DARE COUNTY
BOARD OF EDUCATION
Nags Head, North Carolina

Financial Statements
For the Fiscal Year Ended
June 30, 2023

DARE COUNTY BOARD OF EDUCATION
TABLE OF CONTENTS

Exhibit		Page No.
	Independent Auditor's Report	1
	Management's Discussion and Analysis	4
	Basic Financial Statements:	
	Government-wide Financial Statements:	
1	Statement of Net Position	11
2	Statement of Activities	12
	Fund Financial Statements:	
3	Balance Sheet - Governmental Funds	13
4	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	15
5	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
6	Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund and Annually Budgeted Major Special Revenue Funds	17
7	Statement of Net Position - Proprietary Fund Types	21
8	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund Types	22
9	Statement of Cash Flows - Proprietary Fund Types	23
	Notes to the Basic Financial Statements	25
	Required Supplementary Information:	
	Schedule of the Board's Proportionate Share of the Net Pension Liability – Teachers' and State Employees' Retirement System	49
	Schedule of Board Contributions – Teachers' and State Employees' Retirement System	50
	Schedule of the Board's Proportionate Share of the Net OPEB Liability – Retiree Health Benefit Fund	51
	Schedule of Board Contributions – Retiree Health Benefit Fund	52
	Schedule of the Board's Proportionate Share of the Net OPEB Liability (Asset) – Disability Income Plan of North Carolina	53
	Schedule of Board Contributions – Disability Income Plan of North Carolina	54
	Individual Fund Budgetary and Other Schedules:	
	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	55
	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Individual Schools Fund	57
	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Capital Outlay Fund	58
	Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) School Food Service Fund	59
	Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) Child Care Fund	60

Page No.

Compliance Section:

Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* 61

Report on compliance for each major federal program and report on internal control over compliance required by the Uniform Guidance and the State Single Audit Implementation Act 63

Report on compliance for each major State program and report on internal control over compliance required by the Uniform Guidance and the State Single Audit Implementation Act 65

Schedule of findings and questioned costs 67

Summary schedule of prior audit findings 69

Schedule of expenditures of federal and State awards 70

A S W ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Dare County Board of Education
Nags Head, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dare County Board of Education, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Dare County Board of Education's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dare County Board of Education, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General, State Public School, Federal Grants and Other Current Expense funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Dare County Board of Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Dare County Board of Education's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Dare County Board of Education's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 10 and the Schedules of the Board's Proportionate Share of the Net Pension Liability, OPEB Liabilities (Assets) and the Schedules of Board Contributions on pages 49 through 54, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2023, on our consideration of the Dare County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Dare County Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dare County Board of Education's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

December 6, 2023
Rockingham, North Carolina
(910) 997-1418

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

Financial Highlights

- For the fiscal year ended June 30, 2023, the Board's total government-wide net position increased by $31 thousand. Governmental activities net position increased by $61 thousand while business-type activities net position decreased by $29 thousand from the prior year.
- Total governmental activities restricted net position increased by $504 thousand over the prior year.
- The Board's total government-wide unrestricted net position at June 30, 2023 increased by $3.7 million over the prior year.

Overview of the Financial Statements

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

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

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

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

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

Government-wide Statements

The government-wide statements report information about the unit as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the

Board's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

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

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

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

Fund Financial Statements

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

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

Dare County Board of Education has two types of funds:

Governmental funds: Most of the Board's basic services are included in the governmental funds, which generally focus on two things – 1) how cash and other assets that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the coming year to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental fund statements, in the form of a reconciliation, explains the relationship (or differences) between the government-wide and the fund financial statements. The Board has several governmental funds: the General Fund, the State Public School Fund, the Individual Schools Fund, the Capital Outlay Fund, the Other Current Expense 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 Dare County Board of Education has two proprietary funds - both enterprise funds – the School Food Service Fund and the Child Care Fund. The proprietary fund statements are shown as Exhibits 7, 8, and 9 of this report.

