182,448,355	152,808,387	5,088,868	3,080,774	187,537,223	155,889,161
Total liabilities	188,022,014	161,174,723	5,240,780	3,308,808	193,262,794	164,483,531
Deferred inflows of resources	64,018,134	84,658,700	1,799,927	1,743,952	65,818,061	86,402,652
Net investment in capital assets	147,820,053	143,576,890	465,683	329,296	148,285,736	143,906,186
Restricted net position	6,568,619	4,984,328	-	7,452	6,568,619	4,991,780
Unrestricted net position (deficit)	(161,625,492)	(188,282,379)	230,849	1,262,500	(161,394,643)	(187,019,879)
Total net position (deficit)	\$ (7,236,820)	\$ (39,721,161)	\$ 696,532	\$ 1,599,248	\$ (6,540,288)	\$ (38,121,913)

Net position is an indicator of the fiscal health of the Board. The net position of the Board's governmental activities increased \$32.5 million during the year, from \$(39.7) million at June 30, 2022 to \$(7.2) million at June 30, 2023, indicating an improvement in the financial condition of the Board. Restricted net position increased by \$1.6 million due primarily to an increase in amounts restricted for capital outlay and individual schools activities. Unrestricted net position increased \$26.7 million over the prior year. Net investment in capital assets increased \$4.2 million due largely to construction in progress for a new elementary school in the district. Deferred outflows and inflows of resources relate entirely to the pension and OPEB plans which the Board participates in. The Board is required to record its proportionate share of these items along with its proportionate share of the plan liabilities. See Note 2 of the financial statements for more details regarding these plans.

Net position of the Board's business-type activities decreased \$903 thousand during the year. This decrease represents the net loss incurred by our school food service operations during the 2023 fiscal year.

**NASH BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/23	6/30/22	6/30/23	6/30/22	6/30/23	6/30/22
Revenues:						
Program revenues:						
Charges for services	\$ 2,946,378	\$ 2,398,336	\$ 814,215	\$ 229,507	\$ 3,760,593	\$ 2,627,843
Operating grants and contributions	142,475,548	138,389,664	7,524,990	9,494,994	150,000,538	147,884,658
Capital grants and contributions	468,860	587,929	-	-	468,860	587,929
General revenues:						
County appropriations	34,880,420	34,576,194	-	-	34,880,420	34,576,194
State appropriations	7,263,199	6,277,560	-	-	7,263,199	6,277,560
Federal appropriations	29,684	34,109	-	-	29,684	34,109
Other revenues	2,183,958	2,203,867	38,654	16,561	2,222,612	2,220,428
Total revenues	190,248,047	184,467,659	8,377,859	9,741,062	198,625,906	194,208,721
Expenses:						
Governmental activities:						
Instructional services	117,362,946	111,495,510	-	-	117,362,946	111,495,510
System-wide support services	37,856,247	36,158,960	-	-	37,856,247	36,158,960
Ancillary services	456,363	1,394,796	-	-	456,363	1,394,796
Payments to other governments	1,703,263	1,684,851	-	-	1,703,263	1,684,851
Interest on long-term debt	18,933	30,221	-	-	18,933	30,221
Unallocated depreciation	101,657	447,857	-	-	101,657	447,857
Business-type activities:						
School food service	-	-	9,544,872	6,401,700	9,544,872	6,401,700
Total expenses	157,499,409	151,212,195	9,544,872	6,401,700	167,044,281	157,613,895
Excess (deficiency) before transfers	32,748,638	33,255,464	(1,167,013)	3,339,362	31,581,625	36,594,826
Transfers in (out)	(264,297)	(98,375)	264,297	98,375	-	-
Increase (decrease) in net position	32,484,341	33,157,089	(902,716)	3,437,737	31,581,625	36,594,826
Beginning net position (deficit)	(39,721,161)	(72,878,250)	1,599,248	(1,838,489)	(38,121,913)	(74,716,739)
Ending net position (deficit)	\$ (7,236,820)	\$ (39,721,161)	\$ 696,532	\$ 1,599,248	\$ (6,540,288)	\$ (38,121,913)

Total governmental activities generated revenues of \$190.2 million while expenses in this category totaled \$157.5 million for the year ended June 30, 2023, resulting in an increase in net position of \$32.5 million (including transfers to business-type activities of \$264 thousand). Comparatively, revenues were \$184.5 million, expenses totaled \$151.2 million and transfers out were \$98 thousand for the year ended June 30, 2022, resulting in an increase in net position of \$33.2 million. In comparing the two years, revenues increased \$5.8 million, or 3.1%, while expenses increased by \$6.3 million, or 4.2%. The increases in revenues and expenses were primarily due to State and federal grants received and expended during the year. Expenses were also significantly impacted by a year-over-year increase of \$2.6 million in pension and OPEB expense due to changes in actuarial valuations and allocation percentages.

The Board's primary sources of revenues were funding from the State of North Carolina, the counties of Nash and Edgecombe, and the United States Government, which respectively comprised 59.1%, 18.1%

## **NASH BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS**

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and 17.5% of our total revenues. As would be expected, the major component of our expenses was instructional services which accounted for 74.5% of our total expenses during the most recent fiscal year. Of the remaining 25.5% of our total expenses, 24.0% was attributable to system-wide support services.

Our business-type activities generated revenues of \$8.4 million while expenses in this category totaled \$9.5 million for the year ended June 30, 2023. For the year, net position decreased by \$903 thousand (including transfers in of \$264 thousand). Comparatively, revenues were \$9.7 million and expenses were \$6.4 million for the year ended June 30, 2022, resulting in an increase in net position of \$3.4 million (including transfers in of \$98 thousand). In comparing the two years, revenues decreased \$1.4 million while expenses increased \$3.1 million. In response to the COVID-19 pandemic, the federal government allowed all students to eat free breakfast and lunch during the 2022 fiscal year. This resulted in a significant increase in revenues from the USDA due to the number of free meals the district was able to serve. However, during the 2023 year, the federal government did not provide free meals to all students and the district had to revert back to requiring students complete applications to determine if they qualify for free/reduced meal status. As would be expected with all students not receiving free breakfast and lunch, the district experienced a significant decline in revenues due to a decrease in the number of meals served. The change in expenses was primarily due to inflationary increases related to food and labor costs. Expenses were also significantly impacted by a year-over-year increase of \$1.6 million in pension and OPEB expense due to changes in actuarial valuations and allocation percentages.

### ***Financial Analysis of the Board's Funds***

*Governmental Funds:* The focus of Nash 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 \$22.6 million at June 30, 2023, an increase of \$6.9 million over the \$15.7 million reported at June 30, 2022. The General, Restricted Revenue, Capital Outlay and Individual Schools funds each reported increases in fund balance for the year. Governmental fund revenues totaled \$192.9 million in 2023 compared to \$185.2 million in 2022, an increase of \$7.7 million, or 4.1%. Governmental fund expenditures totaled \$186.2 million in 2023 compared to \$180.6 million in 2022, an increase of \$5.6 million, or 3.1%.

The Board's General Fund reported an increase in fund balance of \$1.4 million (including the change in reserve for inventories) during the 2022-2023 year compared to an increase of \$4.4 million in the 2021-2022 year. Revenues increased by \$1.1 million, or 4.6%, while expenditures rose \$4.0 million, or 20.9%. The District was able to generate cost savings in the General Fund in instruction services expenditures during the 2022 school year due primarily to being able to utilize State and federal funding sources that were available. Those funding sources were not available in 2023 and expenditures returned to levels more comparable to the 2021 year.

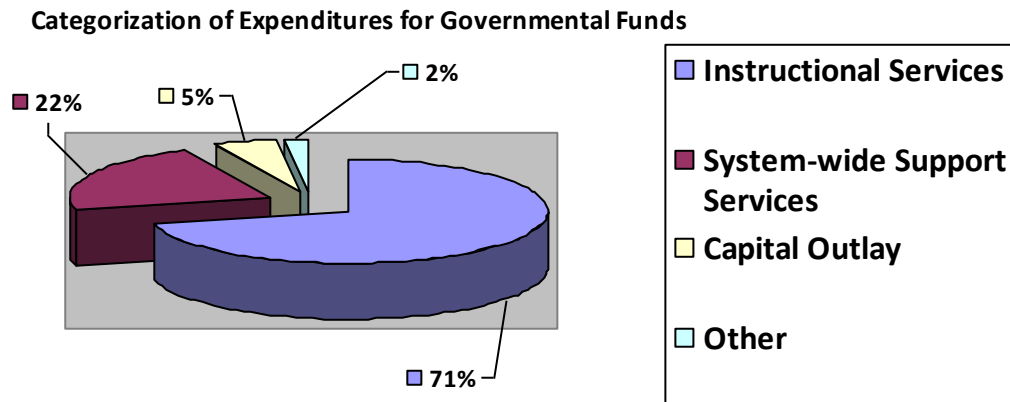
The State Public School Fund and Federal Grants Fund do not carry fund balance. All revenues in these two funds are required to be expended in the year received. Combined revenues and expenditures in these two funds increased \$4.6 million, or 3.3%, over the previous year.

Revenues in the Capital Outlay Fund totaled \$11.7 million for the 2023 year. The majority of the district's capital outlay revenues was attributable to \$8.9 million received from the County for construction of a new elementary school.

The Restricted Revenue Fund reported an increase in fund balance for the 2023 year of \$4.4 million. The majority of revenues in this fund are restricted for specific programs or services and are typically expended in the year received. Increased indirect cost revenues received from federal COVID-19 grants was the primary factor contributing to the increase in fund balance for the year.

# NASH BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

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Expenditures presented on modified accrual basis of accounting.

*Proprietary Fund:* The Board's business-type fund, the School Food Service Fund, reported a decrease in net position of \$903 thousand for the fiscal year ended June 30, 2023 compared to an increase of \$3.4 million for the same 2022 period. See the discussion above under "*Financial Analysis of the Board as a Whole*" for further details regarding the year-over-year change in operating results for the School Food Service Fund.

