



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

November 23, 2021

To the Board of Education – Currituck County
Currituck, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Currituck County Board of Education (the Board) for the year ended June 30, 2021, and have issued our report thereon dated November 23, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, Government Auditing Standards and the Uniform Guidance as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 13, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Board are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The only significant estimates used in the preparation of the basic financial statements are as follows:

- Management's estimate of depreciation expense is based on the assets' respective estimated useful lives. We evaluated the key factors and assumptions used to develop the accumulated depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimates for the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pension and OPEB plans, and pension and OPEB plan expense are based upon guidance provided by independent third parties. We have evaluated key factors and assumptions used by the third parties to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 23, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Currituck County Board of Education's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Currituck County Board of Education's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

Auditing standards generally accepted in the United States of America and Government Auditing Standards requires independence for all audits. The two main principles of independence are: (1) do not perform nonattest services that involve making management decisions; and (2) do not audit your own work. No events have occurred to impair our independence during this year's audit. We have assisted management in the preparation of the Board's basic financial statements and the Schedule of Expenditures of Federal and State Awards. Management has reviewed and approved the basic financial statements and the Schedule of Expenditures of Federal and State Awards.

We applied certain limited procedures to Management Discussion and Analysis, the Schedules of the Board's Proportionate Share of the Net Pension Liability, OPEB Liability and OPEB Asset and the Schedules of Board Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the individual fund financial statements and schedules, budgetary schedules, other schedules and the schedule of expenditures of federal and State awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to

our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restrictions on Use

This information is intended solely for the information and use of members of the Currituck County Board of Education and management of the Board and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to express our appreciation for the assistance and cooperation given our representatives during our audit. Should you have any questions concerning the matters presented herein, we would be pleased to discuss them with you further at your convenience.

Very truly yours,

Anderson Smith & Wike PLLC

Anderson Smith & Wike PLLC
West End, North Carolina

**CURRITUCK COUNTY
BOARD OF EDUCATION
Currituck, North Carolina**

*Financial Statements
For the Fiscal Year Ended
June 30, 2021*

**CURRITUCK COUNTY BOARD OF EDUCATION
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ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Currituck County Board of Education
Currituck, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Currituck County Board of Education, as of and for the year ended June 30, 2021 and the related notes to the basic financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Currituck County Board of Education as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General, State Public School, Federal Grants and Other Special Revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 10 and the Schedule of the Board's Proportionate Share of the Net Pension Liability, OPEB Liability and OPEB Asset and the Schedule of Board Contributions on pages 52 through 57, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2021 on our consideration of the Currituck County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Currituck County Board of Education's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

November 23, 2021
West End, North Carolina
(910) 603-0508

CURRITUCK COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Currituck County Board of Education's (the "Board") financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2021. This information should be read in conjunction with the audited financial statements included in this report.

Impact of Coronavirus on District

During the fiscal year, the State and nation continued to be affected by the spread of a coronavirus (COVID-19). Educational services were provided to students remotely, within the traditional classroom environment or a hybrid method incorporating on-site instruction and remote learning. The Board incurred additional expenses as a result of COVID-19 including: purchase of personal protective equipment and remote learning educational tools. In addition, the Board received grants from the federal government to assist with these additional expenses incurred due to COVID-19.

Financial Highlights

- For the fiscal year ended June 30, 2021, the Board's total government-wide net position increased by \$993,000. Governmental activities net position increased by \$803,000, and business-type activities net position increased by \$191,000.
- For the fiscal year ended June 30, 2021, the Board's governmental fund balance increased \$1.1 million to \$3.6 million.
- The Board's average daily membership (ADM) for the fiscal year ended June 30, 2021 was 4,091 students, a decrease of 104 students from the 2020 ADM of 4,195.

Overview of the Financial Statements

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

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

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

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

CURRITUCK COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

Government-wide Statements

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

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

- Over time, increases or decreases in the Board's net position 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.

Currituck County Board of Education has three 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

**CURRITUCK COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

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

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

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

Fiduciary funds: The Board is the trustee, or fiduciary, for assets that belong to others, such as the Private Purpose Trust Fund. The Board is responsible for ensuring that the assets reported in this fund are used only for their intended purpose and by those to whom the assets belong. The Board excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations. The Currituck County Board of Education has one fiduciary fund - the Administrative Fund.

The fiduciary fund statements are shown as Exhibits 10 and 11 of this report.

Financial Analysis of the Board as a Whole

Net position is an indicator of the fiscal health of the Board. Liabilities and deferred inflows exceeded assets and deferred outflows by \$19.7 million as of June 30, 2021 as compared to liabilities and deferred inflows exceeding assets and deferred outflows by \$20.7 million as of June 30, 2020, an increase of \$993,000. The largest component of net position is net investment in capital assets of \$42.7 million.

Following is a summary of the Statement of Net Position:

**CURRITUCK COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Table 1
Condensed Statement of Net Position
As of June 30, 2021 and 2020**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/21	6/30/20	6/30/21	6/30/20	6/30/21	6/30/20
Current assets	\$ 5,334,205	\$ 4,598,730	\$ 299,321	\$ 251,603	\$ 5,633,526	\$ 4,850,333
Capital assets	42,953,937	44,009,901	154,096	183,338	43,108,033	44,193,239
Total assets	48,288,142	48,608,631	453,417	434,941	48,741,559	49,043,572
Deferred outflows of resources	13,127,527	12,376,225	194,094	210,435	13,321,621	12,586,660
Current liabilities	3,477,297	3,854,749	55,901	69,643	3,533,198	3,924,392
Long-term liabilities	58,879,410	60,399,456	860,901	1,021,183	59,740,311	61,420,639
Total liabilities	62,356,707	64,254,205	916,802	1,090,826	63,273,509	65,345,031
Deferred inflows of resources	18,235,321	16,709,628	269,617	284,119	18,504,938	16,993,747
Net investment in capital assets	42,519,602	43,674,020	154,096	183,338	42,673,698	43,857,358
Restricted net position	1,844,277	1,778,940	1,905	2,675	1,846,182	1,781,615
Unrestricted net position (deficit)	(63,540,238)	(65,431,937)	(694,909)	(915,582)	(64,235,147)	(66,347,519)
Total net position (deficit)	\$ (19,176,359)	\$ (19,978,977)	\$ (538,908)	\$ (729,569)	\$ (19,715,267)	\$ (20,708,546)

The net position of the Board's governmental activities increased \$803,000 during the year, from \$(20.0) million at June 30, 2020 to \$(19.2) million at June 30, 2021, indicating an improvement in the financial condition of the Board. Restricted net position increased by \$65,000 due to an increase in Capital Outlay fund balance. Unrestricted net position increased \$1.9 million compared to the prior year. Net investment in capital assets decreased \$1.2 million due to an excess of depreciation expense over capital additions for the year. 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.

The net position of the Board's business-type activities increased \$191,000 from \$(730,000) at June 30, 2020 to \$(539,000) at June 30, 2021. The increase is a result of the net income generated by our school food service operations during the 2021 fiscal year largely due to funding assistance received from the General fund to offset the decrease in participation as well as the resulting decrease in expenses including food costs, salaries and pension and OPEB expenses. The following table shows the revenues and expenses for the Board for the current and prior fiscal years:

**CURRITUCK COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Table 2
Condensed Statement of Activities
For the Fiscal Years Ended June 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/21	6/30/20	6/30/21	6/30/20	6/30/21	6/30/20
Revenues:						
Program revenues:						
Charges for services	\$ 377,020	\$ 799,553	\$ 6,409	\$ 320,488	\$ 383,429	\$ 1,120,041
Operating grants and contributions	32,302,777	29,989,158	910,045	1,003,379	33,212,822	30,992,537
Capital grants and contributions	420,163	147,913	-	30,460	420,163	178,373
General revenues:						
County appropriations	13,313,196	12,467,613	-	-	13,313,196	12,467,613
Other revenues	362,047	354,276	5,020	11,333	367,067	365,609
Total revenues	<u>46,775,203</u>	<u>43,758,513</u>	<u>921,474</u>	<u>1,365,660</u>	<u>47,696,677</u>	<u>45,124,173</u>
Expenses:						
Governmental activities:						
Instructional services	33,875,788	34,001,729	-	-	33,875,788	34,001,729
System-wide support services	11,399,442	11,233,321	-	-	11,399,442	11,233,321
Ancillary services	74,864	131,527	-	-	74,864	131,527
Non-programmed charges	120,815	109,663	-	-	120,815	109,663
Interest on long-term debt	29,440	20,798	-	-	29,440	20,798
Unallocated depreciation	166,041	208,869	-	-	166,041	208,869
Business-type activities:						
School food service	-	-	1,037,008	1,375,679	1,037,008	1,375,679
Total expenses	<u>45,666,390</u>	<u>45,705,907</u>	<u>1,037,008</u>	<u>1,375,679</u>	<u>46,703,398</u>	<u>47,081,586</u>
Transfers in (out)	<u>(306,195)</u>	<u>(60,562)</u>	<u>306,195</u>	<u>60,562</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	802,618	(2,007,956)	190,661	50,543	993,279	(1,957,413)
Beginning net position (deficit)	<u>(19,978,977)</u>	<u>(17,971,021)</u>	<u>(729,569)</u>	<u>(780,112)</u>	<u>(20,708,546)</u>	<u>(18,751,133)</u>
Ending net position (deficit)	<u>\$ (19,176,359)</u>	<u>\$ (19,978,977)</u>	<u>\$ (538,908)</u>	<u>\$ (729,569)</u>	<u>\$ (19,715,267)</u>	<u>\$ (20,708,546)</u>