Financial Analysis of the Board as a Whole

Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by $48.9 million as of June 30, 2023 as compared to $48.8 million as of June 30, 2022.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/23	6/30/22	6/30/23	6/30/22	6/30/23	6/30/22
Current and other assets	$ 7,230,718	$ 9,317,813	$ 1,565,741	$ 1,735,012	$ 8,796,459	$ 11,052,825
Capital assets	119,388,396	123,835,177	294,502	182,648	119,682,898	124,017,825
Total assets	126,619,114	133,152,990	1,860,243	1,917,660	128,479,357	135,070,650
Deferred outflows of resources	33,099,638	21,348,315	921,952	490,472	34,021,590	21,838,787
Current liabilities	2,421,870	2,381,751	577,881	839,659	2,999,751	3,221,410
Long-term liabilities	82,881,958	70,393,493	2,339,499	1,625,632	85,221,457	72,019,125
Total liabilities	85,303,828	72,775,244	2,917,380	2,465,291	88,221,208	75,240,535
Deferred inflows of resources	24,717,711	32,089,425	688,481	737,243	25,406,192	32,826,668
Net investment in capital assets	119,262,111	123,535,031	294,502	182,648	119,556,613	123,717,679
Restricted net position	3,221,515	2,717,020	-	3,204	3,221,515	2,720,224
Unrestricted net position (deficit)	(72,786,413)	(76,615,415)	(1,118,168)	(980,254)	(73,904,581)	(77,595,669)
Total net position (deficit)	$ 49,697,213	$ 49,636,636	$ (823,666)	$ (794,402)	$ 48,873,547	$ 48,842,234

Net position is an indicator of the fiscal health of the Board. The net position of the Board's governmental activities increased $61 thousand during the year to $49.7 million at June 30, 2023, indicating an improvement in the financial condition of the Board. Restricted net position increased by $504 thousand and unrestricted net position increased $3.8 million over the prior year. Net investment in capital assets decreased $4.3 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.

Net position of the Board's business-type activities decreased $29 thousand during the year. This is the combined net loss incurred by our school food service and child care operations during the 2023 fiscal year.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/23	6/30/22	6/30/23	6/30/22	6/30/23	6/30/22
Revenues:						
Program revenues:						
Charges for services	$ 1,708,671	$ 1,350,756	$ 982,788	$ 530,074	$ 2,691,459	$ 1,880,830
Operating grants and contributions	44,284,121	44,875,111	1,507,250	2,879,774	45,791,371	47,754,885
Capital grants and contributions	173,861	168,488	-	-	173,861	168,488
General revenues:						
County appropriations	24,666,873	25,080,243	-	-	24,666,873	25,080,243
State appropriations	-	111,868	-	-	-	111,868
Federal appropriations	-	-	-	-	-	-
Other revenues	812,581	1,456,880	631,601	48,356	1,444,182	1,505,236
Total revenues	71,646,107	73,043,346	3,121,639	3,458,204	74,767,746	76,501,550
Expenses:						
Governmental activities:						
Instructional services	52,004,433	49,282,344	-	-	52,004,433	49,282,344
System-wide support services	14,947,721	13,204,115	-	-	14,947,721	13,204,115
Ancillary services	50,869	155,586	-	-	50,869	155,586
Payments to other governments	58,540	79,837	-	-	58,540	79,837
Unallocated depreciation	4,329,712	4,365,732	-	-	4,329,712	4,365,732
Business-type activities:						
School food service	-	-	2,385,042	2,357,755	2,385,042	2,357,755
Child care	-	-	960,116	432,908	960,116	432,908
Total expenses	71,391,275	67,087,614	3,345,158	2,790,663	74,736,433	69,878,277
Excess (deficiency) before transfers	254,832	5,955,732	(223,519)	667,541	31,313	6,623,273
Transfers in (out)	(194,255)	(86,023)	194,255	86,023	-	-
Increase (decrease) in net position	60,577	5,869,709	(29,264)	753,564	31,313	6,623,273
Beginning net position (deficit)	49,636,636	43,766,927	(794,402)	(1,547,966)	48,842,234	42,218,961
Ending net position (deficit)	$ 49,697,213	$ 49,636,636	$ (823,666)	$ (794,402)	$ 48,873,547	$ 48,842,234

Total governmental activities generated revenues of $71.6 million while expenses in this category totaled $71.4 million for the year ended June 30, 2023, resulting in an increase in net position of $61 thousand (including transfers out to business-type activities of $194 thousand). Comparatively, revenues were $73.0 million, expenses totaled $67.1 million and transfers out were $86 thousand for the year ended June 30, 2022, resulting in an increase in net position of $5.9 million. In comparing the two years, revenues decreased $1.4 million, or 1.9%, while expenses increased $4.3 million, or 6.4%. The reduction in revenues was primarily a result of a one-time reduction in funding from Dare County based on the 2016 funding agreement which allows a target School General Fund balance of $1,000,000. Due to prudent management and use of CARES Act grant funds, the district's fund balance of the General Fund ended 2021 at $3,668,117. The only method available under State law to return the balance over the target to the County was to reduce the annual local current expense appropriation with an equal and concurrent appropriation of fund balance by Dare County Schools for one year only, effective in fiscal year 2023 of $2,668,117. The change in expenses was largely due to an increase in instructional services costs.