## **General Fund Budgetary Highlights**

Over the course of a year, the Board will revise the budget, as necessary, to account for changes in revenue expectations and program allocations. However, during the year ended June 30, 2023, no significant budget revisions were made in the General Fund as revenue and expenditure expectations remained consistent throughout the year. The timing of some revenues and expenditures is less predictable which leads to differences between the budgeted and actual amounts. Variances between actual expenditures and final budget amounts relate to conservative budgeting practices and cost containment strategies.

## **Capital Assets**

Total primary government capital assets were \$149.1 million at June 30, 2023 compared to \$145.0 million at June 30, 2022, an increase of \$4.1 million, or 2.8%. The increase is largely attributable to construction of a new elementary school. More detailed information about the Board's capital assets is contained in Note 2 to the financial statements.

**NASH BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following is a summary of the Board's capital assets, net of depreciation, at June 30, 2023 and 2022.

**Table 3  
Summary of Capital Assets  
As of June 30, 2023 and 2022**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/23	6/30/22	6/30/23	6/30/22	6/30/23	6/30/22
Intangible assets:						
Right to use asset	\$ 437,497	\$ 583,329	\$ -	\$ -	\$ 437,497	\$ 583,329
Capital assets not being depreciated:						
Land	4,656,285	4,656,285	-	-	4,656,285	4,656,285
Construction in progress	17,967,290	9,760,824	-	-	17,967,290	9,760,824
Capital assets being depreciated:						
Buildings and improvements	110,784,510	115,036,910	-	-	110,784,510	115,036,910
Equipment and furniture	10,318,253	10,001,973	450,694	308,104	10,768,947	10,310,077
Vehicles	4,478,231	4,652,227	14,989	21,192	4,493,220	4,673,419
Total	<u>\$ 148,642,066</u>	<u>\$ 144,691,548</u>	<u>\$ 465,683</u>	<u>\$ 329,296</u>	<u>\$ 149,107,749</u>	<u>\$ 145,020,844</u>

**Debt Outstanding**

During the year, the outstanding balances for installment purchase contracts and lease liabilities decreased by \$303 thousand. 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 financial statements.

**Economic Factors**

The unemployment rate in Nash County at June 30, 2023 was 4.7% compared to a rate of 5.8% at June 30, 2022. Nash County's unemployment rate is higher than the June 30, 2023 State of N.C. and national unemployment rates which were 3.6% and 3.8%, respectively.

**Requests for Information**

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

Shanice Sanders, Interim Finance Officer  
Nash Board of Education  
930 Eastern Avenue  
Nashville, NC 27856

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## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**NASH BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**June 30, 2023**

**Exhibit 1**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 22,661,524	\$ 4,877,452	\$ 27,538,976
Due from other governments	750,597	86,091	836,688
Receivables	10,093	-	10,093
Internal balances	110,490	(110,490)	-
Inventories	494,757	394,803	889,560
Prepaid expenses	156,669	-	156,669
Capital assets:			
Right to use leased assets, net of amortization	437,497	-	437,497
Land and construction in progress	22,623,575	-	22,623,575
Other capital assets, net of depreciation	125,580,994	465,683	126,046,677
Total capital assets	<u>148,642,066</u>	<u>465,683</u>	<u>149,107,749</u>
Total assets	<u>172,826,196</u>	<u>5,713,539</u>	<u>178,539,735</u>
<b>Deferred Outflows of Resources</b>	<u>71,977,132</u>	<u>2,023,700</u>	<u>74,000,832</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	917,945	8,102	926,047
Due to other governments	52,373	-	52,373
Unearned revenue	594,268	44,501	638,769
Long-term liabilities:			
Due within one year	4,009,073	99,309	4,108,382
Due in more than one year	<u>182,448,355</u>	<u>5,088,868</u>	<u>187,537,223</u>
Total liabilities	<u>188,022,014</u>	<u>5,240,780</u>	<u>193,262,794</u>
<b>Deferred Inflows of Resources</b>	<u>64,018,134</u>	<u>1,799,927</u>	<u>65,818,061</u>
<b>Net position</b>			
Net investment in capital assets	147,820,053	465,683	148,285,736
Restricted for:			
Stabilization by State statute	684,909	-	684,909
School capital outlay	1,665,881	-	1,665,881
Instructional services	2,908,654	-	2,908,654
Individual schools activities	1,309,175	-	1,309,175
Unrestricted (deficit)	<u>(161,625,492)</u>	<u>230,849</u>	<u>(161,394,643)</u>
Total net position	<u>\$ (7,236,820)</u>	<u>\$ 696,532</u>	<u>\$ (6,540,288)</u>

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

**NASH BOARD OF EDUCATION**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2023**

**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	\$ 63,863,090	\$ -	\$ 62,880,681	\$ -	\$ (982,409)	\$ -	\$ (982,409)
Special populations	15,635,534	-	17,342,371	-	1,706,837	-	1,706,837
Alternative programs	15,563,164	-	18,569,938	-	3,006,774	-	3,006,774
School leadership	8,581,106	-	6,941,843	-	(1,639,263)	-	(1,639,263)
Co-curricular	3,676,277	2,946,378	-	-	(729,899)	-	(729,899)
School-based support	10,043,775	-	8,880,672	-	(1,163,103)	-	(1,163,103)
System-wide support services:							
Support and development	1,043,461	-	803,801	-	(239,660)	-	(239,660)
Special population support and development	1,258,555	-	1,272,240	-	13,685	-	13,685
Alternative programs and services							
support and development	478,672	-	581,655	-	102,983	-	102,983
Technology support	3,860,448	-	3,735,443	-	(125,005)	-	(125,005)
Operational support	26,299,196	-	16,446,118	468,860	(9,384,218)	-	(9,384,218)
Financial and human resource services	3,230,082	-	1,742,027	-	(1,488,055)	-	(1,488,055)
Accountability	235,584	-	1,507	-	(234,077)	-	(234,077)
System-wide pupil support	110,794	-	8,748	-	(102,046)	-	(102,046)
Policy, leadership and public relations	1,339,455	-	672,551	-	(666,904)	-	(666,904)
Ancillary services	456,363	-	364,344	-	(92,019)	-	(92,019)
Payments to other governments	1,703,263	-	2,231,609	-	528,346	-	528,346
Interest on long-term debt	18,933	-	-	-	(18,933)	-	(18,933)
Unallocated depreciation expense**	101,657	-	-	-	(101,657)	-	(101,657)
Total governmental activities	157,499,409	2,946,378	142,475,548	468,860	(11,608,623)	-	(11,608,623)
Business-type activities:							
School food service	9,544,872	814,215	7,524,990	-	-	(1,205,667)	(1,205,667)
Total primary government	\$ 167,044,281	\$ 3,760,593	\$ 150,000,538	\$ 468,860	(11,608,623)	(1,205,667)	(12,814,290)
General revenues:							
Unrestricted county appropriations - operating					24,117,313	-	24,117,313
Unrestricted county appropriations - capital					10,763,107	-	10,763,107
Unrestricted State appropriations - operating					6,790,383	-	6,790,383
Unrestricted Federal appropriations - operating					29,684	-	29,684
Unrestricted State appropriations - capital					472,816	-	472,816
Investment earnings, unrestricted					13,256	27,496	40,752
Miscellaneous, unrestricted					2,170,702	11,158	2,181,860
Transfers					(264,297)	264,297	-
Total general revenues and transfers					44,092,964	302,951	44,395,915
Change in net position					32,484,341	(902,716)	31,581,625
Net position (deficit) - beginning					(39,721,161)	1,599,248	(38,121,913)
Net position (deficit) - ending					\$ (7,236,820)	\$ 696,532	\$ (6,540,288)

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



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## **FUND FINANCIAL STATEMENTS**

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**NASH BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2023**

**Exhibit 3**

	Major Funds					Non-major Fund	Total
	General	State Public School	Federal Grants	Restricted Revenue	Capital Outlay	Individual Schools	Governmental Funds
<b>Assets</b>							
Cash and cash equivalents	\$ 11,686,082	\$ 2,301	\$ 50,072	\$ 8,013,727	\$ 1,600,167	\$ 1,309,175	\$ 22,661,524
Due from other governments	31,808	-	-	643,008	75,781	-	750,597
Accounts receivable	1,295	-	-	8,798	-	-	10,093
Due from other funds	-	-	-	110,490	-	-	110,490
Inventories	494,757	-	-	-	-	-	494,757
Prepaid expenditures	156,669	-	-	-	-	-	156,669
Total assets	<u>\$ 12,370,611</u>	<u>\$ 2,301</u>	<u>\$ 50,072</u>	<u>\$ 8,776,023</u>	<u>\$ 1,675,948</u>	<u>\$ 1,309,175</u>	<u>\$ 24,184,130</u>
<b>Liabilities and Fund balances</b>							
Liabilities:							
Accounts payable and accrued liabilities	\$ 865,092	\$ -	\$ -	\$ 42,786	\$ 10,067	\$ -	\$ 917,945
Due to other governments	-	2,301	50,072	-	-	-	52,373
Unearned revenue	-	-	-	594,268	-	-	594,268
Total liabilities	<u>865,092</u>	<u>2,301</u>	<u>50,072</u>	<u>637,054</u>	<u>10,067</u>	<u>-</u>	<u>1,564,586</u>
Fund balances:							
Nonspendable:							
Inventories	494,757	-	-	-	-	-	494,757
Prepaid expenditures	156,669	-	-	-	-	-	156,669
Restricted:							
Stabilization by State statute	33,103	-	-	651,806	-	-	684,909
School capital outlay	-	-	-	-	1,665,881	-	1,665,881
Instructional services	-	-	-	2,908,654	-	-	2,908,654
Individual schools	-	-	-	-	-	1,309,175	1,309,175
Assigned:							
Information technology	-	-	-	656,745	-	-	656,745
Band uniforms	-	-	-	122,929	-	-	122,929
Special revenues	-	-	-	3,798,835	-	-	3,798,835
Unassigned	10,820,990	-	-	-	-	-	10,820,990
Total fund balances	<u>11,505,519</u>	<u>-</u>	<u>-</u>	<u>8,138,969</u>	<u>1,665,881</u>	<u>1,309,175</u>	<u>22,619,544</u>
Total liabilities and fund balances	<u>\$ 12,370,611</u>	<u>\$ 2,301</u>	<u>\$ 50,072</u>	<u>\$ 8,776,023</u>	<u>\$ 1,675,948</u>	<u>\$ 1,309,175</u>	<u>\$ 24,184,130</u>