Total governmental activities generated revenues of \$46.8 million while expenses in this category totaled \$45.7 million for the year ended June 30, 2021, resulting in an increase in net position of \$803,000 (including transfers out to business-type activities of \$306,000). Comparatively, revenues were \$43.8 million, expenses totaled \$45.7 million and transfers out were \$61,000 for the year ended June 30, 2020, resulting in a decrease in net position of \$2.0 million. In comparing the two years, revenues increased \$3.0 million, or 6.9%, and expenses decreased by \$40,000, or 0.1%. The overall increase in revenues is largely attributable to Federal Coronavirus Relief Funds and Education Stabilization Funds received to offset the additional cost of the COVID-19 pandemic, this increased cost was partially offset by a

CURRITUCK COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

\$512,000 decrease in pension and OPEB related expenses. See the footnotes for detailed information regarding pension and OPEB related amounts and disclosures.

The Board's primary sources of revenues were funding from the State of North Carolina, Currituck County, and the United States Government, which respectively comprised 63.6%, 28.4% and 5.6% of our total revenues. As would be expected, the major component of our expenses was instructional services which accounted for 74.2% of our total expenses during the most recent fiscal year. Of the remaining 25.8% of our total expenses, 25.0% was attributable to system-wide support services.

Our business-type activities generated revenues of \$921,000, while expenses in this category totaled \$1.0 million for the year ended June 30, 2021. For the year, net position increased by \$191,000 (including transfers in of \$306,000). Comparatively, revenues were \$1.4 million, expenses were \$1.4 million and transfers in were \$61,000 for the year ended June 30, 2020, resulting in an increase in net position of \$51,000. In comparing the two years, revenues and expenses decreased. The decrease in revenues is the result of decreases in participation due to limited in person learning during the coronavirus pandemic, the Board continued to offer meals through the summer feeding program which increased the reimbursement rates. The decrease in meals served also resulted in a decrease in expenses including food costs and salaries.

Financial Analysis of the Board's Funds

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

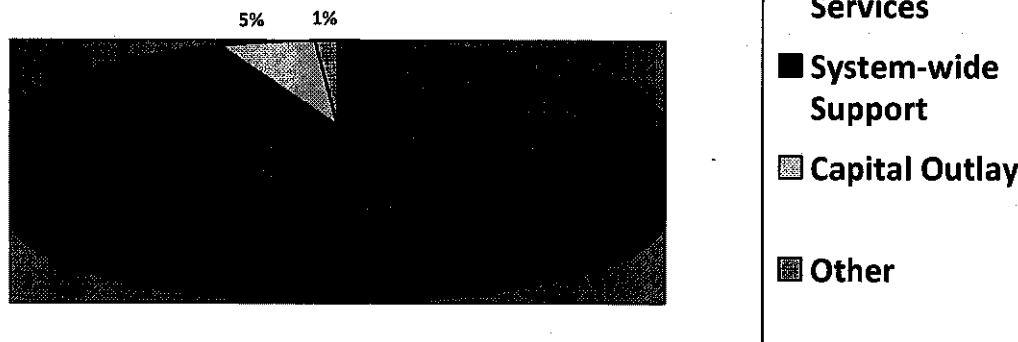
The Board's governmental funds reported a combined fund balance of \$3.6 million at June 30, 2021, an increase of \$1.1 million from the amount reported at June 30, 2020. The General, Other Special Revenue, Capital Outlay and Individual Schools funds all reported increases in fund balance of \$530,000, \$458,000, \$114,000 and \$19,000, respectively, for the year ended June 30, 2021.

Overall, total governmental fund revenues increased by \$3.0 million and total expenditures increased by \$2.2 million over the prior year. The increase in revenues is attributable to an increase in Local current expense County funding of \$510,000 and a \$336,000 increase in County Capital Outlay funding. The Board also recognized an increase in revenues and expenditures in State and Federal funds related to the Coronavirus Relief funds and Education Stabilization Funds to help offset the cost of the COVID-19 pandemic. The increase in expenditures is also partially due to an increase in the retirement rate and an increase in Capital Outlay spending.

The Capital Outlay Fund reported fund balance of \$758,000 at June 30, 2021, an increase of \$114,000 from the \$644,000 reported at June 30, 2020. This fund balance reserve is available to fund future capital projects.

**CURRITUCK COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Categorization of Expenditures for Governmental Funds



Expenditures presented on modified accrual basis of accounting.

Proprietary Fund: The Board's business-type fund, the School Food Service Fund, reported an increase in net position of \$191,000 for the fiscal year ended June 30, 2021 compared to an increase of \$51,000 for the same 2020 period. See the section above titled *Financial Analysis of the Board as a Whole* for a detailed discussion of the significant changes in revenues and expenses.

General Fund Budgetary Highlights

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

The Board's General Fund reported an increase in fund balance for the year ended June 30, 2021 of \$530,000, compared to an increase of \$133,000 in 2020. Revenues increased by \$534,000 due to an increase in the County appropriation. Expenditures decreased by \$98,000 over the prior year, as a result of cost savings recognized in system-wide support services due to the mix of in person and virtual learning in response to the coronavirus pandemic. These cost savings were offset by a transfer of \$246,000 to the school food service fund to cover shortfalls in cash as a result of declines in revenues. General fund balance still sits \$1.8 million lower than it was just 7 years ago.

Capital Assets

Total primary government capital assets were \$43.1 million at June 30, 2021 compared to \$44.2 million at June 30, 2020, a decrease of 2.5%. The decrease is attributable to an excess of depreciation expense over capital additions for the year. The following is a summary of the Board's capital assets, net of depreciation, at June 30, 2021 and 2020. More detailed information about the Board's capital assets is contained in note 2 to the basic financial statements.

**CURRITUCK COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Table 3
Summary of Capital Assets
As of June 30, 2021 and 2020**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/21	6/30/20	6/30/21	6/30/20	6/30/21	6/30/20
Land	\$ 1,419,859	\$ 1,419,859	\$ -	\$ -	\$ 1,419,859	\$ 1,419,859
Construction in progress	427,124	5,371	-	-	427,124	5,371
Buildings and improvements	39,278,799	40,416,328	-	-	39,278,799	40,416,328
Equipment and furniture	474,139	551,166	154,096	183,338	628,235	734,504
Vehicles	1,354,016	1,617,177	-	-	1,354,016	1,617,177
Total	<u>\$ 42,953,937</u>	<u>\$ 44,009,901</u>	<u>\$ 154,096</u>	<u>\$ 183,338</u>	<u>\$ 43,108,033</u>	<u>\$ 44,193,239</u>

Debt Outstanding

During the year, the Board's long-term debt increased from \$336,000 at June 30, 2020 to \$434,000 at June 30, 2021 due to an additional installment purchase obligation entered into for the purchase of modular units. 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. More detailed information about the Board's outstanding debt is contained in note 2 to the basic financial statements.

Economic Factors

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

- Currituck County's 2020 population estimation of 29,257 is 23.6% higher than the 2010 census of 23,674.
- The unadjusted unemployment rate in Currituck County at June 30, 2021 was 4.1%, slightly below that of the State at 4.9%.
- Tourism continues to lead a strong economic outlook for coastal counties in NC. Currituck County recognizes 60% of its annual taxable sales during the in-season, and 40% of the County's employment is directly related to Tourism.
- Currituck County has experienced strong real estate construction and an increase in housing values of 15.2% over the past year, and are expected to continue to increase in the next year.