Expenses were also significantly impacted by a year-over-year increase of $1.5 million in pension and OPEB expense due to changes in actuarial valuations and allocation percentages.

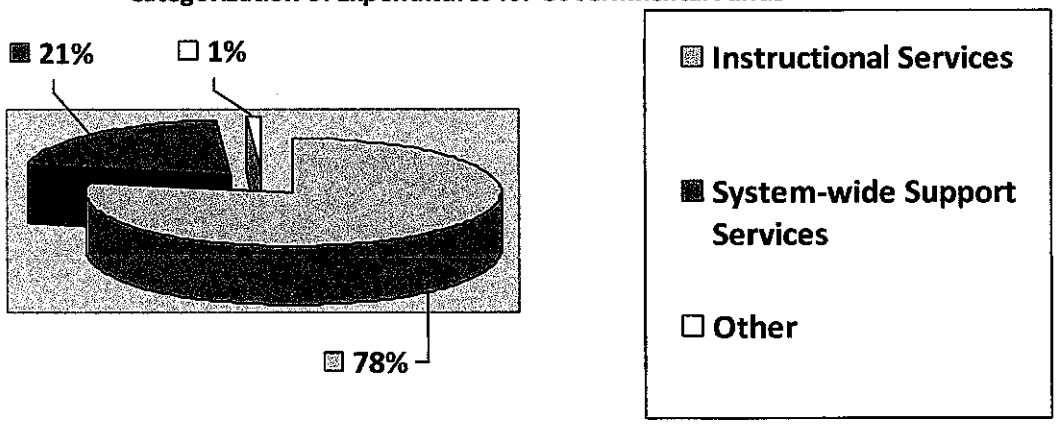
The Board's primary sources of revenues were funding from the State of North Carolina, Dare County, and the United States Government, which respectively comprised 53.9%, 34.3% and 7.3% of our total revenues. As would be expected, the major component of our expenses was instructional services which accounted for 72.8% of our total expenses during the most recent fiscal year. Of the remaining 27.2% of our total expenses, 20.9% was attributable to system-wide support services.

Our business-type activities generated revenues of $3.1 million while expenses in this category totaled $3.3 million for the year ended June 30, 2023. For the year, net position decreased by $29 thousand (including transfers in of $194 thousand). Comparatively, revenues were $3.5 million, expenses totaled $2.8 million and transfers in were $86 thousand for the year ended June 30, 2022, resulting in an increase in net position of $754 thousand. In comparing the two periods, revenues decreased $337 thousand, or 9.7%, while expenses increased $554 thousand, or 19.9%. In response to the COVID-19 pandemic, the federal government allowed all students to eat free breakfast and lunch during the 2022 fiscal year. This resulted in a significant increase in revenues from the USDA due to the number of free meals the district was able to serve. However, during the 2023 year, the federal government did not provide free meals to all students and the district had to revert back to requiring students to complete applications to determine if they qualify for free/reduced meal status. As would be expected with all students not receiving free breakfast and lunch, the district experienced a decline of $1.4 million in USDA reimbursement revenues due to a decrease in the number of reimbursable meals served. This decline was partially offset by a $587 thousand increase in food sales. The change in expenses was primarily due to inflationary increases related to labor costs. Expenses were also significantly impacted by a year-over-year increase of $194 thousand in pension and OPEB expense in the School Food Service Fund and a $195 thousand increase in the Child Care Fund. These increases are due to changes in actuarial valuations and allocation percentages in the district's pension and OPEB plans.

Financial Analysis of the Board's Funds

Governmental Funds: The focus of Dare 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.

Categorization of Expenditures for Governmental Funds



Expenditures presented on modified accrual basis of accounting.