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

**NASH BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2023**

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**Exhibit 3 (continued)**

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

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

Total fund balances of governmental funds	\$ 22,619,544
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	148,642,066
Deferred outflows of resources related to pensions	47,314,902
Deferred outflows of resources related to OPEB	24,662,230
Some liabilities, including those for compensated absences, installment purchases and leases are not due and payable in the current period and therefore are not reported in the funds.	(9,473,057)
Net pension liability	(73,901,106)
Net OPEB liability	(103,083,265)
Deferred inflows of resources related to pensions	(2,140,111)
Deferred inflows of resources related to OPEB	<u>(61,878,023)</u>
Net position (deficit) of governmental activities	<u>\$ (7,236,820)</u>

**NASH BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2023**

**Exhibit 4**

	Major Funds					Non-major Fund	Total
	General	State Public School	Federal Grants	Restricted Revenue	Capital Outlay	Individual Schools	Governmental Funds
Revenues:							
State of North Carolina	\$ -	\$ 112,658,367	\$ -	\$ 336,571	\$ 941,676	\$ -	\$ 113,936,614
Local Counties:							
Edgecombe County - local appropriation	2,740,453	-	-	-	-	-	2,740,453
Edgecombe County - other	-	-	-	-	179,078	-	179,078
Nash County - local appropriation	21,376,860	-	-	-	-	-	21,376,860
Nash County - other	-	-	-	-	10,584,029	-	10,584,029
Total local Counties	24,117,313	-	-	-	10,763,107	-	34,880,420
U.S. Government	-	-	33,460,812	235,447	-	-	33,696,259
Other	687,822	-	-	7,206,417	7,794	2,438,674	10,340,707
Total revenues	24,805,135	112,658,367	33,460,812	7,778,435	11,712,577	2,438,674	192,854,000
Expenditures:							
Current:							
Instructional services:							
Regular instructional	5,861,233	62,726,432	819,115	1,225,951	780	-	70,633,511
Special populations	936,422	13,338,897	4,004,577	55,762	-	-	18,335,658
Alternative programs	167,010	2,852,422	13,334,745	770,042	-	-	17,124,219
School leadership	737,688	9,542,618	-	-	-	-	10,280,306
Co-curricular	1,258,569	-	12,769	170,563	-	2,395,194	3,837,095
School-based support	688,568	9,096,903	829,148	925,974	-	-	11,540,593
System-wide support services:							
Support and development	86,007	979,883	110,473	95,323	-	-	1,271,686
Special population support and development	152,829	361,632	910,608	22,649	-	-	1,447,718
Alternative programs and services							
support and development	40	19,917	561,738	1,375	-	-	583,070
Technology support	70,762	624,120	3,367,351	57,045	-	-	4,119,278
Operational support	9,378,773	10,784,341	5,613,854	13,213	1,012,810	-	26,802,991
Financial and human resource services	1,179,427	1,425,475	1,291,733	-	-	-	3,896,635
Accountability	130,312	109,248	-	-	-	-	239,560
System-wide pupil support	101,908	-	8,748	-	-	-	110,656
Policy, leadership and public relations	714,040	748,556	-	627	-	-	1,463,223
Ancillary services	80,770	-	364,344	11,249	-	-	456,363
Non-programmed charges	1,703,263	-	2,231,609	-	-	-	3,934,872
Debt service:							
Principal retirement	140,667	-	-	-	468,860	-	609,527
Interest and fees	18,933	-	-	-	-	-	18,933
Capital outlay	-	-	-	-	9,498,589	-	9,498,589
Total expenditures	23,407,221	112,610,444	33,460,812	3,349,773	10,981,039	2,395,194	186,204,483
Revenues over (under) expenditures	1,397,914	47,923	-	4,428,662	731,538	43,480	6,649,517
Other financing sources (uses):							
Transfers to other funds	-	(47,923)	-	-	-	-	(47,923)
Proceeds from disposal of capital assets	-	-	-	-	50,000	-	50,000
Installment purchase obligations issued	-	-	-	-	306,899	-	306,899
Total other financing sources (uses)	-	(47,923)	-	-	356,899	-	308,976
Net change in fund balance	1,397,914	-	-	4,428,662	1,088,437	43,480	6,958,493
Fund balances:							
Beginning of year	10,122,656	-	-	3,710,307	577,444	1,265,695	15,676,102
Change in reserve for inventories	(15,051)	-	-	-	-	-	(15,051)
End of year	\$ 11,505,519	\$ -	\$ -	\$ 8,138,969	\$ 1,665,881	\$ 1,309,175	\$ 22,619,544

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

**NASH 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, 2023**

**Exhibit 5**

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

Net changes in fund balances - total governmental funds	\$ 6,958,493
Change in fund balance due to change in reserve for inventory	(15,051)
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.	4,096,350
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.	(145,832)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	14,906,607
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	5,995,237
Proceeds from the sale of capital assets are recorded as revenues in the fund statements but not in the statement of activities.	(50,000)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	782,585
Gain on disposal of capital assets	50,000
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	302,628
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	(14,185,083)
OPEB (expense) benefit	14,002,934
Compensated absences	(214,527)
Total changes in net position of governmental activities	<u>\$ 32,484,341</u>

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

**NASH 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, 2023**

**Exhibit 6**

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Local Counties	24,117,313	24,117,315	24,117,313	(2)
U.S. Government	-	-	-	-
Other	-	529,829	687,822	157,993
Total revenues	24,117,313	24,647,144	24,805,135	157,991
Expenditures:				
Current:				
Instructional services	9,660,786	10,175,433	9,649,490	525,943
System-wide support services	11,934,572	12,472,300	11,814,098	658,202
Ancillary services	4,984	5,316	80,770	(75,454)
Non-programmed charges	2,516,971	1,834,495	1,703,263	131,232
Debt service:				
Principal retirement	-	140,667	140,667	-
Interest and fees	-	18,933	18,933	-
Total debt service	-	159,600	159,600	-
Total expenditures	24,117,313	24,647,144	23,407,221	1,239,923
Revenues over (under) expenditures	-	-	1,397,914	1,397,914
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	\$ -	\$ -	1,397,914	\$ 1,397,914
Fund balances:				
Beginning of year			10,122,656	
Change in reserve for inventories			(15,051)	
End of year			\$ 11,505,519	

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

**NASH 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, 2023**

	State Public School Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina	\$ 102,907,678	\$ 118,268,310	\$ 112,658,367	\$ (5,609,943)
Local Counties	-	-	-	-
U.S. Government	-	-	-	-
Other	-	-	-	-
Total revenues	102,907,678	118,268,310	112,658,367	(5,609,943)
Expenditures:				
Current:				
Instructional services	90,247,396	103,150,133	97,557,272	5,592,861
System-wide support services	12,660,282	15,070,253	15,053,172	17,081
Ancillary services	-	-	-	-
Non-programmed charges	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total debt service	-	-	-	-
Total expenditures	102,907,678	118,220,386	112,610,444	5,609,942
Revenues over (under) expenditures	-	47,924	47,923	(1)
Other financing uses:				
Transfers to other funds	-	(47,924)	(47,923)	1
Fund balance appropriated	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balances:				
Beginning of year			-	
Change in reserve for inventories			-	
End of year			\$ -	

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

**NASH 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, 2023**

	Federal Grants Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Local Counties	-	-	-	-
U.S. Government	-	63,577,131	33,460,812	(30,116,319)
Other	-	-	-	-
Total revenues	-	63,577,131	33,460,812	(30,116,319)
Expenditures:				
Current:				
Instructional services	-	36,755,527	19,000,354	17,755,173
System-wide support services	-	17,446,925	11,864,505	5,582,420
Ancillary services	-	791,541	364,344	427,197
Non-programmed charges	-	8,583,138	2,231,609	6,351,529
Debt service:				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total debt service	-	-	-	-
Total expenditures	-	63,577,131	33,460,812	30,116,319
Revenues over (under) expenditures	-	-	-	-
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balances:				
Beginning of year			-	
Change in reserve for inventories			-	
End of year			\$ -	

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



**NASH 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, 2023**

	Restricted Revenue Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina	\$ -	\$ 10,428	\$ 336,571	\$ 326,143
Local Counties	-	-	-	-
U.S. Government	235,000	-	235,447	235,447
Other	1,145,000	5,326,522	7,206,417	1,879,895
Total revenues	1,380,000	5,336,950	7,778,435	2,441,485
Expenditures:				
Current:				
Instructional services	1,380,000	6,835,071	3,148,292	3,686,779
System-wide support services	-	785,983	190,232	595,751
Ancillary services	-	35,000	11,249	23,751
Non-programmed charges	-	175	-	175
Debt service:				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total debt service	-	-	-	-
Total expenditures	1,380,000	7,656,229	3,349,773	4,306,456
Revenues over (under) expenditures	-	(2,319,279)	4,428,662	6,747,941
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	2,319,279	-	(2,319,279)
Net change in fund balance	\$ -	\$ -	4,428,662	\$ 4,428,662
Fund balances:				
Beginning of year			3,710,307	
Change in reserve for inventories			-	
End of year			\$ 8,138,969	

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

**NASH BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
PROPRIETARY FUND TYPE  
June 30, 2023**

**Exhibit 7**

	Enterprise Fund Major Fund School Food Service
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 4,877,452
Due from other governments	86,091
Inventories	394,803
Total current assets	<u>5,358,346</u>
Noncurrent assets:	
Capital assets:	
Furniture and office equipment, net	<u>465,683</u>
Total assets	<u>5,824,029</u>
<b>Deferred Outflows of Resources</b>	<u>2,023,700</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and accrued liabilities	8,102
Due to other funds	110,490
Compensated absences	99,309
Unearned revenue	44,501
Total current liabilities	<u>262,402</u>
Noncurrent liabilities:	
Net pension liability	2,077,795
Net OPEB liability	2,898,277
Compensated absences	112,796
Total noncurrent liabilities	<u>5,088,868</u>
Total liabilities	<u>5,351,270</u>
<b>Deferred Inflows of Resources</b>	<u>1,799,927</u>
<b>Net position</b>	
Investment in capital assets	465,683
Unrestricted	230,849
Total net position	<u>\$ 696,532</u>