Requests for Information

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

Susan Mizelle, Interim Finance Officer
Currituck County Board of Education
2958 Caratoke Highway
Currituck, NC 27929

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CURRITUCK COUNTY SCHOOLS
STATEMENT OF NET POSITION
June 30, 2021

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 3,854,659	\$ 133,484	\$ 3,988,143
Due from other governments	1,409,850	10,527	1,420,377
Net OPEB asset	69,696	1,030	70,726
Inventories	-	154,280	154,280
Capital assets:			
Land and construction in progress	1,846,983	-	1,846,983
Other capital assets, net of depreciation	41,106,954	154,096	41,261,050
Total capital assets	42,953,937	154,096	43,108,033
Total assets	48,288,142	453,417	48,741,559
Deferred Outflows of Resources	13,127,527	194,094	13,321,621
Liabilities			
Accounts payable and accrued expenses	186,316	183	186,499
Accrued salaries and wages payable	1,511,011	-	1,511,011
Unearned revenue	-	37,160	37,160
Long-term liabilities:			
Due within one year	1,779,970	18,558	1,798,528
Due in more than one year	1,012,531	5,315	1,017,846
Net pension liability	19,630,551	290,246	19,920,797
Net OPEB liability	38,236,328	565,340	38,801,668
Total liabilities	62,356,707	916,802	63,273,509
Deferred inflows of resources	18,235,321	269,617	18,504,938
Net position			
Net investment in capital assets	42,519,602	154,096	42,673,698
Restricted for:			
Stabilization by State statute	49,861	-	49,861
School capital outlay	757,567	-	757,567
Instructional services	336,181	-	336,181
Individual schools activities	571,743	-	571,743
DIPNC OPEB plan	128,925	1,905	130,830
Unrestricted	(63,540,238)	(694,909)	(64,235,147)
Total net position (deficit)	\$ (19,176,359)	\$ (538,908)	\$ (19,715,267)

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

CURRITUCK COUNTY SCHOOLS
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021

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	\$ 20,965,563	\$ -	\$ 17,572,798	\$ -	\$ (3,392,765)	\$ -	\$ (3,392,765)
Special populations	5,073,017	-	4,862,905	-	(210,112)	-	(210,112)
Alternative programs	1,562,498	-	1,346,800	-	(215,698)	-	(215,698)
School leadership	2,584,796	-	1,736,676	-	(848,120)	-	(848,120)
Co-curricular	594,828	263,526	530	-	(330,772)	-	(330,772)
School-based support	3,095,068	-	2,181,509	-	(913,559)	-	(913,559)
System-wide support services:							
Support and development	213,794	-	21,573	-	(192,221)	-	(192,221)
Special population support and development	140,989	-	143,608	-	2,619	-	2,619
Alternative programs and services support and development	490	-	490	-	-	-	-
Technology support	936,347	-	318,197	-	(618,150)	-	(618,150)
Operational support	8,220,578	-	3,409,933	420,163	(4,390,482)	-	(4,390,482)
Financial and human resource services	1,091,125	113,494	261,467	-	(716,164)	-	(716,164)
Accountability	1,192	-	1,192	-	-	-	-
System-wide pupil support	70,177	-	2,824	-	(67,353)	-	(67,353)
Policy, leadership and public relations	724,750	-	283,091	-	(441,659)	-	(441,659)
Ancillary services	74,864	-	74,864	-	-	-	-
Non-programmed charges	120,815	-	84,320	-	(36,495)	-	(36,495)
Interest on long-term debt	29,440	-	-	-	(29,440)	-	(29,440)
Unallocated depreciation expense**	166,041	-	-	-	(166,041)	-	(166,041)
Total governmental activities	45,666,390	377,020	32,302,777	420,163	(12,566,430)	-	(12,566,430)
Business-type activities:							
School food service	1,037,008	6,409	910,045	-	-	(120,554)	(120,554)
Total primary government	\$ 46,703,398	\$ 383,429	\$ 33,212,822	\$ 420,163	(12,566,430)	(120,554)	(12,686,984)
General revenues:							
Unrestricted county and city appropriations - operating					11,478,196	-	11,478,196
Unrestricted county appropriations - capital					1,835,000	-	1,835,000
Investment earnings, unrestricted					8,058	20	8,078
Miscellaneous, unrestricted					353,989	5,000	358,989
Transfers					(306,195)	306,195	-
Total general revenues					13,369,048	311,215	13,680,263
Change in net position					802,618	190,661	993,279
Net position (deficit) - beginning					(19,978,977)	(729,569)	(20,708,546)
Net position (deficit) - ending					\$ (19,176,359)	\$ (538,908)	\$ (19,715,267)

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

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

FUND FINANCIAL STATEMENTS

CURRITUCK COUNTY SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

Exhibit 3

	Major Funds						Total Governmental Funds
	General	State Public School	Federal Grants	Other Special Revenue	Capital Outlay	Individual Schools	
Assets							
Cash and cash equivalents	\$ 1,597,972	\$ -	\$ -	\$ 902,780	\$ 772,742	\$ 581,165	\$ 3,854,659
Due from other governments	42,603	1,255,505	74,559	7,258	29,925	-	1,409,850
Total assets	\$ 1,640,575	\$ 1,255,505	\$ 74,559	\$ 910,038	\$ 802,667	\$ 581,165	\$ 5,264,509
Liabilities and fund balances							
Liabilities:							
Accounts payable and accrued liabilities	\$ 131,305	\$ -	\$ -	\$ 489	\$ 45,100	\$ 9,422	\$ 186,316
Accrued salaries and wages payable	174,536	1,255,505	74,559	6,411	-	-	1,511,011
Total liabilities	305,841	1,255,505	74,559	6,900	45,100	9,422	1,697,327
Fund balances:							
Restricted:							
Stabilization by State statute	42,603	-	-	7,258	-	-	49,861
School capital outlay	-	-	-	-	757,567	-	757,567
Instructional services	-	-	-	336,181	-	-	336,181
Individual schools	-	-	-	-	-	571,743	571,743
Assigned:							
Special revenues	-	-	-	559,699	-	-	559,699
Unassigned	1,292,131	-	-	-	-	-	1,292,131
Total fund balances	1,334,734	-	-	903,138	757,567	571,743	3,567,182
Total liabilities, deferred inflows of resources and fund balances	\$ 1,640,575	\$ 1,255,505	\$ 74,559	\$ 910,038	\$ 802,667	\$ 581,165	\$ 5,264,509

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

CURRITUCK COUNTY SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

Exhibit 3 (continued)

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

Total fund balance (All Governmental Funds)	3,567,182
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	42,953,937
Net OPEB asset	69,696
Deferred outflows of resources related to pensions	7,815,820
Deferred outflows of resources related to OPEB	5,311,707
Some liabilities, including those for compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(2,792,501)
Net pension liability	(19,630,551)
Net OPEB liability	(38,236,328)
Deferred inflows of resources related to pensions	(31,474)
Deferred inflows of resources related to OPEB	<u>(18,203,847)</u>
Net position (deficit) of governmental activities	<u>\$ (19,176,359)</u>

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

CURRITUCK COUNTY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2021

Exhibit 4

	Major Funds						Total Governmental Funds
	General	State Public School	Federal Grants	Other Special Revenue	Capital Outlay	Individual Schools	
Revenues:							
State of North Carolina	\$ -	\$ 29,042,121	\$ -	\$ 360,145	\$ 420,163	\$ -	\$ 29,822,429
Currituck County							
Local current expense	11,478,196	-	-	-	-	-	11,478,196
Other	-	-	-	-	1,835,000	-	1,835,000
U.S. Government	-	418,889	2,068,828	116,973	-	-	2,604,690
Other	283,207	-	-	560,716	11,759	263,526	1,119,208
Total revenues	11,761,403	29,461,010	2,068,828	1,037,834	2,266,922	263,526	46,859,523
Expenditures:							
Current:							
Instructional services:							
Regular instructional	2,596,412	17,163,885	164,783	111,768	-	-	20,036,848
Special populations	508,973	3,554,228	1,031,049	87,540	-	-	5,181,790
Alternative programs	134,787	647,459	448,160	364,426	-	-	1,594,832
School leadership	905,487	1,730,468	6,208	-	-	-	2,642,163
Co-curricular	352,802	-	530	-	-	244,482	597,814
School-based support	969,192	1,927,808	253,701	1,000	-	-	3,151,701
System-wide support services:							
Support and development	195,416	21,573	-	173	-	-	217,162
Special population support and development	931	143,608	-	-	-	-	144,539
Alternative programs and services support and development	-	-	490	-	-	-	490
Technology support	631,307	316,969	1,228	-	-	-	949,504
Operational support	3,202,156	3,294,745	55,469	14,886	-	-	6,567,256
Financial and human resource services	844,070	261,467	-	-	-	-	1,105,537
Accountability	-	1,192	-	-	-	-	1,192
System-wide pupil support	69,035	2,824	-	-	-	-	71,859
Policy, leadership and public relations	453,868	283,091	-	-	-	-	736,959
Ancillary services	-	51,974	22,890	-	-	-	74,864
Non-programmed charges	120,815	-	84,320	-	-	-	205,135
Debt service:							
Principal retirement	-	-	-	-	141,544	-	141,544
Interest and fees	-	-	-	-	29,440	-	29,440
Capital outlay	-	-	-	-	2,222,033	-	2,222,033
Total expenditures	10,985,251	29,401,291	2,068,828	579,793	2,393,017	244,482	45,672,662
Revenues over (under) expenditures	776,152	59,719	-	458,041	(126,095)	19,044	1,186,861
Other financing sources (uses):							
Transfers from (to) other funds	(246,476)	(59,719)	-	-	-	-	(306,195)
Installment purchase obligations issued	-	-	-	-	239,998	-	239,998
Total other financing sources (uses)	(246,476)	(59,719)	-	-	239,998	-	(66,197)
Net change in fund balance	529,676	-	-	458,041	113,903	19,044	1,120,664
Fund balances:							
Beginning of year	805,058	-	-	445,097	643,664	552,699	2,446,518
End of year	\$ 1,334,734	\$ -	\$ -	\$ 903,138	\$ 757,567	\$ 571,743	\$ 3,567,182

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

CURRITUCK COUNTY SCHOOLS
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, 2021