The Board's governmental funds reported a combined fund balance of $6.4 million at June 30, 2023, a decrease of $2.2 million from the amount reported at June 30, 2022 (including the change in reserve for inventories). The Board's General and Capital Outlay funds each reported a decrease in fund balance for the year ended June 30, 2023 of $3.1 million, $42 thousand, respectively, while the Other Current Expense and Individual Schools funds reported increases in fund balance of $907 thousand and $47

thousand, respectively. Total governmental fund revenues decreased from the prior year by $755 thousand, or 1.0%, while expenditures increased by $2.8 million, or 4.0%. Combined revenues and expenditures in the State Public School Fund and Federal Grants Fund decreased by $905 thousand from the prior year, accounting for the majority of the overall decline in the district's revenues. The change in expenditures was primarily attributable to an increase in instructional services costs.

Proprietary Funds: The Board's business-type funds, the School Food Service Fund and the Child Care Fund, reported a combined decrease in net position of $29 thousand for the fiscal year ended June 30, 2023 compared to an increase of $754 thousand for the same 2022 period. See the discussion above under "*Financial Analysis of the Board as a Whole*" for further details regarding the year-over-year change in operating results for these two funds.

General Fund Budgetary Highlights

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

Capital Assets

Total primary government capital assets were $119.7 million at June 30, 2023 compared to $124.0 million at June 30, 2022, a decrease of 3.5%. More detailed information about the Board's capital assets is contained in Note 2 to the financial statements.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/23	6/30/22	6/30/23	6/30/22	6/30/23	6/30/22
Land	$ 4,863,116	$ 4,863,116	$ -	$ -	$ 4,863,116	$ 4,863,116
Buildings	106,287,854	109,911,215	-	-	106,287,854	109,911,215
Improvements	6,354,361	6,937,426	-	-	6,354,361	6,937,426
Equipment and furniture	719,172	829,605	294,502	182,648	1,013,674	1,012,253
Vehicles	1,163,893	1,293,815	-	-	1,163,893	1,293,815
Total	$ 119,388,396	$ 123,835,177	$ 294,502	$ 182,648	$ 119,682,898	$ 124,017,825

Debt Outstanding

During the year, the Board's long-term debt decreased by $174 thousand to a balance of $126 thousand at June 30, 2023. The Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used. The County holds virtually all debt issued for school capital construction. More detailed information about the Board's outstanding debt is contained in the Note 2 to the financial statements.

Economic Factors

State and County funding are major sources of income for the Board; therefore, the State and County's economic outlook directly affects that of the Board's. Traditional economic factors are not necessarily applicable to Dare County due to the County having a tourism-based economy, seasonality of both activities and population that accompanies tourism, and a lack of manufacturing activities. The following factors should be considered when viewing the Board's current economic outlook:

- The Board anticipates student enrollment to remain constant over the next several years with little to no change.
- The unemployment rate in Dare County at June 30, 2023 was 3.0% compared to 3.7% at June 30, 2022. The County's unemployment rate is below the June 30, 2023 N.C. statewide and national unemployment rates which were 3.6% and 3.8%, respectively.

Requests for Information

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

Anna McGinnis, Interim Director of Finance
Dare County Board of Education
P.O. Box 1508
Nags Head, NC 27959

GOVERNMENT-WIDE FINANCIAL STATEMENTS

DARE COUNTY BOARD OF EDUCATION **Exhibit 1**
STATEMENT OF NET POSITION
June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 6,610,729	$ 1,383,850	$ 7,994,579
Due from other governments	331,489	40,298	371,787
Receivables	129,349	1,493	130,842
Internal balances	(44,943)	44,943	-
Inventories	204,094	95,157	299,251
Capital assets:			
Land	4,863,116	-	4,863,116
Other capital assets, net of depreciation	114,525,280	294,502	114,819,782
Total capital assets	119,388,396	294,502	119,682,898
Total assets	126,619,114	1,860,243	128,479,357
Deferred Outflows of Resources	33,099,638	921,952	34,021,590
Liabilities			
Bank overdraft	1,873	-	1,873
Accounts payable and accrued expenses	857,446	2,443	859,889
Unearned revenue	-	536,144	536,144
Long-term liabilities:			
Due within one year	1,562,511	39,294	1,601,805
Due in more than one year	82,881,958	2,339,499	85,221,457
Total liabilities	85,303,828	2,917,380	88,221,208
Deferred Inflows of Resources	24,717,711	688,481	25,406,192
Net position			
Net investment in capital assets	119,262,111	294,502	119,556,613
Restricted for:			
Stabilization by State statute	943,955	-	943,955
School capital outlay	1,587,677	-	1,587,677
Individual schools activities	690,177	-	690,177
Unrestricted (deficit)	(72,786,707)	(1,118,168)	(73,904,875)
Total net position (deficit)	$ 49,697,213	$ (823,666)	$ 48,873,547