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

**NASH BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND TYPE**  
**For the Fiscal Year Ended June 30, 2023**

**Exhibit 8**

	Enterprise Fund Major Fund School Food Service
Operating revenues:	
Food sales	\$ 814,215
Other	11,158
Total operating revenues	<u>825,373</u>
Operating expenses:	
Food cost:	
Purchase of food	2,264,672
Donated commodities	619,840
Salaries and benefits	5,546,290
Indirect costs	374,344
Materials and supplies	361,081
Repairs and maintenance	185,916
Depreciation	79,987
Non-capitalized equipment	47,607
Contracted services	1,331
Other	63,804
Total operating expenses	<u>9,544,872</u>
Operating loss	<u>(8,719,499)</u>
Nonoperating revenues:	
Federal reimbursements	6,880,689
Federal commodities	619,840
State reimbursements	24,461
Interest earned	27,496
Total nonoperating revenues	<u>7,552,486</u>
Loss before transfers and contributions	(1,167,013)
Transfers from other funds	47,923
Capital contributions	<u>216,374</u>
Change in net position	(902,716)
Net position, beginning of year	<u>1,599,248</u>
Net position, end of year	<u>\$ 696,532</u>

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

**NASH BOARD OF EDUCATION  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE  
For the Fiscal Year Ended June 30, 2023**

**Exhibit 9**

	Enterprise Fund Major Fund School Food Service
Cash flows from operating activities:	
Cash received from customers	\$ 820,503
Cash paid for goods and services	(3,423,641)
Cash paid to employees for services	(4,641,536)
Other revenues	11,158
Net cash used by operating activities	<u>(7,233,516)</u>
Cash flows from noncapital financing activities:	
Due to other funds	110,490
Federal and State reimbursements	6,946,368
Net cash provided by noncapital financing activities	<u>7,056,858</u>
Cash flows from investing activities:	
Interest earned on investments	27,496
Net decrease in cash and cash equivalents	(149,162)
Cash and cash equivalents, beginning of year	5,026,614
Cash and cash equivalents, end of year	<u>\$ 4,877,452</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	<u>\$ (8,719,499)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	79,987
Donated commodities	619,840
Salaries paid by special revenue fund	47,923
Changes in assets, liabilities, deferred outflows and deferred inflows:	
Decrease in accounts receivable	694
Decrease in net OPEB asset	1,411
Increase in inventories	(114,371)
Decrease in accounts payable and accrued liabilities	(10,515)
Increase in unearned revenue	5,594
Increase in net pension liability	1,615,860
Increase in net OPEB liability	291,673
Increase in deferred outflows	(1,137,448)
Increase in deferred inflows	55,975
Increase in compensated absences payable	29,360
Total adjustments	<u>1,485,983</u>
Net cash used by operating activities	<u>\$ (7,233,516)</u>

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

**NASH BOARD OF EDUCATION  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE  
For the Fiscal Year Ended June 30, 2023**

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**Exhibit 9 (continued)**

**NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:**

The School Food Service Fund received donated commodities with a value of \$619,840 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 \$47,923 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 \$216,374 were purchased by the Federal Grants 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.*

**NASH BOARD OF EDUCATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Nash 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 Nash 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 Nash County and a portion of Edgecombe 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. Interfund services provided and used are not eliminated in the process of consolidation. 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. Interfund services provided and used are not eliminated in the process of consolidation.

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 required to be accounted for in another fund. This fund is the "Local Current Expense Fund," which is mandated by State law [G.S. 115C-426].

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

**NASH BOARD OF EDUCATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

*Restricted Revenue Fund.* The Restricted Revenue 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 Nash County and Edgecombe County appropriations, restricted sales tax moneys, proceeds of county debt issued for public school construction, lottery proceeds as well as certain State assistance.

The Board reports the following nonmajor governmental fund:

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

The Board reports the following major enterprise fund:

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

**C. Measurement Focus and Basis of Accounting**

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

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

**NASH BOARD OF EDUCATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the purpose level for all annually budgeted funds. The Board has authorized the Superintendent to move moneys within the same purpose within a fund without limitation and without a report to the Board of Education being required. Amendments are required for any revisions that alter total expenditures of any fund, or that transfer amounts between purpose appropriations. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

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

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

2. Cash and Cash Equivalents

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

3. Inventories

The inventories of the Board are valued at cost and the Board uses the first-in, first-out (FIFO) flow assumption in determining cost. The inventories of the Board's General Fund consist of expendable materials and supplies which are recorded as expenditures when purchased. The General Fund inventories do not reflect current appropriable resources and, thus, an equivalent portion of fund balance



**NASH BOARD OF EDUCATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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is classified as nonspendable. 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, 1990 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

For capital assets utilized in both governmental and business-type activities, it is the policy of the Board to capitalize those assets costing more than \$5,000 with an estimated useful life of two or more years. In addition, other items that are purchased in large quantities such as student desks and library books are capitalized. The library collections consist of a large number of books with modest values; the composite depreciation method has been used as discussed in GASB 35, paragraphs 163-166. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives is not capitalized.

Nash 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 lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

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

	<u>Years</u>
Buildings and improvements	50
Equipment and furniture	3 - 10
Vehicles	6 - 12

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 outflows 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 two items that meet this criterion – pension and other post-employment benefit-related deferrals. The statement of financial position also reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and

**NASH BOARD OF EDUCATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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so will not be recognized as revenue until then. The Board has two items that meet this criterion – pension and other post-employment benefit-related deferrals.

6. Long-term Obligations

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

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, 2023 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years' records of the current portion of compensated absences.

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

8. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Prepaid expenditures- portion of fund balance that is not an available resource because it represents the year-end balance of prepaid expenditures, 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 - North Carolina G.S. 115C-425(a) prohibits boards of education from budgeting or spending a portion of their fund balance. Restricted by State statute (RSS) is calculated at the end of each fiscal year. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year

**NASH BOARD OF EDUCATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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next preceding the budget year. RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS.

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

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

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

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

Information technology – portion of fund balance that represents amounts designated for information technology expenditures.

Band uniforms – portion of fund balance that represents amounts designated for band uniform expenditures.

Special revenues – portion of fund balance that represents the residual amount of revenues from certain grants, reimbursements, indirect costs and other financial resources in excess of related expenditures that will be used for instructional services, system-wide support services, ancillary services or non-programmed charges, as determined by the Board of Education.

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

The Board does not have a formal revenue spending policy. However, it is the Board's practice to use resources in the following hierarchy: debt proceeds, federal funds, State funds, local non-Board funds and Board 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.

**NASH BOARD OF EDUCATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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 \$(29,856,364) consists of the following elements:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 268,284,708
Less accumulated depreciation and amortization	<u>(119,642,642)</u>
Net capital assets	<u>148,642,066</u>
Deferred outflows of resources related to pensions	47,314,902
Deferred outflows of resources related to OPEB	24,662,230
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 funds:	
Installment purchases	(369,368)
Lease liabilities	(452,645)
Compensated absences	(8,651,044)
Net pension liability	(73,901,106)
Net OPEB liability	(103,083,265)
Deferred inflows of resources related to pensions	(2,140,111)
Deferred inflows of resources related to OPEB	<u>(61,878,023)</u>
Total adjustment	<u><u>\$ (29,856,364)</u></u>

**NASH BOARD OF EDUCATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$25,525,848 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 8,990,166
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(4,893,816)
Amortization expense for intangible assets, the allocation of those assets over their useful lives, that is recorded in the statement of activities but not in the fund statements	(145,832)
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	(306,899)
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	609,527
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	14,906,607
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	5,995,237
Proceeds from the sale of capital assets are recorded as revenues in the fund statements but not in the statement of activities	(50,000)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	
OPEB nonemployer contributions	782,585
Gain on disposal of capital assets	50,000
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 funds	
Pension (expense) benefit	(14,185,083)
OPEB (expense) benefit	14,002,934
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(214,527)
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	(15,051)
Total adjustment	<u>\$ 25,525,848</u>

**NASH BOARD OF EDUCATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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10. Defined Benefit Pension Plans

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

**NOTE 2 - DETAIL NOTES ON ALL FUNDS**

A. Assets

1. Deposits

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

At June 30, 2023, the Board had deposits with banks and savings and loans with a carrying amount of \$25,627,581 and with the State Treasurer of \$52,373. The bank balances with the financial institutions and the State Treasurer were \$26,264,111 and \$1,984,329, respectively. Of these balances, \$1,850,937 was covered by federal depository insurance and \$26,397,503 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30 2023, the Board had \$1,859,022 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2023. The Board has no investment balances in the NCCMT as of June 30, 2023. 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.