Exhibit 5

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

Net changes in fund balances - total governmental funds	\$ 1,120,664
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(1,055,085)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	3,744,491
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	1,715,169
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	654,987
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(98,454)
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	(5,809,140)
OPEB (expense) benefit	548,442
Compensated absences	(17,577)
Loss on disposal of capital assets	(879)
Total changes in net position of governmental activities	<u>\$ 802,618</u>

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

CURRITUCK COUNTY SCHOOLS
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, 2021

Exhibit 6

	General Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Currituck County	11,478,196	11,478,196	11,478,196	-
U.S. Government	-	-	-	-
Other	325,000	327,679	283,207	(44,472)
Total revenues	11,803,196	11,805,875	11,761,403	(44,472)
Expenditures:				
Current:				
Instructional services	5,987,374	5,833,410	5,467,653	365,757
System-wide support services	5,697,822	5,603,174	5,396,783	206,391
Ancillary services	2,000	2,000	-	2,000
Nonprogrammed charges	115,000	120,815	120,815	-
	11,802,196	11,559,399	10,985,251	574,148
Total expenditures	11,802,196	11,559,399	10,985,251	574,148
Revenues over (under) expenditures	1,000	246,476	776,152	529,676
Other financing sources:				
Transfers to other funds	(1,000)	(246,476)	(246,476)	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	\$ -	\$ -	529,676	\$ 529,676
Fund balances:				
Beginning of year			805,058	
End of year			\$ 1,334,734	

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

CURRITUCK COUNTY SCHOOLS

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, 2021

	State Public School Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
State of North Carolina	\$ 29,065,992	\$ 29,692,898	\$ 29,042,121	\$ (650,777)
Currituck County	-	-	-	-
U.S. Government	-	418,892	418,889	(3)
Other	-	-	-	-
Total revenues	29,065,992	30,111,790	29,461,010	(650,780)
Expenditures:				
Current:				
Instructional services	25,215,854	25,674,626	25,023,848	650,778
System-wide support services	3,786,935	4,325,471	4,325,469	2
Ancillary services	-	51,974	51,974	-
Nonprogrammed charges	-	-	-	-
	29,002,789	30,052,071	29,401,291	650,780
Total expenditures	29,002,789	30,052,071	29,401,291	650,780
Revenues over (under) expenditures	63,203	59,719	59,719	-
Other financing uses:				
Transfers to other funds	(63,203)	(59,719)	(59,719)	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balances:				
Beginning of year			-	
End of year			\$ -	

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

CURRITUCK COUNTY SCHOOLS
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, 2021

Exhibit 6 (continued)

	Federal Grants Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Currituck County	-	-	-	-
U.S. Government	500,343	2,621,224	2,068,828	(552,396)
Other	-	-	-	-
Total revenues	500,343	2,621,224	2,068,828	(552,396)
Expenditures:				
Current:				
Instructional services	460,691	2,389,737	1,904,431	485,306
System-wide support services	18,000	17,486	57,187	(39,701)
Ancillary services	-	-	22,890	(22,890)
Nonprogrammed charges	21,652	214,001	84,320	129,681
	500,343	2,621,224	2,068,828	552,396
Debt service				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total expenditures	500,343	2,621,224	2,068,828	552,396
Revenues over (under) expenditures	-	-	-	-
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balances:				
Beginning of year			-	
End of year			\$ -	

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

CURRITUCK COUNTY SCHOOLS**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, 2021**

	Other Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
State of North Carolina	\$ 376,922	\$ 360,898	\$ 360,145	\$ (753)
Currituck County	-	-	-	-
U.S. Government	114,532	123,500	116,973	(6,527)
Other	91,253	397,325	560,716	163,391
Total revenues	582,707	881,723	1,037,834	156,111
Expenditures:				
Current:				
Instructional services	805,285	1,277,418	564,734	712,684
System-wide support services	203,220	234,081	15,059	219,022
Ancillary services	-	-	-	-
Nonprogrammed charges	-	-	-	-
	1,008,505	1,511,499	579,793	931,706
Total expenditures	1,008,505	1,511,499	579,793	931,706
Revenues over (under) expenditures	(425,798)	(629,776)	458,041	1,087,817
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	425,798	629,776	-	(629,776)
Net change in fund balance	\$ -	\$ -	458,041	\$ 458,041
Fund balances:				
Beginning of year			445,097	
End of year			\$ 903,138	

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

CURRITUCK COUNTY SCHOOLS
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPES
June 30, 2021

Exhibit 7

	Enterprise Major Fund School Food Service
Assets	
Current assets:	
Cash and cash equivalents	\$ 133,484
Due from other governments	10,527
Net OPEB asset	1,030
Inventories	154,280
Total current assets	<u>299,321</u>
Noncurrent assets:	
Capital assets:	
Furniture, equipment and vehicles, net	<u>154,096</u>
Total assets	<u>453,417</u>
Deferred Outflows of Resources	<u>194,094</u>
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	183
Compensated absences	18,558
Unearned revenue	37,160
Total current liabilities	<u>55,901</u>
Noncurrent liabilities:	
Net pension liability	290,246
Net OPEB liability	565,340
Compensated absences	5,315
Total noncurrent liabilities	<u>860,901</u>
Total liabilities	<u>916,802</u>
Deferred Inflows of Resources	<u>269,617</u>
Net position	
Net investment in capital assets	154,096
Restricted for DIPNC OPEB plan	1,905
Unrestricted	<u>(694,909)</u>
Total net position (deficit)	<u>\$ (538,908)</u>

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

CURRITUCK COUNTY SCHOOLS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2021

Exhibit 8

	Enterprise Major Fund School Food Service
Operating revenues:	
Food sales	\$ 6,409
Operating expenses:	
Food cost:	
Purchase of food	332,493
Donated commodities	83,999
Salaries and benefits	549,890
Materials and supplies	4,381
Repairs and maintenance	5,802
Depreciation	29,242
Contracted services	30,038
Other	1,163
Total operating expenses	1,037,008
Operating loss	(1,030,599)
Nonoperating revenues:	
Federal reimbursements	825,739
Federal commodities	83,999
State reimbursements	307
Interest earned	20
Other	5,000
Total nonoperating revenues	915,065
Income (loss) before transfers	(115,534)
Transfers from other funds	306,195
Change in net position	190,661
Net position (deficit), beginning of year	(729,569)
Net position (deficit), end of year	\$ (538,908)

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

CURRITUCK COUNTY SCHOOLS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2021

Exhibit 9

	Enterprise Major Fund School Food Service
Cash flows from operating activities:	
Cash received from customers	\$ 3,531
Cash paid for goods and services	(196,765)
Cash paid to employees for services	(540,952)
Net cash used by operating activities	(734,186)
Cash flows from noncapital financing activities:	
Federal and State reimbursements	850,748
Other	5,000
Net cash provided by noncapital activities	855,748
Cash flows from investing activities:	
Interest earned on investments	20
Net increase in cash and cash equivalents	121,582
Cash and cash equivalents, beginning of year	11,902
Cash and cash equivalents, end of year	\$ 133,484
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (1,030,599)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	29,242
Donated commodities	83,999
Salaries paid by other funds	178,432
Food, supplies and services paid by other funds	127,763
Changes in assets and liabilities:	
Increase in OPEB asset	(4)
Decrease in inventories	49,166
Increase in accounts payable and accrued liabilities	183
Increase in pension liability	9,737
Decrease in OPEB liability	(165,605)
Decrease in deferred outflows	16,341
Decrease in deferred inflows	(14,502)
Decrease in unearned revenue	(2,878)
Decrease in compensated absences payable	(15,461)
Total adjustments	296,413
Net cash used by operating activities	\$ (734,186)

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

**CURRITUCK COUNTY SCHOOLS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2021**

Exhibit 9 (continued)

NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:

The School Food Service Fund received donated commodities with a value of \$83,999 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 \$59,719 to administrative 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.

The General Fund paid salaries and benefits of \$118,713 to administrative 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.

The General Fund paid for food, supplies and services of \$127,763 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.

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

CURRITUCK COUNTY SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2021

Exhibit 10

	Private Purpose Trust Fund
Assets	
Cash and cash equivalents	<u>\$ 125,081</u>
Net position	
Assets held in trust for private purpose	<u>\$ 125,081</u>

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

CURRITUCK COUNTY SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Fiscal Year Ended June 30, 2021

Exhibit 11

	Private Purpose Trust Fund
Additions:	
Interest income	<u>\$ 315</u>
Deductions:	
Scholarship payments	<u>-</u>
Change in net position	315
Beginning net position	<u>124,766</u>
Ending net position	<u>\$ 125,081</u>

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

CURRITUCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Currituck County Board of Education (Board) is a Local Education Agency empowered by State law [Chapter 115C of the North Carolina General Statutes] with the responsibility to oversee and control all activities related to public school education in Currituck 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, except for fiduciary activities. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. These statements distinguish between the *governmental* and *business-type activities* of the Board. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements: The fund financial statements provide information about the Board's funds, including its fiduciary fund. Separate statements for each fund category – *governmental, proprietary and fiduciary* – 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. The fiduciary fund is presented separately.