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

DARE COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023

Exhibit 2

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary government:							
Governmental activities:							
Instructional services:							
Regular instructional	$ 28,888,798	$ -	$ 23,077,430	$ -	$ (5,811,368)	$ -	$ (5,811,368)
Special populations	9,197,719	-	8,619,953	-	(577,766)	-	(577,766)
Alternative programs	4,334,226	-	3,837,852	-	(496,374)	-	(496,374)
School leadership	3,652,373	-	1,782,336	-	(1,870,037)	-	(1,870,037)
Co-curricular	2,290,446	1,409,352	-	-	(881,094)	-	(881,094)
School-based support	3,640,871	-	2,846,938	-	(793,933)	-	(793,933)
System-wide support services:							
Support and development	503,349	-	184,069	-	(319,280)	-	(319,280)
Special population support and development	161,878	-	238,712	-	76,834	-	76,834
Alternative programs and services support and development	182	-	-	-	(182)	-	(182)
Technology support	658,672	-	236,889	-	(421,783)	-	(421,783)
Operational support	10,069,621	299,319	2,393,198	173,861	(7,203,243)	-	(7,203,243)
Financial and human resource services	1,454,537	-	82,017	-	(1,372,520)	-	(1,372,520)
Accountability	207,166	-	166,290	-	(40,876)	-	(40,876)
System-wide pupil support	241,289	-	170,320	-	(70,969)	-	(70,969)
Policy, leadership and public relations	1,651,027	-	349,811	-	(1,301,216)	-	(1,301,216)
Ancillary services	50,869	-	107,821	-	56,952	-	56,952
Payments to other governments	58,540	-	190,485	-	131,945	-	131,945
Unallocated depreciation expense**	4,329,712	-	-	-	(4,329,712)	-	(4,329,712)
Total governmental activities	71,391,275	1,708,671	44,284,121	173,861	(25,224,622)	-	(25,224,622)
Business-type activities:							
School food service	2,385,042	602,573	1,507,250	-	-	(275,219)	(275,219)
Child care	960,116	380,215	-	-	-	(579,901)	(579,901)
Total business-type activities	3,345,158	982,788	1,507,250	-	-	(855,120)	(855,120)
Total primary government	$ 74,736,433	$ 2,691,459	$ 45,791,371	$ 173,861	(25,224,622)	(855,120)	(26,079,742)
General revenues:							
Unrestricted county appropriations - operating					22,873,139	-	22,873,139
Unrestricted county appropriations - capital					1,793,734	-	1,793,734
Investment earnings, unrestricted					144,441	4,529	148,970
Miscellaneous, unrestricted					668,140	627,072	1,295,212
Transfers					(194,255)	194,255	-
Total general revenues and transfers					25,285,199	825,856	26,111,055
Change in net position					60,577	(29,264)	31,313
Net position (deficit) - beginning					49,636,636	(794,402)	48,842,234
Net position (deficit) - ending					$ 49,697,213	$ (823,666)	$ 48,873,547

**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

DARE COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

Exhibit 3

	Major Funds						
	General	State Public School	Federal Grants	Other Current Expense	Capital Outlay	Individual Schools	Total Governmental Funds
Assets							
Cash and cash equivalents	$ 2,260,654	$ -	$ 40	$ 2,057,163	$ 1,595,400	$ 697,472	$ 6,610,729
Due from other governments	36,436	1,873	-	-	293,180	-	331,489
Accounts receivable	35,907	-	-	93,442	-	-	129,349
Due from other funds	-	-	-	7,295	-	-	7,295
Inventories	204,094	-	-	-	-	-	204,094
Total assets	$ 2,537,091	$ 1,873	$ 40	$ 2,157,900	$ 1,888,580	$ 697,472	$ 7,282,956
Liabilities and fund balances							
Liabilities:							
Bank overdraft	$ -	$ 1,873	$ -	$ -	$ -	$ -	$ 1,873
Accounts payable and accrued liabilities	555,563	-	-	980	300,903	-	857,446
Due to other funds	-	-	-	44,943	-	7,295	52,238
Due to other governments	-	-	40	-	-	-	40
Total liabilities	555,563	1,873	40	45,923	300,903	7,295	911,597
Fund balances:							
Nonspendable:							
Inventories	204,094	-	-	-	-	-	204,094
Restricted:							
Stabilization by State statute	843,218	-	-	100,737	-	-	943,955
School capital outlay	-	-	-	-	1,587,677	-	1,587,677
Individual schools	-	-	-	-	-	690,177	690,177
Assigned:							
Special revenues	-	-	-	2,011,240	-	-	2,011,240
Unassigned	934,216	-	-	-	-	-	934,216
Total fund balances	1,981,528	-	-	2,111,977	1,587,677	690,177	6,371,359
Total liabilities and fund balances	$ 2,537,091	$ 1,873	$ 40	$ 2,157,900	$ 1,888,580	$ 697,472	$ 7,282,956