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3. Accounts Receivable

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

	Due from (to) other funds (Internal balances)	Due from other governments	Other	Total
Governmental activities:				
General Fund	\$ -	\$ 31,808	\$ 1,295	\$ 33,103
Other governmental activities	<u>110,490</u>	<u>718,789</u>	<u>8,798</u>	<u>838,077</u>
Total governmental activities	<u>\$ 110,490</u>	<u>\$ 750,597</u>	<u>\$ 10,093</u>	<u>\$ 871,180</u>
Business-type activities:				
School Food Service Fund	<u>\$ (110,490)</u>	<u>\$ 86,091</u>	<u>\$ -</u>	<u>\$ (24,399)</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 31,808	Edgecombe and Nash counties
Restricted Revenue Fund	643,008	State / federal grants and reimbursements
Capital Outlay Fund	<u>75,781</u>	Amounts due from Edgecombe County
Total governmental activities	<u>\$ 750,597</u>	
Business-type activities:		
School Food Service Fund	<u>\$ 86,091</u>	Federal grant funds

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4. Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,656,285	\$ -	\$ -	\$ 4,656,285
Construction in progress	9,760,824	8,206,466	-	17,967,290
Total capital assets not being depreciated	<u>14,417,109</u>	<u>8,206,466</u>	<u>-</u>	<u>22,623,575</u>
Capital assets being depreciated:				
Buildings and improvements	201,329,297	-	-	201,329,297
Equipment and furniture	27,680,677	417,937	-	28,098,614
Vehicles	15,704,163	365,763	565,865	15,504,061
Total capital assets being depreciated	<u>244,714,137</u>	<u>783,700</u>	<u>565,865</u>	<u>244,931,972</u>
Less accumulated depreciation for:				
Buildings and improvements	86,292,387	4,252,400	-	90,544,787
Equipment and furniture	17,678,704	101,657	-	17,780,361
Vehicles	11,051,936	539,759	565,865	11,025,830
Total accumulated depreciation	<u>115,023,027</u>	<u>4,893,816</u>	<u>565,865</u>	<u>119,350,978</u>
Total capital assets being depreciated, net	<u>129,691,110</u>			<u>125,580,994</u>
Capital assets being amortized:				
Leased equipment	729,161	-	-	729,161
Less accumulated amortization for:				
Leased equipment	145,832	145,832	-	291,664
Capital assets being amortized, net	<u>583,329</u>			<u>437,497</u>
Governmental activity capital assets, net	<u>\$ 144,691,548</u>			<u>\$ 148,642,066</u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment and furniture	\$ 2,602,067	\$ 216,374	\$ -	\$ 2,818,441
Vehicles	269,527	-	-	269,527
Total capital assets being depreciated	<u>2,871,594</u>	<u>216,374</u>	<u>-</u>	<u>3,087,968</u>
Less accumulated depreciation for:				
Equipment and furniture	2,293,963	73,784	-	2,367,747
Vehicles	248,335	6,203	-	254,538
Total accumulated depreciation	<u>2,542,298</u>	<u>79,987</u>	<u>-</u>	<u>2,622,285</u>
School Food Service capital assets, net	<u>\$ 329,296</u>			<u>\$ 465,683</u>



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Amortization of \$145,8321 was charged to operational support services. Depreciation was charged to governmental functions as follows:

Instructional services	\$ 4,252,400
System-wide support services	539,759
Unallocated depreciation	<u>101,657</u>
Total	<u>\$ 4,893,816</u>

5. Construction and Other Significant Commitments

As of June 30, 2023, the Board had a project in progress for construction of a new elementary school. The Board's commitments with an architect and contractor for the remaining portion of contracts outstanding for this project totaled approximately \$946 thousand at June 30, 2023.

B. Liabilities

1. Pension Plan and Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

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

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

TSERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years

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of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions.* Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2023 was 17.38% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$15,325,722 for the year ended June 30, 2023.

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

At June 30, 2023, the Board reported a liability of \$75,978,901 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2022 and at June 30, 2021, the Board's proportion was 0.5119% and 0.4888%, respectively.

For the year ended June 30, 2023, the Board recognized pension expense of \$14,805,246. At June 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 330,817	\$ 1,035,604
Changes of assumptions	5,994,446	-
Net difference between projected and actual earnings on pension plan investments	24,954,517	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	2,039,701	1,164,678
Board contributions subsequent to the measurement date	15,325,722	-
Total	<u>\$ 48,645,203</u>	<u>\$ 2,200,282</u>

\$15,325,722 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended June 30:

2024	\$ 8,178,773
2025	7,668,633
2026	3,309,300
2027	<u>11,962,493</u>
Total	<u>\$ 31,119,199</u>

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

Inflation	2.50 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, 2021 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.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

<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	<u>100%</u>	

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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:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Board's proportionate share of the net pension liability (asset)	\$ 134,334,567	\$ 75,978,901	\$ 27,810,965

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

**b. Other Postemployment Benefits**

**1. Healthcare Benefits**

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

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

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

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

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

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

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

*Contributions.* By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also, by law, fund assets are dedicated to providing benefits to retired and disabled employees and their 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, 2023, the Board contributed 6.89% of covered payroll, which amounted to \$6,075,617 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 \$180.5 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 \$804,588.

At June 30, 2023, the Board reported a liability of \$105,849,015 for its proportionate share of the net RHBF OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. The total OPEB liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially

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determined. At June 30, 2022 and 2021, the Board's proportion was 0.4457% and 0.4410%, respectively.

\$6,075,617 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, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2024	\$ 17,546,099
2025	11,311,293
2026	10,624,022
2027	5,255,182
Total	<u>\$ 44,736,596</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	6.50%

Healthcare cost trend rates:

Medical	5.00-6.00%
Prescription drug	5.00-9.50%
Administrative costs	3.00%
Post-retirement mortality rates	Pub-2010 Healthy Annuitant Mortality Table for males and females, adjusted for 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, 2023 and 2022 were 3.54% and 2.16%, respectively. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.54% was used as the discount rate used to measure the total OPEB liability. The 3.54% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2022.

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

	1% decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Net OPEB liability	\$ 124,677,945	\$ 105,849,015	\$ 90,470,891

*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

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the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage point higher than the current healthcare trend rates:

		Healthcare Trend Rates		
	1% Decrease (Medical - 4.00-5.00%, Pharmacy - 4.00-8.50%, Medicare Advantage - 4.00%, Administrative - 2.00%)	(Medical - 5.00-6.00%, Pharmacy - 5.00-9.50%, Medicare Advantage - 5.00%, Administrative - 3.00%)	1% increase (Medical -6.00-7.00%, Pharmacy - 6.00-10.50%, Medicare Advantage - 6.00%, Administrative - 4.00%)	
Net OPEB liability	\$ 87,130,672	\$ 105,849,015	\$ 130,045,149	

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

## 2. Disability Benefits

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

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

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actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2023, employers made a statutory contribution of 0.10% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$88,180 for the year ended June 30, 2023.

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

At June 30, 2023, the Board reported a liability of \$132,527 for its proportionate share of the net DIPNC OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. The total OPEB liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2022 and 2021, the Board's proportion was 0.4455% and 0.4466%, respectively.

\$88,180 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, 2024. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2024	\$	76,910
2025		86,558
2026		62,333
2027		49,507
2028		15,004
Thereafter		<u>20,337</u>
Total	\$	<u>310,649</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:

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
Net OPEB liability	\$ 163,191	\$ 132,527	\$ 101,788

*Common actuarial assumptions for both OPEB plans.* The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2021 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated



**NASH BOARD OF EDUCATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2022. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

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

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

DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2022. The long-term expected rate of return was determined based on the combination of expected future real rates of return and expected inflation. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2022 is 1.2%.

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, 2023:

	<u>RHBF</u>	<u>DIPNC</u>	<u>Total</u>
OPEB expense (benefit)	\$ (13,376,982)	\$ 191,036	\$ (13,185,946)
OPEB liability (asset)	105,849,015	132,527	105,981,542
Proportionate share of the net OPEB liability / asset	0.4457%	0.4455%	
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 1,027,654	\$ 148,552	\$ 1,176,206
Changes of assumptions	8,474,589	8,518	8,483,107
Net difference between projected and actual earnings on plan investments	916,607	140,172	1,056,779
Changes in proportion and differences between Board contributions and proportionate share of contributions	8,434,244	41,496	8,475,740
Board contributions subsequent to the measurement date	6,075,617	88,180	6,163,797
Total deferred outflows of resources	<u>\$ 24,928,711</u>	<u>\$ 426,918</u>	<u>\$ 25,355,629</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 292,895	\$ -	\$ 292,895
Changes of assumptions	48,174,379	24,552	48,198,931
Changes in proportion and differences between Board contributions and proportionate share of contributions	15,122,416	3,537	15,125,953
Total deferred inflows of resources	<u>\$ 63,589,690</u>	<u>\$ 28,089</u>	<u>\$ 63,617,779</u>

**NASH BOARD OF EDUCATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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2. Accounts Payable

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

	<u>Vendors and Other</u>	<u>Due to other governments</u>	<u>Total</u>
Governmental activities:			
General Fund	\$ 865,092	\$ -	\$ 865,092
Other governmental activities	52,853	52,373	105,226
Total	<u>\$ 917,945</u>	<u>\$ 52,373</u>	<u>\$ 970,318</u>
Business-type activities:			
School Food Service Fund	<u>\$ 8,102</u>	<u>\$ -</u>	<u>\$ 8,102</u>

3. Unearned Revenues

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

Governmental activities:	
Grants not yet earned (Restricted Revenue Fund)	<u>\$ 594,268</u>
Business-type activities:	
Prepayments of meals (School Food Service Fund)	<u>\$ 44,501</u>

Unearned revenue in governmental activities consists of grant revenues for which eligibility requirements other than time requirements have not been met.

4. Deferred Outflows and Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,507,023	\$ 1,328,499
Changes of assumptions	14,477,553	48,198,931
Net difference between projected and actual earnings on pension and OPEB plan investments	26,011,296	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	10,515,441	16,290,631
Board contributions subsequent to the measurement date	<u>21,489,519</u>	<u>-</u>
Total	<u>\$ 74,000,832</u>	<u>\$ 65,818,061</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. The Board participates in the North Carolina School Boards Trust (the Trust), a member funded risk management program administered by the North Carolina School Boards Association. Through the Trust, the Board maintains

**NASH BOARD OF EDUCATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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general liability and errors and omissions coverage of \$1,000,000 each claim made / \$3,150,000 coverage period aggregate. The Trust is reinsured through commercial companies for losses in excess of \$150,000 per claim for errors and omissions and general liability coverage.

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

The Board also participates in the State Public Education Property Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing fund administered by the North Carolina Department of Insurance. The Fund insures the tangible property assets of the Board. Coverage is provided on an "all risk" perils contract. Buildings and contents are insured on a replacement cost basis. The Fund purchases excess reinsurance to protect the assets of the Fund in the event of a catastrophic event. The Fund maintains a self-insured retention of \$10 million. Excess reinsurance is purchased through commercial insurers. A limit of \$5 million per occurrence is provided on flood, earthquake, business interruption and extra expense. \$10 million per occurrence is provided on increased cost of construction. The Board carries additional flood insurance coverage of \$5 million per location and \$15 million per occurrence purchased through the NC Public School Insurance Fund.