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

The Board reports the following major governmental funds:

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

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

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

CURRITUCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

Other Special Revenue Fund. The Other Special Revenue Fund is used to account for revenues from reimbursements, including indirect costs, fees for actual costs, tuition, 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 Currituck County appropriations, restricted sales tax moneys, proceeds of county debt issued for public school construction, lottery proceeds as well as certain State assistance.

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

The Board reports the following major enterprise fund:

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

The Board reports the following fiduciary fund:

Administrative Fund. The Administrative Fund is used to account for scholarship money under the control of the Board for the benefit of students in the district. This fund is reported as a private purpose trust fund.

C. Measurement Focus and Basis of Accounting

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

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

Under the terms of grant agreements, the Board funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there 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.

CURRITUCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue fund, as required by 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 transfer amounts within a function without limitations and without a report to the Board of Education. Any increase or decrease in function levels appropriated must be approved by the governing board. The superintendent may not transfer amounts between funds nor transfer any contingency appropriations within a fund. 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. The STIF consists of an internal portion and an external portion in which the Board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

The Board's investments are reported at amortized cost or at fair value determined by either quoted market prices or a matrix pricing model. The NCCMT Government Portfolio's securities are measured at fair value. The STIF securities (as valued under level 2 of the fair value hierarchy) are reported at cost and maintain a constant \$1 per share value. Investments valued under level 2 of the fair value hierarchy are valued using prices that are either directly or indirectly observable for an asset or liability. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

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.

CURRITUCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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 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, 1995 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

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. The cost of normal repairs that do not add to the value of the asset or materially extend asset lives is not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Item</u>	<u>Years</u>
Buildings and improvements	10-50
Equipment and furniture	5-20
Vehicles	5-15

Depreciation for buildings and equipment that serve multiple purposes cannot be allocated ratably and is therefore reported as "unallocated depreciation" on the Statement of Activities. Land and construction in progress are not depreciated.

5. Deferred outflows and inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as expense or expenditure until then. The Board has two items that meet this criterion - a pension related deferral and contributions made to the pension plan in the current fiscal year. The statement of financial position also reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Board has one item that meet this criterion - pension 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.

CURRITUCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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, 2021 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 four classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

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

Restricted for Stabilization by State statute - portion of fund balance that is restricted by State Statute [G.S. 115C-425(a)]. The restriction will be released as of the beginning of the subsequent fiscal year following collection of the amounts owed to the district.

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.

CURRITUCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

Assigned fund balance – portion of fund balance that the Board of Education intends to use for specific purposes. Any amounts assigned are established by the Board's Budget Committee.

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

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General fund is the only fund that reports a positive unassigned fund balance amount, 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 fund balance policy. Therefore, the unassigned fund balance in the General Fund is available for appropriation.

The Board of Education has a management policy for revenue spending that provides guidance for programs with multiple revenue sources. All appropriations shall first be paid from revenues restricted as to use and secondly from restricted revenues.

CURRITUCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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 \$(22,743,541) consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 93,524,987
Less Accumulated Depreciation	(50,571,050)
Net capital assets	42,953,937
Net OPEB Asset	69,696
Pension related deferred outflows of resources	7,815,820
OPEB related deferred outflows of resources	5,311,707
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Installment financing	(434,335)
Compensated absences	(2,358,166)
Net pension liability	(19,630,551)
Net OPEB liability	(38,236,328)
Deferred inflows of resources related to pensions	(31,474)
Deferred inflows of resources related to OPEB	(18,203,847)
Total adjustment	\$ (22,743,541)

CURRITUCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$(318,046) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 777,098
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(1,832,183)
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	(239,998)
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	141,544
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	3,744,491
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	1,715,169
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	654,987
Expenses reported in the Statement of Activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements	
Pension (expense) benefit	(5,809,140)
OPEB (expense) benefit	548,442
Loss on disposal of asset	(879)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(17,577)
Total adjustment	\$ (318,046)

CURRITUCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

10. Defined Benefit Pension Plan and OPEB Plans

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

NOTE 2 - DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

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

At June 30, 2021, the Board had deposits with banks and savings and loans with a carrying amount of \$2,041,101. The bank balances with the financial institutions and the State Treasurer were \$2,192,635 and \$431,988, respectively. Of these balances, \$250,000 was covered by federal depository insurance and \$2,374,623 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30 2021, The Board had \$2,072,123 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, 2021. The Board has no policy for managing interest rate risk, concentration 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.

CURRITUCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

3. Accounts Receivable

Receivables at the government-wide level at June 30, 2021 are as follows:

	Due from other governments
Governmental activities:	
General Fund	\$ 42,603
Other governmental activities	<u>1,367,247</u>
Total governmental activities	<u>\$ 1,409,850</u>
Business-type activities:	
School Food Service Fund	<u>\$ 10,527</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 42,603	Amounts due from County
State Public School Fund	1,255,505	Operating funds from DPI
Federal Grants Fund	74,559	Federal grant funds
Capital Outlay Fund	29,925	Amounts due from County
Other Special Revenue	<u>7,258</u>	JROTC
Total	<u>\$ 1,409,850</u>	
Business-type activities:		
School Food Service Fund	<u>\$ 10,527</u>	Federal grant funds

CURRITUCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

4. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,419,859	\$ -	\$ -	\$ 1,419,859
Construction in progress	5,371	421,753	-	427,124
Total capital assets not being depreciated	1,425,230	421,753	-	1,846,983
Capital assets being depreciated:				
Buildings and improvements	80,649,621	239,998	-	80,889,619
Equipment and furniture	5,212,654	89,893	5,551	5,296,996
Vehicles	5,576,664	25,454	110,729	5,491,389
Total capital assets being depreciated	91,438,939	355,345	116,280	91,678,004
Less accumulated depreciation for:				
Buildings and improvements	40,233,293	1,377,527	-	41,610,820
Equipment and furniture	4,661,488	166,041	4,672	4,822,857
Vehicles	3,959,487	288,615	110,729	4,137,373
Total accumulated depreciation	48,854,268	1,832,183	115,401	50,571,050
Total capital assets being depreciated, net	42,584,671			41,106,954
Governmental activity capital assets, net	\$ 44,009,901			\$ 42,953,937
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment, furniture and vehicles	\$ 1,292,585	\$ -	\$ -	\$ 1,292,585
Less accumulated depreciation for:				
Equipment, furniture and vehicles	1,109,247	29,242	-	1,138,489
School Food Service capital assets, net	\$ 183,338			\$ 154,096

Depreciation was charged to governmental functions as follows:

Instructional services	\$ 1,377,527
System-wide support services	288,615
Unallocated depreciation	166,041
Total	\$ 1,832,183

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5. Significant Commitments

At June 30, 2021, the Board had various repairs and maintenance projects in progress throughout the district. At year-end, the Board's commitments with contractors for the remaining portion of the contracts to complete these projects totaled \$217,000.

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.

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

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

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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, 2020, was 14.78% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$3,799,855 for the year ended June 30, 2021.

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, 2021, the Board reported a liability of \$19,920,797 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020 and at June 30, 2019, the Board's proportion was .16488% and .16184%, respectively.

For the year ended June 30, 2021, the Board recognized pension expense of \$5,873,335. At June 30, 2021, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,097,743	\$ -
Changes of assumptions	675,060	-
Net difference between projected and actual earnings on pension plan investments	2,203,036	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	155,686	31,939
Board contributions subsequent to the measurement date	3,799,855	-
Total	<u>\$ 7,931,380</u>	<u>\$ 31,939</u>

\$3,799,855 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, 2022. 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:

2022	\$ 1,397,191
2023	1,126,317
2024	919,775
2025	656,303
2026	-
Thereafter	-
Total	<u>\$ 4,099,586</u>

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 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, 2019 valuation were based on the results of an actuarial experience study prepared as of December 31, 2014 and adopted by the Board of Trustees on January 21, 2016.

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, 2020 are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

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

Discount rate. The discount rates used to measure the total pension liability reported at June 30, 2021 and 2020 was 7.00% 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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Board's proportionate share of the net pension liability (asset)	\$ 35,852,755	\$ 19,920,797	\$ 6,557,180

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

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.

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

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

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

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

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

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

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determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the Board contributed 6.68% of covered payroll which amounted to \$1,717,390. During the current fiscal year, the plan also recognized a one-time transfer of excess funding from the Public Employees Health Benefits Fund totaling \$475.2 million, which was isolated from the OPEB expense and allocated to participating employers as a separate contribution. The Board's proportionate share of this contribution totaled \$664,671.

At June 30, 2021, the Board reported a liability of \$38,801,668 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. The total OPEB liability was then rolled forward to the measurement date of June 30, 2020 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, 2020 and at June 30, 2019, the Board's proportion was .13987% and .13818%, respectively.