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

Reconciliation of the Balance Sheet to the Statement of Net Position

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

Total fund balances of governmental funds	$ 6,371,359
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	119,388,396
Deferred outflows of resources related to pensions	21,752,614
Deferred outflows of resources related to OPEB	11,347,024
Some liabilities, including those for compensated absences, installment purchases and accrued interest are not due and payable in the current period and therefore are not reported in the funds.	(3,728,837)
Net pension liability	(34,451,019)
Net OPEB liability	(46,264,613)
Deferred inflows of resources related to pensions	(990,475)
Deferred inflows of resources related to OPEB	(23,727,236)
Net position of governmental activities	$ 49,697,213

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

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

Exhibit 4

	Major Funds						
	General	State Public School	Federal Grants	Other Current Expense	Capital Outlay	Individual Schools	Total Governmental Funds
Revenues:							
State of North Carolina	$ -	$ 37,913,778	$ -	$ 662,228	$ 173,861	$ -	$ 38,749,867
Dare County:							
Local current expense	22,873,139	-	-	-	-	-	22,873,139
Other	-	-	-	-	1,793,734	-	1,793,734
U.S. Government	-	-	5,209,728	9,761	-	-	5,219,489
Other	631,751	-	-	1,142,751	16,509	1,409,352	3,200,363
Total revenues	23,504,890	37,913,778	5,209,728	1,814,740	1,984,104	1,409,352	71,836,592
Expenditures:							
Current:							
Instructional services:							
Regular instructional	9,104,308	22,041,028	1,020,893	113,880	216,768	-	32,496,877
Special populations	1,999,146	6,774,561	1,372,275	-	-	-	10,145,982
Alternative programs	772,876	1,012,772	2,162,852	672,348	-	-	4,620,848
School leadership	2,349,189	1,762,329	20,007	-	-	-	4,131,525
Co-curricular	769,434	-	-	4,750	199,292	1,362,074	2,335,550
School-based support	1,300,948	2,514,360	332,578	-	-	-	4,147,886
System-wide support services:							
Support and development	380,769	180,817	3,252	-	-	-	564,838
Special population support and development	14,691	238,712	-	-	-	-	253,403
Alternative programs and services support and development	-	-	-	182	-	-	182
Technology support	469,319	236,889	-	-	-	-	706,208
Operational support	6,396,954	2,338,157	9,326	74,721	1,377,574	-	10,196,732
Financial and human resource services	1,383,208	82,017	-	-	-	-	1,465,225
Accountability	50,247	166,290	-	-	-	-	216,537
System-wide pupil support	88,255	170,320	-	-	-	-	258,575
Policy, leadership and public relations	1,372,730	349,811	-	5,000	-	-	1,727,541
Ancillary services	20,218	-	98,060	37,031	44,100	-	199,409
Non-programmed charges	58,540	-	190,485	-	-	-	249,025
Debt service:							
Principal retirement	-	-	-	-	173,861	-	173,861
Capital outlay	-	-	-	-	14,578	-	14,578
Total expenditures	26,530,832	37,868,063	5,209,728	907,912	2,026,173	1,362,074	73,904,782
Revenues over (under) expenditures	(3,025,942)	45,715	-	906,828	(42,069)	47,278	(2,068,190)
Other financing sources (uses):							
Transfers to other funds	-	(45,715)	-	-	-	-	(45,715)
Net change in fund balance	(3,025,942)	-	-	906,828	(42,069)	47,278	(2,113,905)
Fund balances:							
Beginning of year	5,071,888	-	-	1,205,149	1,629,746	642,899	8,549,682
Change in reserve for inventories	(64,418)	-	-	-	-	-	(64,418)
End of year	$ 1,981,528	$ -	$ -	$ 2,111,977	$ 1,587,677	$ 690,177	$ 6,371,359