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 healthcare benefits. The Board pays most of the cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

In accordance with G.S. 115C-442, the Board's employees who have custody of the Board's monies at any given time are performance bonded through a commercial surety bond. The finance officer is bonded for \$250,000. The remaining employees that have access to funds are bonded under a blanket bond for \$175,000.

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

6. Long-Term Obligations

a. Leases

The Board has entered into an agreement to lease certain equipment. The lease agreement qualifies as an other than short-term lease 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 on August 3, 2020, to lease copier machines and requires 24 quarterly payments of \$39,900. There are no variable payment components of the lease. The lease liability is measured at an imputed discount rate of 3.50%. As a result of the lease, the Board has recorded a right to use asset with a net book value of \$437,497 on June 30, 2023. The right to use asset is discussed in more detail in Note 1.

The following is a schedule of the future minimum lease payments and the net present value of the minimum lease payments as of June 30, 2023:

**NASH BOARD OF EDUCATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

Year Ending June 30:	Principal Payments	Interest Payments	Total
2024	\$ 145,655	\$ 13,945	\$ 159,600
2025	150,821	8,779	159,600
2026	156,169	3,431	159,600
Totals	<u>\$ 452,645</u>	<u>\$ 26,155</u>	<u>\$ 478,800</u>

b. Direct Placement Installment Purchases

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot moneys for the payments on financing contracts entered into pursuant to G.S. 115C-528. The State has accepted the bid to purchase Thomas Built Buses through special third-party direct placement financing arrangements. During the current and prior fiscal years, the Board entered such contracts for the purchase of school buses. The buses are pledged as collateral for the debt while the debt is outstanding. The gross amount of buses acquired under installment purchase contracts outstanding at June 30, 2023 totaled \$1,170,549. The contracts each require 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 15<sup>th</sup> dates. The future minimum payments of the installment purchase as of June 30, 2023 are as follows:

Year Ending June 30:	Governmental Activities Principal
2024	\$ 292,642
2025	76,726
Totals	<u>\$ 369,368</u>

c. Long-Term Obligation Activity

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

	July 1, 2022	Increases	Decreases	June 30, 2023	Current Portion
Governmental activities:					
Direct placement installment purchases	\$ 531,329	\$ 306,899	\$ 468,860	\$ 369,368	\$ 292,642
Lease liabilities	593,312	-	140,667	452,645	145,655
Net pension liability	22,424,277	51,476,829	-	73,901,106	-
Net OPEB liability	126,535,512	-	23,452,247	103,083,265	-
Compensated absences	8,436,517	6,309,579	6,095,052	8,651,044	3,570,776
Total	<u>\$ 158,520,947</u>	<u>\$ 58,093,307</u>	<u>\$ 30,156,826</u>	<u>\$ 186,457,428</u>	<u>\$ 4,009,073</u>
Business-type activities:					
Net pension liability	\$ 461,935	\$ 1,615,860	\$ -	\$ 2,077,795	\$ -
Net OPEB liability	2,606,604	291,673	-	2,898,277	-
Compensated absences	182,745	216,105	186,745	212,105	99,309
Total	<u>\$ 3,251,284</u>	<u>\$ 2,123,638</u>	<u>\$ 186,745</u>	<u>\$ 5,188,177</u>	<u>\$ 99,309</u>

**NASH BOARD OF EDUCATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

C. Interfund Balances and Activity

1. Interfund Balances

At June 30, 2023 the School Food Service Fund owed the Other Special Revenue Fund \$110,490 for indirect cost expense. This balance is expected to be paid during the year ended June 30, 2024.

2. Transfers to/from other Funds

Transfers to/from other funds during the year ended June 30, 2023 consisted of \$47,923 transferred from the State Public School Fund to the School Food Service Fund for administrative costs.

3. Transfers / Contributed Capital

During the year ended June 30, 2023, the Federal Grants Fund purchased capitalized equipment for the School Food Service Fund totaling \$216,674. This amount is presented as a transfer between governmental and business-type activities in Exhibit 2 and as contributed capital in Exhibit 8.

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	\$ 148,642,066
Less:	
Installment purchase obligations for school buses	(369,368)
Lease liabilities	(452,645)
Net investment in capital assets, governmental activities	<u>\$ 147,820,053</u>

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	\$ 11,505,519
Less:	
Inventories	(494,757)
Prepaid expenditures	(156,669)
Stabilization by State statute	(33,103)
Unassigned fund balance	<u>\$ 10,820,990</u>

**NASH BOARD OF EDUCATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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**NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Excess of Expenditures Over Appropriations

During the fiscal year ended June 30, 2023, the Board reported expenditures within the General Fund that violated State law [G.S. 115C-441] because they exceeded the amount appropriated in the budget ordinance by \$75,454 for ancillary services. Management will monitor budgets monthly and make necessary amendments to avoid expenditures in excess of appropriations.

**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.

**NOTE 5 – BOUNDARY REALIGNMENT**

In September 2022, the Edgecombe County Board of Commissioners voted to approve a boundary line change beginning in the 2024-25 school year and to continue paying per-pupil expenditures and capital costs through the end of the 2023-24 fiscal year to Nash County Public Schools. The N.C. legislature subsequently passed legislation mandating a county line boundary effective July 1, 2024. As a result of these decisions, Nash County Public Schools will lose approximately 2,000 students at the end of the 2023-24 school year. The financial impact to the school system of such a change would likely be the loss of all State, federal and local funding the district receives based on student Average Daily Membership. In addition to the loss of funding, all school system real property, and various personal property that was not purchased with federal funds, located in Edgecombe County will be transferred to the Edgecombe County Board of Education.

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## REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

Schedule of Board Contributions  
*Retiree Health Benefit Fund*

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

Schedule of Board Contributions  
*Disability Income Plan of North Carolina*

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

	2023	2022	2021	2020	2019
Board's proportion of the net pension liability/asset	0.512%	0.489%	0.514%	0.522%	0.550%
Board's proportionate share of the net pension liability (asset)	\$ 75,978,901	\$ 22,886,212	\$ 62,068,843	\$ 54,152,837	\$ 54,763,468
Board's covered payroll	\$ 85,825,000	\$ 81,135,325	\$ 81,100,632	\$ 82,429,935	\$ 81,740,668
Board's proportionate share of the net pension liability/asset as a percentage of its covered payroll	88.53%	28.21%	76.53%	65.70%	67.00%
Plan fiduciary net position as a percentage of the total pension liability	84.14%	94.86%	85.98%	87.56%	87.61%
	2018	2017	2016	2015	2014
Board's proportion of the net pension liability/asset	0.564%	0.549%	0.544%	0.553%	0.604%
Board's proportionate share of the net pension liability (asset)	\$ 44,745,487	\$ 50,491,859	\$ 20,050,425	\$ 6,478,212	\$ 36,644,671
Board's covered payroll	\$ 81,987,756	\$ 77,448,579	\$ 76,690,342	\$ 75,247,837	\$ 81,734,603
Board's proportionate share of the net pension liability/asset as a percentage of its covered payroll	54.58%	65.19%	26.14%	8.61%	44.83%
Plan fiduciary net position as a percentage of the total pension liability	89.51%	87.32%	94.64%	98.24%	90.60%

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



**NASH BOARD OF EDUCATION  
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF BOARD CONTRIBUTIONS  
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 15,325,722	\$ 14,058,135	\$ 11,991,801	\$ 10,518,752	\$ 10,130,639
Contributions in relation to the contractually required contribution	<u>15,325,722</u>	<u>14,058,135</u>	<u>11,991,801</u>	<u>10,518,752</u>	<u>10,130,639</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 88,180,219	\$ 85,825,000	\$ 81,135,325	\$ 81,100,632	\$ 82,429,935
Contributions as a percentage of covered payroll	17.38%	16.38%	14.78%	12.97%	12.29%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 8,811,644	\$ 8,182,378	\$ 7,086,545	\$ 7,017,165	\$ 6,539,037
Contributions in relation to the contractually required contribution	<u>8,811,644</u>	<u>8,182,378</u>	<u>7,086,545</u>	<u>7,017,165</u>	<u>6,539,037</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 81,740,668	\$ 81,987,756	\$ 77,448,579	\$ 76,690,342	\$ 75,247,837
Contributions as a percentage of covered payroll	10.78%	9.98%	9.15%	9.15%	8.69%

**NASH BOARD OF EDUCATION  
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
RETIREE HEALTH BENEFIT FUND  
LAST SEVEN FISCAL YEARS\***

	2023	2022	2021	2020	2019
Board's proportion of the net OPEB liability/asset	0.446%	0.418%	0.441%	0.459%	0.487%
Board's proportionate share of the net OPEB liability (asset)	\$ 105,849,015	\$ 129,142,116	\$ 122,348,533	\$ 145,364,768	\$ 138,834,918
Board's covered payroll	\$ 85,825,000	\$ 81,135,325	\$ 81,100,632	\$ 82,429,935	\$ 81,740,668
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	123.33%	159.17%	150.86%	176.35%	169.85%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	10.58%	7.72%	6.92%	4.40%	4.40%

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	2018	2017
Board's proportion of the net OPEB liability/asset	0.509%	0.469%
Board's proportionate share of the net OPEB liability (asset)	\$ 167,007,178	\$ 203,906,417
Board's covered payroll	\$ 81,987,756	\$ 77,448,579
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	203.70%	263.28%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	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 seven years of data presented.