\$1,717,390 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, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2022	\$ (5,138,491)
2023	(5,134,231)
2024	(2,546,945)
2025	(885,887)
2026	(1,154,698)
Thereafter	-
Total	<u>\$ (14,860,252)</u>

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

Inflation	3.00%
Salary increases	3.50-8.10%, include 3.5% inflation and productivity factor
Investment rate of return	7.00%

Healthcare cost trend rates:

Medical	5.00-6.50%
Prescription drug	5.00-9.50%
Administrative costs	3.00%
Post-retirement mortality rates	RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for Collar for some Participants, further adjusted with scaling factors varying before and after age 78 and projected for mortality improvement using Scale MP-2015

Discount rate. The discount rates used to measure the total OPEB liability for the RHBF at June 30, 2021 and 2020 were 2.21% and 3.50%, 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,

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a municipal bond rate of 2.21% was used as the discount rate used to measure the total OPEB liability. The 2.21% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2020.

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 (1.21 percent) or 1-percentage point higher (3.21 percent) than the current discount rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Net OPEB liability	\$ 46,016,323	\$ 38,801,668	\$ 32,989,061

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

	1% Decrease (Medical- 4.00-5.50%, Pharmacy- 4.00-8.50%, Medicare Advantage - 4.00%, Administrative - 2.00%)	Healthcare Trend Rates (Medical - 5.00-6.50%, Pharmacy - 5.00-9.50%, Medicare Advantage - 5.00%, Administrative - 3.00%)	1% Increase (Medical- 6.00-7.50%, Pharmacy- 6.00-10.50%, Medicare Advantage - 6.00%, Administrative - 4.00%)
Net OPEB liability	\$ 31,281,160	\$ 38,801,668	\$ 48,853,839

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

Disability Benefits

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

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

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

Benefits Provided. Long-term disability benefits are payable as an OPEB from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is

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

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2021, employers made a statutory contribution of 0.09% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$23,138 for the year ended June 30, 2021.

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, 2021, Board reported an OPEB asset of \$70,726 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019. The total OPEB asset was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB asset was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2020 and at June 30, 2019, the Board's proportion was .14377% and .14221%, respectively.

\$23,138 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2022	\$	14,060
2023		9,249
2024		4,358
2025		7,474
2026		403
Thereafter		<u>1,422</u>
Total	\$	<u>36,966</u>

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

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Inflation	3.00%
Salary increases	3.5%-8.10%, include 3.5% inflation and productivity factor
Investment rate of return	3.75%, net of OPEB plan expense, including inflation

Sensitivity of the Board's proportionate share of the net OPEB asset to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB asset, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75percent) or 1-percentage point higher (4.75 percent) than the current discount rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
Net OPEB asset	\$ 61,082	\$ 70,726	\$ 80,090

Common actuarial assumptions for both OPEB plans. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2018 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

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

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

DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2020. 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, 2020 is 1.2%.

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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, 2021:

	RHBF	DIPNC	Total
OPEB Expense (Benefit)	\$ (728,590)	\$ 52,327	\$ (676,263)
OPEB Liability (Asset)	38,801,668	(70,726)	38,730,942
Proportionate share of the net OPEB liability (asset)	0.13987%	0.14377%	
Deferred Outflows of Resources			
Differences between expected and actual experience	35,151	51,235	86,386
Changes of assumptions	1,701,675	5,499	1,707,174
Net difference between projected and actual earnings on plan investments	81,740	-	81,740
Changes in proportion and differences between Board contributions and proportionate share of contributions	1,774,413	-	1,774,413
Board contributions subsequent to the measurement date	1,717,390	23,138	1,740,528
Total Deferred Outflows of Resources	5,310,369	79,872	5,390,241
Deferred Inflows of Resources			
Differences between Expected and actual experience	1,517,969	-	1,517,969
Changes of assumptions	15,746,330	5,570	15,751,900
Net difference between projected and actual earnings on plan investments	-	11,982	11,982
Changes in proportion and differences between Board contributions and proportionate share of contributions	1,188,932	2,216	1,191,148
Total Deferred Inflows of Resources	18,453,231	19,768	18,472,999

2. Accounts Payable

Accounts payable as of June 30, 2021 are as follows:

	Vendors	Salaries & Wages	Total
Governmental activities:			
General Fund	\$ 131,305	\$ 174,536	\$ 305,841
Other governmental activities	55,011	1,336,475	1,391,486
Total governmental activities	\$ 186,316	\$ 1,511,011	\$ 1,697,327
Business-type activities:			
School Food Service Fund	\$ 183	\$ -	\$ 183

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3. Unearned Revenues

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

Business-type activities:

Prepayments of meals (School Food Service Fund) \$ 37,160

4. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,184,129	\$ 1,517,969
Changes of assumptions	2,382,234	15,751,900
Net difference between projected and actual earnings on pension plan investments	2,284,776	11,982
Changes in proportion and differences between Board contributions and proportionate share of contributions	1,930,099	1,223,087
Board contributions subsequent to the measurement date	5,540,383	-
Total	<u>\$ 13,321,621</u>	<u>\$ 18,504,938</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 general liability and errors and omissions coverage of \$1 million per claim, and workers' compensation coverage up to the statutory limits for employees to the extent they are paid from federal and local funds. The State of North Carolina provides workers' compensation coverage for employees to the extent they are paid from State funds. The Trust has an annual aggregate limit for both general liability and errors and omissions of \$2,550,000 each. The Trust is reinsured through commercial companies for losses in excess of \$150,000 per claim for errors and omissions and general liability coverage, and for losses in excess of \$250,000 per claim for workers' compensation coverage. 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. Two school buildings and their contents are each insured for floods with coverage up to \$500,000 for the building and \$500,000 for the contents, less a \$5,000 deductible on both the building and the contents. One school building is insured for floods with coverage up to \$500,000 for the building, less a \$50,000 deductible. Flood insurance is not required on the other buildings.

CURRITUCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

The Board also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan, a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Through the Plan, permanent full-time employees of the Board are eligible to receive health care benefits. The Board pays most of the cost of coverage for employees enrolled in the Traditional 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 \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$5,000.

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. Installment Purchases

The Board also entered into a direct placement installment purchase contract to purchase 7 activity buses during the fiscal year ended June 30, 2019. The cost of the buses was \$537,844, payable in 5 annual installments of \$120,760 including an interest rate of 4.75%, the final payment is due during the fiscal year ended June 30, 2023.

The Board also entered into a direct placement installment purchase contract to purchase 2 modular buildings during the fiscal year ended June 30, 2021. The cost of the modulars was \$239,998, payable in 6 annual installments of \$48,224 including an interest rate of 5.62%, the final payment is due during the fiscal year ended June 30, 2025.

The future minimum payments of the direct placement installment purchases as of June 30, 2021 are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2022	\$ 148,569	\$ 22,415
2023	155,948	15,038
2024	40,930	7,295
2025	43,229	4,995
2026	45,659	2,566
Thereafter	-	-
Total	<u>\$ 434,335</u>	<u>\$ 52,309</u>

CURRITUCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

b. Long-Term Obligation Activity

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2021:

	July 1, 2020	Increases	Decreases	June 30, 2021	Current Portion
Governmental activities:					
Installment purchase	\$ 335,881	\$ 239,998	\$ 141,544	\$ 434,335	\$ 148,569
Net pension liability	16,497,374	3,133,177	-	19,630,551	-
Net OPEB liability	42,988,487	-	4,752,159	38,236,328	-
Compensated absences	2,340,589	1,636,818	1,619,241	2,358,166	1,631,401
Total	<u>\$ 62,162,331</u>	<u>\$ 5,009,993</u>	<u>\$ 6,512,944</u>	<u>\$ 60,659,380</u>	<u>\$ 1,779,970</u>
Business-type activities:					
Net pension liability	\$ 280,509	\$ 9,737	\$ -	\$ 290,246	\$ -
Net OPEB liability	730,945	-	165,605	565,340	-
Compensated absences	39,334	25,308	40,769	23,873	18,558
Total	<u>\$ 1,050,788</u>	<u>\$ 35,045</u>	<u>\$ 206,374</u>	<u>\$ 879,459</u>	<u>\$ 18,558</u>

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

C. Interfund Balances and Activity

1. Transfers to/from other Funds

Transfers to/from other funds at June 30, 2021 consist of the following:

From the State Public School Fund to the School Food Service Fund for administrative costs \$ 59,719

From the General Fund to the School Food Service Fund for operating costs \$ 246,476

**CURRITUCK COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021**

D. 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	\$ 1,334,734
Less:	
Stabilization by State statute	<u>(42,603)</u>
Remaining fund balance	<u>\$ 1,292,131</u>

NOTE 3 – OTHER SPECIAL REVENUE FUND – OTHER REVENUES

Other revenues for the fiscal year ended June 30, 2021 in the Other Special Revenue Fund consists of the following:

Medicaid reimbursement program	\$ 277,628
Interest earned on investments	1,053
Tuition and fees	111,975
Indirect costs allocated	84,320
Rental of school property	1,519
Private grants and programs	18,193
Contributions and donations	6,360
Sales tax reimbursement	52,680
Other reimbursements and refunds	2,784
Other	<u>4,204</u>
Total other revenues	<u>\$ 560,716</u>

NOTE 4 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

Schedule of the Board's Proportionate Share of the Net OPEB Liability
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

CURRITUCK COUNTY SCHOOLS
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS*

	2021	2020	2019
Board's proportion of the net pension liability (asset)	0.16488%	0.16184%	0.16067%
Board's proportionate share of the net pension liability (asset)	\$ 19,920,797	\$ 16,777,883	\$ 15,996,448
Board's covered payroll	\$ 25,322,711	\$ 24,924,136	\$ 23,320,397
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	78.67%	67.32%	68.59%
Plan fiduciary net position as a percentage of the total pension liability	85.98%	87.56%	87.61%

	2018	2017	2016	2015	2014
Board's proportion of the net pension liability (asset)	0.16209%	0.15618%	0.15299%	0.14691%	0.14590%
Board's proportionate share of the net pension liability (asset)	\$ 12,860,935	\$ 14,354,553	\$ 5,637,982	\$ 1,722,404	\$ 1,749,198
Board's covered payroll	\$ 22,832,162	\$ 21,671,976	\$ 21,389,824	\$ 20,176,866	\$ 20,218,678
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	56.33%	66.24%	26.36%	8.54%	8.65%
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.