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2023

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

Net changes in fund balances - total governmental funds	$ (2,113,905)
Change in fund balance due to change in reserve for inventory	(64,418)
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.	(4,446,781)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	6,732,873
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	2,707,871
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	351,211
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	173,861
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	(7,143,598)
OPEB (expense) benefit	3,948,789
Compensated absences	(85,326)
Total changes in net position of governmental activities	$ 60,577

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

DARE COUNTY BOARD OF EDUCATION ***Exhibit 6***
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2023

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina	$ -	$ -	$ -	$ -
Dare County	22,673,364	22,873,139	22,873,139	-
U.S. Government	-	-	-	-
Contributions and donations	-	-	-	-
Other	755,250	755,250	631,751	(123,499)
Total revenues	23,428,614	23,628,389	23,504,890	(123,499)
Expenditures:				
Current:				
Instructional services	16,731,436	16,731,436	16,295,901	435,535
System-wide support services	9,800,521	10,350,296	10,156,173	194,123
Ancillary services	31,880	31,880	20,218	11,662
Nonprogrammed charges	78,000	78,000	58,540	19,460
Total expenditures	26,641,837	27,191,612	26,530,832	660,780
Revenues over (under) expenditures	(3,213,223)	(3,563,223)	(3,025,942)	537,281
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	3,213,223	3,563,223	-	(3,563,223)
Net change in fund balance	$ -	$ -	(3,025,942)	$ (3,025,942)
Fund balances:				
Beginning of year			5,071,888	
Change in reserve for inventories			(64,418)	
End of year			$ 1,981,528	

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2023

	State Public School Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina	$ 36,056,307	$ 38,397,144	$ 37,913,778	$ (483,366)
Dare County	-	-	-	-
U.S. Government	-	-	-	-
Contributions and donations	-	-	-	-
Other	-	-	-	-
Total revenues	36,056,307	38,397,144	37,913,778	(483,366)
Expenditures:				
Current:				
Instructional services	32,647,882	34,507,027	34,105,050	401,977
System-wide support services	3,359,542	3,768,157	3,763,013	5,144
Ancillary services	2,000	47,000	-	47,000
Nonprogrammed charges	-	-	-	-
Total expenditures	36,009,424	38,322,184	37,868,063	454,121
Revenues over (under) expenditures	46,883	74,960	45,715	(29,245)
Other financing uses:				
Transfers to other funds	(46,883)	(74,960)	(45,715)	29,245
Fund balance appropriated	-	-	-	-
Net change in fund balance	$ -	$ -	-	$ -
Fund balances:				
Beginning of year			-	
Change in reserve for inventories			-	
End of year			$ -	

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

	Federal Grants Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina	$ -	$ -	$ -	$ -
Dare County	-	-	-	-
U.S. Government	7,484,244	8,833,372	5,209,728	(3,623,644)
Contributions and donations	-	-	-	-
Other	-	-	-	-
Total revenues	7,484,244	8,833,372	5,209,728	(3,623,644)
Expenditures:				
Current:				
Instructional services	7,098,377	8,405,373	4,908,605	3,496,768
System-wide support services	154,307	30,196	12,578	17,618
Ancillary services	-	98,969	98,060	909
Nonprogrammed charges	231,560	298,834	190,485	108,349
Total expenditures	7,484,244	8,833,372	5,209,728	3,623,644
Revenues over (under) expenditures	-	-	-	-
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	$ -	$ -	-	$ -
Fund balances:				
Beginning of year			-	
Change in reserve for inventories			-	
End of year			$ -	

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

DARE COUNTY BOARD OF EDUCATION ***Exhibit 6 (continued)***
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2023

	Other Current Expense Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
State of North Carolina	$ 674,576	$ 731,104	$ 662,228	$ (68,876)
Dare County	-	-	-	-
U.S. Government	-	-	9,761	9,761
Contributions and donations	-	-	-	-
Other	754,591	761,507	1,142,751	381,244
Total revenues	1,429,167	1,492,611	1,814,740	322,129
Expenditures:				
Current:				
Instructional services	1,149,579	1,296,964	790,978	505,986
System-wide support services	279,588	244,588	79,903	164,685
Total ancillary services	-	41,021	37,031	3,990
Nonprogrammed charges	-	-	-	-
Total expenditures	1,429,167	1,582,573	907,912	674,661
Revenues over (under) expenditures	-	(89,962)	906,828	996,790
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	89,962	-	(89,962)
Net change in fund balance	$ -	$ -	906,828	$ 906,828
Fund balances:				
Beginning of year			1,205,149	
Change in reserve for inventories			-	
End of year			$ 2,111,977	