**NASH BOARD OF EDUCATION  
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF BOARD CONTRIBUTIONS  
RETIREE HEALTH BENEFIT FUND  
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 6,075,617	\$ 5,398,392	\$ 5,419,840	\$ 5,247,211	\$ 5,168,357
Contributions in relation to the contractually required contribution	<u>6,075,617</u>	<u>5,398,392</u>	<u>5,419,840</u>	<u>5,247,211</u>	<u>5,168,357</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 88,180,219	\$ 85,825,000	\$ 81,135,325	\$ 81,100,632	\$ 82,429,935
Contributions as a percentage of covered payroll	6.89%	6.29%	6.68%	6.47%	6.27%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 4,945,310	\$ 4,734,456	\$ 4,317,941	\$ 4,185,790	\$ 4,055,596
Contributions in relation to the contractually required contribution	<u>4,945,310</u>	<u>4,734,456</u>	<u>4,317,941</u>	<u>4,185,790</u>	<u>4,055,596</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 81,740,668	\$ 81,987,756	\$ 77,448,579	\$ 76,690,342	\$ 75,247,837
Contributions as a percentage of covered payroll	6.05%	5.81%	5.60%	5.49%	5.40%

**NASH BOARD OF EDUCATION  
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 SEVEN FISCAL YEARS\***

	2023	2022	2021	2020	2019
Board's proportion of the net OPEB liability/asset	0.446%	0.428%	0.447%	0.456%	0.479%
Board's proportionate share of the net OPEB liability (asset)	\$ 132,527	\$ (69,883)	\$ (219,695)	\$ (196,859)	\$ (145,455)
Board's covered payroll	\$ 85,825,000	\$ 81,135,325	\$ 81,100,632	\$ 82,429,935	\$ 81,740,668
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	0.15%	0.09%	0.27%	0.24%	0.18%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	90.34%	105.18%	115.57%	113.00%	108.47%

	2018	2017
Board's proportion of the net OPEB liability/asset	0.495%	0.486%
Board's proportionate share of the net OPEB liability (asset)	\$ (302,245)	\$ (301,638)
Board's covered payroll	\$ 81,987,756	\$ 77,448,579
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	0.37%	0.39%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	116.23%	116.06%

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

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 seven years of data presented.

**NASH BOARD OF EDUCATION  
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF BOARD CONTRIBUTIONS  
DISABILITY INCOME PLAN OF NORTH CAROLINA  
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 88,180	\$ 77,242	\$ 73,022	\$ 81,101	\$ 115,402
Contributions in relation to the contractually required contribution	<u>88,180</u>	<u>77,242</u>	<u>73,022</u>	<u>81,101</u>	<u>115,402</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 88,180,219	\$ 85,825,000	\$ 81,135,325	\$ 81,100,632	\$ 82,429,935
Contributions as a percentage of covered payroll	0.10%	0.09%	0.09%	0.10%	0.14%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 114,437	\$ 309,655	\$ 316,135	\$ 312,600	\$ 330,456
Contributions in relation to the contractually required contribution	<u>114,437</u>	<u>309,655</u>	<u>316,135</u>	<u>312,600</u>	<u>330,456</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 81,740,668	\$ 81,987,756	\$ 77,448,579	\$ 76,690,342	\$ 75,247,837
Contributions as a percentage of covered payroll	0.14%	0.38%	0.41%	0.41%	0.44%

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## **INDIVIDUAL FUND SCHEDULES**

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

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Local Counties:			
Edgecombe County appropriation	\$ 2,740,453	\$ 2,740,453	\$ -
Nash County appropriation	21,376,862	21,376,860	(2)
Total Local Counties	24,117,315	24,117,313	(2)
Other:			
Fines and forfeitures	529,829	674,566	144,737
Interest earned on investment	-	13,256	13,256
Total other	529,829	687,822	157,993
Total revenues	24,647,144	24,805,135	157,991
Expenditures:			
Current:			
Instructional services:			
Regular instructional		5,861,233	
Special populations		936,422	
Alternative programs		167,010	
School leadership		737,688	
Co-curricular		1,258,569	
School-based support		688,568	
Total instructional services	10,175,433	9,649,490	525,943
System-wide support services:			
Support and development		86,007	
Special population support and development		152,829	
Alternative programs and services			
support and development		40	
Technology support		70,762	
Operational support		9,378,773	
Financial and human resource services		1,179,427	
Accountability		130,312	
System-wide pupil support		101,908	
Policy, leadership and public relations		714,040	
Total system-wide support services	12,472,300	11,814,098	658,202
Ancillary services:			
Nutrition	5,316	80,770	(75,454)
Non-programmed charges:			
Payments to other governments		1,703,263	
Total non-programmed charges	1,834,495	1,703,263	131,232

**NASH 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, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Expenditures: (Continued)			
Debt service:			
Principal retirement	140,667	140,667	-
Interest and fees	18,933	18,933	-
Total debt service	<u>159,600</u>	<u>159,600</u>	<u>-</u>
Total expenditures	<u>24,647,144</u>	<u>23,407,221</u>	<u>1,239,923</u>
Net change in fund balance	<u>\$ -</u>	1,397,914	<u>\$ 1,397,914</u>
Fund balance:			
Beginning of year		10,122,656	
Change in reserve for inventories		<u>(15,051)</u>	
End of year		<u>\$ 11,505,519</u>	



**NASH 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, 2023**

	Final Budget	Actual	Variance with Final Budget
Revenues:			
State of North Carolina:			
State appropriations - buses	\$ 468,860	\$ 468,860	\$ -
Public School Building Capital Fund	61,951	472,816	410,865
Total State of North Carolina	530,811	941,676	410,865
Local Counties:			
Edgecombe County appropriations	179,077	179,078	1
Nash County appropriations	1,396,890	1,396,890	-
Local government sales tax	-	314,873	314,873
Total local Counties	1,575,967	1,890,841	314,874
Other:			
Miscellaneous	-	7,794	7,794
Total revenues	2,106,778	2,840,311	733,533
Expenditures:			
Current:			
Instructional services:			
Regular instructional	20,000	780	19,220
System-wide support services:			
Operational support		1,012,810	
Total system-wide support services	2,552,810	1,012,810	1,540,000
Debt service:			
Principal retirement	468,860	468,860	-
Capital outlay	812,918	626,323	186,595
Total expenditures	3,854,588	2,108,773	1,745,815
Revenues over (under) expenditures	(1,747,810)	731,538	2,479,348
Other financing sources:			
Proceeds from disposal of capital assets	-	50,000	50,000
Installment purchase obligations issued	1,747,810	306,899	(1,440,911)
Total other financing sources	1,747,810	356,899	(1,390,911)
Net change in fund balance	\$ -	1,088,437	\$ 1,088,437
Fund balance:			
Beginning of year		577,444	
End of year		1,665,881	
Amounts reported on the Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit 4) are different from the Budget and Actual Statement due to capital outlay activity incurred by Nash County on behalf of the Board:			
Capital outlay contributed to the Board:			
Nash County - new school project		8,872,266	
New school construction expenditures paid on behalf of the Board		(8,872,266)	
Fund balance, end of year		\$ 1,665,881	

**NASH BOARD OF EDUCATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**INDIVIDUAL SCHOOLS FUND**  
**For the Fiscal Year Ended June 30, 2023**

	Revenues	Expenditures	Net change in fund balance	Fund balances June 30, 2022	Fund balances June 30, 2023
Bailey Elementary	\$ 36,825	\$ 34,242	\$ 2,583	\$ 17,241	\$ 19,824
Baskerville Elementary	25,898	26,578	(680)	10,614	9,934
Benvenue Elementary	74,212	67,998	6,214	6,181	12,395
Cedar Grove Elementary	26,392	18,947	7,445	1,018	8,463
Coopers Elementary	24,985	12,528	12,457	21,396	33,853
Englewood Elementary	17,339	18,051	(712)	12,411	11,699
Fairview Elementary	24,405	21,744	2,661	8,309	10,970
M.B. Hubbard Elementary	44,249	41,951	2,298	13,115	15,413
D.S. Johnson Elementary	25,728	25,413	315	3,939	4,254
Middlesex Elementary	19,085	34,333	(15,248)	29,831	14,583
Nashville Elementary	61,200	54,394	6,806	24,411	31,217
Red Oak Elementary	50,021	54,036	(4,015)	23,820	19,805
Spring Hope Elementary	9,124	11,837	(2,713)	16,529	13,816
Swift Creek Elementary	22,493	30,122	(7,629)	21,867	14,238
Willford Elementary	5,574	5,756	(182)	2,002	1,820
Winstead Elementary	53,253	59,871	(6,618)	23,857	17,239
J.W. Parker Middle	37,354	27,796	9,558	12,460	22,018
Edwards Middle	70,561	69,075	1,486	23,673	25,159
Nash Central Middle	100,900	94,999	5,901	27,375	33,276
Red Oak Middle	151,803	117,287	34,516	93,337	127,853
Rocky Mount Middle	58,258	59,106	(848)	28,354	27,506
Southern Nash Middle	115,449	141,505	(26,056)	75,061	49,005
Nash Central High	285,146	286,599	(1,453)	139,787	138,334
Northern Nash Senior	433,388	412,811	20,577	242,381	262,958
Rocky Mount High	278,650	259,129	19,521	113,876	133,397
Southern Nash Senior	358,316	375,277	(16,961)	228,867	211,906
Tar River Academy	6,097	6,415	(318)	2,618	2,300
Nash-Rocky Mount Early College High	14,890	20,928	(6,038)	39,642	33,604
CITI High School	5,424	5,370	54	1,723	1,777
Nash Everywhere Digital Academy	1,655	1,096	559	-	559
Totals	<u>\$ 2,438,674</u>	<u>\$ 2,395,194</u>	<u>\$ 43,480</u>	<u>\$ 1,265,695</u>	<u>\$ 1,309,175</u>

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

	Final Budget	Actual	Variance with Final Budget
Operating revenues:			
Food sales	\$ 983,000	\$ 814,215	\$ (168,785)
Other	15,000	11,158	(3,842)
Total operating revenues	<u>998,000</u>	<u>825,373</u>	<u>(172,627)</u>
Operating expenditures:			
Business support services:			
Purchase of food		2,379,043	
Donated commodities		619,840	
Salaries and benefits		4,689,459	
Indirect costs		374,344	
Materials and supplies		361,081	
Repairs and maintenance		185,916	
Non-capitalized equipment		47,607	
Contracted services		1,331	
Other		63,804	
Total operating expenditures	<u>9,440,334</u>	<u>8,722,425</u>	<u>717,909</u>
Operating loss	<u>(8,442,334)</u>	<u>(7,897,052)</u>	<u>545,282</u>
Nonoperating revenues:			
Federal reimbursements and grants	7,786,334	6,880,689	(905,645)
Federal commodities	633,000	619,840	(13,160)
State reimbursements	7,000	24,461	17,461
Interest earned	16,000	27,496	11,496
Total nonoperating revenues	<u>8,442,334</u>	<u>7,552,486</u>	<u>(889,848)</u>
Revenues under expenditures	-	(344,566)	(344,566)
Other financing sources:			
Transfers from other funds	-	47,923	47,923
Net change in fund balance	<u>\$ -</u>	<u>(296,643)</u>	<u>\$ (296,643)</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(79,987)	
Capital contributions		216,374	
Net OPEB asset		(1,411)	
Net pension liability		(1,615,860)	
Net OPEB liability		(291,673)	
Deferred outflows - pension and OPEB		1,137,448	
Deferred inflows - pension and OPEB		(55,975)	
Increase in compensated absences payable		(29,360)	
Increase in inventories		114,371	
Change in net position (full accrual)		<u>\$ (902,716)</u>	

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## **COMPLIANCE SECTION**

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# ANDERSON SMITH & WIKE PLLC

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

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

To the Nash Board of Education  
Nashville, 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 Nash Board of Education, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the basic financial statements, which collectively comprises the Nash Board of Education, North Carolina's basic financial statements and have issued our report thereon dated November 21, 2023.