Note: This is a ten year schedule. However, GASB 68 was not adopted until the fiscal year ended June 30, 2015. Therefore, there are only eight years of data presented.

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

	2021	2020	2019	2018	2017
Contractually required contribution	\$ 3,799,855	\$ 3,299,979	\$ 3,063,176	\$ 2,513,939	\$ 2,278,650
Contributions in relation to the contractually required contribution	<u>3,799,855</u>	<u>3,299,979</u>	<u>3,063,176</u>	<u>2,513,939</u>	<u>2,278,650</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 25,718,448	\$ 25,322,711	\$ 24,924,136	\$ 23,320,397	\$ 22,832,162
Contributions as a percentage of covered payroll	14.78%	12.97%	12.29%	10.78%	9.98%

	2016	2015	2014	2013	2012
Contractually required contribution	\$ 1,982,986	\$ 1,957,169	\$ 1,753,370	\$ 1,684,216	\$ 1,420,313
Contributions in relation to the contractually required contribution	<u>1,982,986</u>	<u>1,957,169</u>	<u>1,753,370</u>	<u>1,684,216</u>	<u>1,420,313</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 21,671,976	\$ 21,389,824	\$ 20,176,866	\$ 20,218,678	\$ 19,090,240
Contributions as a percentage of covered payroll	9.15%	9.15%	8.69%	8.33%	7.44%

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

	2021	2020	2019	2018	2017
Board's proportion of the net OPEB liability	0.13987%	0.13818%	0.14014%	0.14305%	0.13479%
Board's proportionate share of the net OPEB liability	\$ 38,801,668	\$ 43,719,432	\$ 39,924,376	\$ 46,900,827	\$ 58,639,802
Board's covered payroll	\$ 25,322,711	\$ 24,924,136	\$ 23,320,397	\$ 22,832,162	\$ 21,671,976
Board's proportionate share of the net OPEB liability as a percentage of its covered payroll	153.23%	175.41%	171.20%	205.42%	270.58%
Plan fiduciary net position as a percentage of the total OPEB liability	6.92%	4.40%	4.40%	3.52%	2.41%

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

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

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

	2021	2020	2019	2018	2017
Contractually required contribution	\$ 1,717,390	\$ 1,646,173	\$ 1,562,743	\$ 1,410,884	\$ 1,293,053
Contributions in relation to the contractually required contribution	<u>1,717,390</u>	<u>1,646,173</u>	<u>1,562,743</u>	<u>1,410,884</u>	<u>1,293,053</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 25,718,448	\$ 25,322,711	\$ 24,924,136	\$ 23,320,397	\$ 22,832,162
Contributions as a percentage of covered payroll	6.68%	6.47%	6.27%	6.05%	5.81%

	2016	2015	2014	2013	2012
Contractually required contribution	\$ 1,213,631	\$ 1,174,301	\$ 1,089,551	\$ 1,071,590	\$ 954,512
Contributions in relation to the contractually required contribution	<u>1,213,631</u>	<u>1,174,301</u>	<u>1,089,551</u>	<u>1,071,590</u>	<u>954,512</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 21,671,976	\$ 21,389,824	\$ 20,176,866	\$ 20,218,678	\$ 19,090,240
Contributions as a percentage of covered payroll	5.60%	5.49%	5.40%	5.30%	5.00%

CURRITUCK COUNTY SCHOOLS
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB ASSET
DISABILITY INCOME PLAN OF NORTH CAROLINA
LAST FIVE FISCAL YEARS*

	2021	2020	2019	2018	2017
Board's proportion of the net OPEB asset	0.14377%	0.14221%	0.14166%	0.14206%	0.13796%
Board's proportionate share of the net OPEB asset	\$ 70,726	\$ 61,364	\$ 43,031	\$ 86,827	\$ 85,673
Board's covered-employee payroll	\$ 25,322,711	\$ 24,924,136	\$ 23,320,397	\$ 22,832,162	\$ 21,671,976
Board's proportionate share of the net OPEB asset as a percentage of its covered-employee payroll	0.28%	0.25%	0.18%	0.38%	0.40%
Plan fiduciary net position as a percentage of the total OPEB liability	115.57%	113.00%	108.47%	116.23%	116.06%

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

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

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

	2021	2020	2019	2018	2017
Contractually required contribution	\$ 23,138	\$ 25,443	\$ 34,894	\$ 32,649	\$ 86,762
Contributions in relation to the contractually required contribution	<u>23,138</u>	<u>25,443</u>	<u>34,894</u>	<u>32,649</u>	<u>86,762</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 25,718,448	\$ 25,322,711	\$ 24,924,136	\$ 23,320,397	\$ 22,832,162
Contributions as a percentage of covered payroll	0.09%	0.10%	0.14%	0.14%	0.38%

	2016	2015	2014	2013	2012
Contractually required contribution	\$ 88,855	\$ 87,698	\$ 88,778	\$ 88,962	\$ 99,269
Contributions in relation to the contractually required contribution	<u>88,855</u>	<u>87,698</u>	<u>88,778</u>	<u>88,962</u>	<u>99,269</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 21,671,976	\$ 21,389,824	\$ 20,176,866	\$ 23,320,397	\$ 22,832,162
Contributions as a percentage of covered payroll	0.41%	0.41%	0.44%	0.44%	0.52%

INDIVIDUAL FUND SCHEDULES

CURRITUCK COUNTY SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
Currituck County:			
County appropriation	<u>11,478,196</u>	<u>11,478,196</u>	<u>-</u>
Other:			
Fines and forfeitures	300,000	277,792	(22,208)
Interest earned on investment	25,000	5,415	(19,585)
Miscellaneous	<u>2,679</u>	<u>-</u>	<u>(2,679)</u>
Total other	<u>327,679</u>	<u>283,207</u>	<u>(44,472)</u>
Total revenues	<u>11,805,875</u>	<u>11,761,403</u>	<u>(44,472)</u>
Expenditures:			
Current:			
Instructional services:			
Regular instructional	-	2,596,412	-
Special populations	-	508,973	-
Alternative programs	-	134,787	-
School leadership	-	905,487	-
Co-curricular	-	352,802	-
School-based support	-	969,192	-
Total instructional services	<u>5,833,410</u>	<u>5,467,653</u>	<u>365,757</u>
System-wide support services:			
Support and development	-	195,416	-
Special population support and development	-	931	-
Technology support	-	631,307	-
Operational support	-	3,202,156	-
Financial and human resource services	-	844,070	-
System-wide pupil support	-	69,035	-
Policy, leadership and public relations	-	453,868	-
Total system-wide support services	<u>5,603,174</u>	<u>5,396,783</u>	<u>206,391</u>

CURRITUCK COUNTY SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)
GENERAL FUND
For the Fiscal Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures: (Continued)			
Current:			
Ancillary services:			
Community	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Nonprogrammed charges:			
Payments to other governments	<u>120,815</u>	<u>120,815</u>	<u>-</u>
Total expenditures	<u>11,559,399</u>	<u>10,985,251</u>	<u>574,148</u>
Revenues over (under) expenditures	246,476	776,152	529,676
Other financing sources (uses):			
Transfers (to) from other funds	<u>(246,476)</u>	<u>(246,476)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	529,676	<u>\$ 529,676</u>
Fund balance:			
Beginning of year		<u>805,058</u>	
End of year		<u>\$ 1,334,734</u>	

CURRITUCK COUNTY SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CAPITAL OUTLAY FUND
For the Fiscal Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
State of North Carolina:			
Public School Capital Fund - Lottery	\$ 857,629	\$ 420,163	\$ (437,466)
Currituck County:			
County Appropriations	1,860,000	1,835,000	(25,000)
Other:			
Interest earned on investments	-	1,590	1,590
Contributions and donations	12,500	2,500	(10,000)
Miscellaneous	-	7,669	7,669
Total other	12,500	11,759	(741)
Total revenues	2,730,129	2,266,922	(463,207)
Expenditures:			
Debt service:			
Principal retirement	141,544	141,544	-
Interest and fees	29,440	29,440	-
Total debt service	170,984	170,984	-
Capital outlay:			
Real property and buildings:			
Various modular units	-	667,122	-
Various HVAC projects	-	343,965	-
Track resurfacing CCHS	-	168,560	-
Total real property and buildings	1,647,099	1,179,647	467,452
Furnishings and equipment	1,408,691	1,016,932	391,759
Buses and motor vehicles	26,000	25,454	546
Total capital outlay	3,081,790	2,222,033	859,757
Total expenditures	3,252,774	2,393,017	859,757
Revenues over (under) expenditures	(522,645)	(126,095)	396,550
Other financing sources:			
Installment purchase obligations issued	-	239,998	239,998
Fund balance appropriated	522,645	-	(522,645)
Net change in fund balance	\$ -	113,903	\$ 113,903
Fund balance:			
Beginning of year		643,664	
End of year		\$ 757,567	