### ***Report on Internal Control Over Financial Reporting***

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

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

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

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Nash 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*

*November 21, 2023  
Rockingham, North Carolina*



# ANDERSON SMITH & WIKE PLLC

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S 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 Nash Board of Education  
Nashville, North Carolina

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

#### **Opinion on Each Major Federal Program**

We have audited Nash 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, 2023. The Nash 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 Nash 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, 2023.

#### **Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (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 Nash Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Nash 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 Nash 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 Nash 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 Nash 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 Nash 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 Nash 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 Nash 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*

November 21, 2023  
Rockingham, North Carolina





# ANDERSON SMITH & WIKE PLLC

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S 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 Nash Board of Education  
Nashville, North Carolina

### **Report on Compliance for Each Major State Program**

#### **Opinion on Each Major State Program**

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

#### **Basis for Opinion on Each Major State Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (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) 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 Nash Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of the Nash 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 Nash 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 Nash 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 Nash 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 Nash 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 Nash 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 Nash 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*

November 21, 2023  
Rockingham, North Carolina

**NASH BOARD OF EDUCATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2023**

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**Section I - Summary of Auditor's Results**

**Financial Statements**

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? *No*

**Federal Awards**

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

<b>AL Number</b>	<b>Name of Federal Program or Cluster</b>
	Special Education Cluster:
84.027	Grants to States - IDEA, part B (611)
84.027	COVID-19 - ARP - Grants to States - IDEA, part B (611)
84.027	Risk Pool
84.027	Special Needs Targeted Assistance
84.173	Preschool Grants - IDEA, Part B (619)
84.173	Preschool Targeted Assistance
84.010	Title I, Grants to Local Educational Agencies
84.425	COVID-19 – Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B Programs *\$ 1,235,904*

Auditee qualified as low-risk auditee? *Yes*

**NASH BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2023**

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**Section I - Summary of Auditor's Results (Continued)**

**State Awards**

Internal control over major State programs:

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

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

*Unmodified*

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

*No*

Identification of major State programs:

Program Name

State Public School Fund

Career and Technical Education – Program Support Funds

**Section II - Financial Statement Findings**

None reported.

**Section III - Federal Award Findings and Questioned Costs**

None reported.

**Section IV - State Award Findings and Questioned Costs**

None reported.

**NASH BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Fiscal Year Ended June 30, 2023**

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**Finding 22-01**

Status: Corrected.

**Finding 22-02**

Status: Corrected.

**Finding 22-03**

Status: Corrected.

**NASH BOARD OF EDUCATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Fiscal Year Ended June 30, 2023**

Page 1 of 4

Grantor/Pass-through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Expenditures
<b>Federal Grants:</b>			
<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	\$ 619,840
Cash Assistance:			
School Breakfast Program	10.553	PRC 035	1,754,313
National School Lunch Program	10.555	PRC 035	4,696,257
Supply Chain Assistance Funds	10.555	PRC 035	381,321
After School Snack Program	10.555	PRC 035	12,524
Seamless Summer Program	10.555	PRC 035	36,274
Cash Assistance Subtotal			6,880,689
Total Child Nutrition Cluster			7,500,529
Local Food for Schools Cooperative Agreement Program	10.185		26,948
Total U.S. Department of Agriculture			7,527,477
<u>U.S. Department of Education</u>			
Office of Elementary and Secondary Education			
Direct Program:			
Impact Aid (School Assistance in Federally Affected Areas)	84.041		29,684
Passed-through the N.C. Department of Public Instruction:			
Title I, Grants to Local Educational Agencies	84.010	PRC 050, 105, 115	7,920,797
Migrant Education (Title I of IASA)	84.011	PRC 051	222,304
Education for Homeless Children and Youth	84.196	PRC 026	53,887
Supporting Effective Instruction State Grant	84.367	PRC 103	663,661
Language Acquisition Grant	84.365	PRC 104, 111	91,586
Special Education - State Personnel Development	84.323	PRC 082	43,301
Student Support and Academic Enrichment Program	84.424	PRC 108	508,264
Career and Technical Education - Basic Grants to States Program Development	84.048	PRC 017	312,138
Special Education Cluster:			
Grants to States - IDEA, part B (611)	84.027	PRC 060	3,491,118
COVID-19 - ARP - Grants to States - IDEA, part B (611)	84.027	PRC 185	657,420
Special Needs Targeted Assistance	84.027	PRC 118	4,771
Risk Pool	84.027	PRC 114	109,030
Preschool Grants - IDEA, Part B (619)	84.173	PRC 049	136,412
Preschool Targeted Assistance	84.173	PRC 119	3,512
Total Special Education Cluster			4,402,263

**NASH BOARD OF EDUCATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Fiscal Year Ended June 30, 2023**

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<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
COVID-19 - Education Stabilization Fund:			
CARES Act:			
COVID-19 - K-12 Emergency Relief Fund - ESSER I	84.425D	PRC 163	250,211
COVID-19 - ESSER I - Digital Curricula	84.425D	PRC 165	1,220
COVID-19 - ESSER I - Exceptional Children Grants	84.425D	PRC 167	8,131
COVID-19 - ESSER I - ICARES	84.425D	PRC 168	126,375
COVID-19 - GEER I - Specialized Instructional Support Personnel for COVID-19 Response	84.425C	PRC 169	101,549
COVID-19 - GEER I - Supplemental Instructional Services	84.425C	PRC 170	94,562
CRRSA:			
COVID-19 - K-12 Emergency Relief Fund - ESSER II	84.425D	PRC 171	5,038,259
COVID-19 - ESSER II - School Nutrition COVID Support	84.425D	PRC 174	30,291
COVID-19 - ESSER II - Learning Loss Funding	84.425D	PRC 176	17,363
COVID-19 - ESSER II - Summer Career Accel. Program	84.425D	PRC 177	107,822
ARP:			
COVID-19 - ESSER III - K-12 Emergency Relief Fund	84.425D	PRC 181	11,885,481
COVID-19 - ESSER III - Homeless	84.425W	PRC 183	498
COVID-19 - ESSER III - Homeless II	84.425W	PRC 184	30,836
COVID-19 - ESSER III - Math Enrichment Programs	84.425U	PRC 189	336,577
COVID-19 - ESSER III - Cyberbullying & Suicide Prevention Grants	84.425U	PRC 192	73,500
COVID-19 - ESSER III - District and School Turnaround Grants	84.425U	PRC 195	475,648
COVID-19 - ESSER III - School Psychologists Grant Program	84.425U	PRC 204	21,388
COVID-19 - ESSER III - Principal Retention Supplements	84.425U	PRC 206	7,483
Total COVID-19 - Education Stabilization Fund	84.425		18,607,194
Total U.S. Department of Education			32,855,079
<u>U.S. Department of Health and Human Services</u>			
Health Resources and Services Administration			
Passed-through the N.C. Department of Public Instruction:			
School Mental Health Support - Aware/Activate	93.243	PRC 102	635,417
<u>U.S. Department of Defense</u>			
Direct Program:			
ROTC	12.000		178,815
<b>Total Federal Assistance</b>			<b>41,196,788</b>

**NASH BOARD OF EDUCATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Fiscal Year Ended June 30, 2023**

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<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
<b>State Grants:</b>			
<u>N.C. Department of Public Instruction</u>			
Cash Assistance:			
State Public School Fund		Various	106,601,134
Career and Technical Education:			
State Months of Employment		PRC 013	4,686,694
Program Support Funds		PRC 014	815,976
Driver Training		PRC 012	297,420
School Technology Fund		PRC 015	257,143
K-12 Athletic Facilities Grant			131,702
Regional Alternative Licensing			86,571
Passed-through Nash County:			
Public School Building Repair & Reonvation Fund			<u>472,816</u>
Cash assistance subtotal			113,349,456
Non-Cash Assistance:			
State Buses Appropriation			<u>468,860</u>
Total N.C. Department of Public Instruction			<u>113,818,316</u>
<u>N.C. Department of Agriculture</u>			
State Reduced Lunch Program			6,627
State Reduced Breakfast Program			<u>17,834</u>
Total N.C. Department of Agriculture			<u>24,461</u>
<u>N.C. Department of Health and Human Services</u>			
Passed-through Nash County:			
State School Nurse Initiative			<u>250,000</u>
<b>Total State Assistance</b>			<b><u>114,092,777</u></b>
<b>Total Federal and State Assistance</b>			<b><u>\$ 155,289,565</u></b>



**NASH BOARD OF EDUCATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Fiscal Year Ended June 30, 2023**

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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 Nash Board of Education under the programs of the federal government and the State of North Carolina for the year ended June 30, 2023. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Nash Board of Education, it is not intended to and does not present the financial position, changes in net assets or cash flows of Nash 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.

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