CURRITUCK COUNTY SCHOOLS
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
SCHOOL FOOD SERVICE FUND
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance With Final Budget
Operating revenues - food sales	\$ 615,650	\$ 6,409	\$ (609,241)
Operating expenditures:			
Business support services:			
Purchase of food	-	283,327	-
Donated commodities	-	83,999	-
Salaries and benefits	-	719,384	-
Materials and supplies	-	4,381	-
Repairs and maintenance	-	5,802	-
Contracted services	-	30,038	-
Other	-	1,163	-
Total operating expenditures	1,516,650	1,128,094	388,556
Operating loss	(901,000)	(1,121,685)	(220,685)
Nonoperating revenues:			
Federal reimbursements	761,100	825,739	64,639
Federal commodities	80,300	83,999	3,699
State reimbursements	4,100	307	(3,793)
Interest earned	500	20	(480)
Other	-	5,000	5,000
Total nonoperating revenues	846,000	915,065	69,065
Revenues over (under) expenditures before other financing sources	(55,000)	(206,620)	(151,620)
Other financing sources:			
Transfers from other funds	55,000	306,195	251,195
Revenues and other sources over (under) expenditures	\$ -	99,575	\$ 99,575
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(29,242)	
Net OPEB asset		4	
Net pension liability		(9,737)	
Net OPEB liability		165,605	
Deferred outflows		(16,341)	
Deferred inflows		14,502	
Decrease in compensated absences payable		15,461	
Decrease in inventories		(49,166)	
Change in net position (full accrual)		\$ 190,661	

COMPLIANCE SECTION



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT

To the Currituck County Board of Education
Currituck, 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 Currituck County Board of Education, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the basic financial statements, which collectively comprises the Currituck County Board of Education, North Carolina's basic financial statements and have issued our report thereon dated November 23, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Anderson Smith & Wike PLLC

November 23, 2021
West End, North Carolina



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT

To the Currituck County Board of Education
Currituck, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Currituck County 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 federal programs for the year ended June 30, 2021. The Currituck County Board of Education's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Currituck County Board of Education's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Currituck County Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Currituck County Board of Education's compliance.

Opinion on Each Major Federal Program

In our opinion, the Currituck County Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Currituck County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Currituck County Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Currituck County Board of Education's internal control over compliance.

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

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

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

Anderson Smith & Wike PLLC

November 23, 2021
West End, North Carolina



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

Report On Compliance With Requirements Applicable to Each Major State
Program and Internal Control Over Compliance; In Accordance With OMB Uniform Guidance and
The State Single Audit Implementation Act

INDEPENDENT AUDITORS' REPORT

To the Currituck County Board of Education
Currituck, North Carolina

Report on Compliance for Each Major State Program

We have audited Currituck County Board of Education, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the Board's major State programs for the year ended June 30, 2021. The Currituck County Board of Education's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Currituck County Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the Currituck County Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Currituck County Board of Education's compliance.

Opinion on Each Major State Program

In our opinion, the Currituck County Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Currituck County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Currituck County Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Currituck County Board of Education's 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Anderson Smith & Wike PLLC

November 23, 2021
West End, North Carolina

**CURRITUCK COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2021**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

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

Noncompliance material to financial statements noted *No*

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

CFDA Numbers	Names of Federal Program or Cluster
84.027	Special Education Cluster:
84.173	Special Education Program
	Special Education – Preschool Program
84.425	COVID-19 - Education Stabilization Funds

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

Auditee qualified as low-risk auditee? *Yes*

**CURRITUCK COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2021**

Section I - Summary of Auditors' Results (Continued)
State Awards

Internal control over major State programs:

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

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

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

Identification of major State programs:

Program Name

State Public School Fund
Career and Technical Education – State Months of Employment

Section II - Financial Statement Findings

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

Section III - Federal Award Findings and Questioned Costs

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

Section IV - State Award Findings and Questioned Costs

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

**CURRITUCK COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2021**

Finding: 20-01
Status: Cleared

CURRITUCK COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures
Federal Grants:			
<u>U. S. Department of Agriculture</u>			
Passed-through the N.C. Department of Public Instruction:			
Child Nutrition Cluster:			
Noncash Assistance (Commodities):			
National School Lunch Program	10.555	PRC 035	\$ 83,999
Cash Assistance:			
School Breakfast Program	10.553	PRC 035	4,072
National School Lunch Program	10.555	PRC 035	6,521
Summer Food Service Program for Children	10.559	PRC 035	815,146
Cash Assistance Subtotal			<u>825,739</u>
Total Child Nutrition Cluster:			<u>909,738</u>
Total U.S. Department of Agriculture			<u>909,738</u>
<u>U.S. Department of Education</u>			
Office of Elementary and Secondary Education			
Direct Programs:			
Impact Aid	84.041		42,686
Passed-through the N.C. Department of Public Instruction:			
Title I, Grants to Local Educational Agencies			
Title I Cluster			
Title I - Educationally Deprived Children	84.010	PRC 050 & 115	465,761
Education for Homeless Children and Youth	85.196	PRC 026	14,800
Supporting Effective Instruction	84.367	PRC 103	107,402
Student Support and Academic Enrichment	84.424	PRC 108	19,818
<u>Special Education Cluster:</u>			
Grants to States - IDEA, part B (611)	84.027	PRC 060	881,875
Special Needs Targeted Assistance	84.027	PRC 118	8,263
Preschool Targeted Assistance	84.027	PRC 119	130
Risk Pool	84.027	PRC 114	64,548
Preschool Grants - IDEA, Part B (619)	84.173	PRC 049	17,627
Total Special Education Cluster:			<u>972,443</u>
COVID-19 - Education Stabilization Fund:			
CARES Act:			
COVID-19 - K-12 Emergency Relief Fund - ESSER I	84.425D	PRC 163	392,392
COVID-19 - ESSER I - Digital Curricula	84.425D	PRC 165	29,250
COVID-19 - ESSER I - Learning Management System	84.425D	PRC 166	10,098
COVID-19 - ESSER II - Competency-Based Assessment	84.425D	PRC 178	6,384
Total COVID-19 - Education Stabilization Fund	84.425		<u>438,124</u>

CURRITUCK COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures
Career and Technical Education - Basic Grants to States - Program Development	84.048	PRC 017	50,480
Passed-through the Tyrrell County Board of Education: English Language Acquisition State Grants	84.365	PRC 104	2,503
Total U.S. Department of Education			2,114,017
<u>U.S. Department of the Treasury</u>			
Passed-through the N.C. Office of State Management and Budget: N.C. Pandemic Recovery Office:			
Passed-through the N.C. Department of Public Instruction:			
COVID-19 - Coronavirus Relief Fund:			
Summer Learning Program		PRC 121	160,281
Student Computers and Devices		PRC 124	194,081
Home and Community WiFi		PRC 128	13,413
Grants for Exceptional Children Services		PRC 132	45,584
Cybersecurity		PRC 135	5,530
Total COVID-19 - Coronavirus Relief Fund	21.019		418,889
<u>U.S. Department of Defense</u>			
Direct Program:			
JROTC	12.000		71,784
Total federal assistance			3,514,428
State Grants:			
<u>N.C. Department of Public Instruction:</u>			
Cash Assistance:			
State Public School Fund		Various	27,296,947
Driver Training		PRC 012	63,433
School Technology Fund		PRC 015	11
Career and Technical Education			
State Months of Employment		PRC 013	1,499,586
Program Support Funds		PRC 014	182,144
Passed through Currituck County:			
Public School Capital Fund - Lottery			420,163
Cash assistance subtotal			29,462,284
Total N.C. Department of Public Instruction			29,462,284

CURRITUCK COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures
<u>N.C. Department of Public Safety:</u>			
Passed-through Currituck County Juvenile Crime Prevention Program			99,962
<u>N.C. Department of Natural and Cultural Resources:</u>			
Division of the North Carolina Arts Council Grassroots Arts Program			11,505
<u>N.C. Department of Health and Human Services:</u>			
Division of Child Development: Passed through Currituck County Partnership for Children NC Pre-Kindergarten			248,678
<u>N.C. Department of Agriculture</u>			
State Breakfast Funds			307
Total State assistance			29,822,736
Total federal and State assistance			\$ 33,337,164

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 Currituck County Board of Education under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Currituck County Board of Education, it is not intended to and does not present the financial position, changes in net assets or cash flows of Currituck County Schools.

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.

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