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

DARE COUNTY BOARD OF EDUCATION **Exhibit 7**
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPES
June 30, 2023

	Enterprise		
	Major Funds		
	School Food Service	Child Care	Totals
Assets			
Current assets:			
Cash and cash equivalents	$ 604,868	$ 778,982	$ 1,383,850
Due from other governments	40,298	-	40,298
Receivables	1,493	-	1,493
Due from other funds	44,943	-	44,943
Inventories	95,157	-	95,157
Total current assets	786,759	778,982	1,565,741
Noncurrent assets:			
Capital assets:			
Furniture and equipment, net	294,502	-	294,502
Total assets	1,081,261	778,982	1,860,243
Deferred Outflows of Resources	663,528	258,424	921,952
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	2,443	-	2,443
Compensated absences	28,204	11,090	39,294
Unearned revenue	59,272	476,872	536,144
Total current liabilities	89,919	487,962	577,881
Noncurrent liabilities:			
Net pension liability	690,613	268,979	959,592
Net OPEB liability	927,431	361,214	1,288,645
Compensated absences	77,853	13,409	91,262
Total noncurrent liabilities	1,695,897	643,602	2,339,499
Total liabilities	1,785,816	1,131,564	2,917,380
Deferred Inflows of Resources	495,497	192,984	688,481
Net position			
Investment in capital assets	294,502	-	294,502
Unrestricted (deficit)	(831,026)	(287,142)	(1,118,168)
Total net position (deficit)	$ (536,524)	$ (287,142)	$ (823,666)

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

DARE COUNTY BOARD OF EDUCATION ***Exhibit 8***
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2023

	Enterprise Major Funds		
	School Food Service	Child Care	Totals
Operating revenues:			
Food sales	$ 602,573	$ -	$ 602,573
Child care fees	-	380,215	380,215
Other	13,129	261	13,390
Total operating revenues	615,702	380,476	996,178
Operating expenses:			
Food cost:			
Purchase of food	629,078	16,795	645,873
Donated commodities	179,551	-	179,551
Salaries and benefits	1,389,432	807,899	2,197,331
Materials and supplies	69,060	69,568	138,628
Repairs and maintenance	14,047	-	14,047
Depreciation	36,686	-	36,686
Non-capitalized equipment	8,381	51,311	59,692
Contracted services	35,490	-	35,490
Other	23,317	14,543	37,860
Total operating expenses	2,385,042	960,116	3,345,158
Operating loss	(1,769,340)	(579,640)	(2,348,980)
Nonoperating revenues:			
Federal grants and reimbursements	1,319,782	-	1,319,782
Federal commodities	179,551	-	179,551
State reimbursements and grants	7,917	-	7,917
Contracted service revenue	-	613,682	613,682
Interest earned	4,529	-	4,529
Total nonoperating revenues	1,511,779	613,682	2,125,461
Income (loss) before transfers and contributions	(257,561)	34,042	(223,519)
Transfers from other funds	45,715	-	45,715
Capital contributions	148,540	-	148,540
Change in net position	(63,306)	34,042	(29,264)
Net position (deficit), beginning of year	(473,218)	(321,184)	(794,402)
Net position (deficit), end of year	$ (536,524)	$ (287,142)	$ (823,666)

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

DARE COUNTY BOARD OF EDUCATION **Exhibit 9**
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2023

	Enterprise Major Funds		
	School Food Service	Child Care	Totals
Cash flows from operating activities:			
Cash received from customers	$ 602,088	$ 382,453	$ 984,541
Cash paid for goods and services	(796,412)	(152,217)	(948,629)
Cash paid to employees for services	(1,297,599)	(624,226)	(1,921,825)
Other operating revenue	13,129	261	13,390
Net cash used by operating activities	(1,478,794)	(393,729)	(1,872,523)
Cash flows from noncapital financing activities:			
Due to other funds	-	(1,093)	(1,093)
Due from other funds	(42,951)	-	(42,951)
Federal grants and reimbursements	1,370,152	-	1,370,152
Contracted service revenue	-	366,102	366,102
Net cash provided by noncapital financing activities	1,327,201	365,009	1,692,210
Cash flows from investing activities:			
Interest earned on investments	4,529	-	4,529
Net decrease in cash and cash equivalents	(147,064)	(28,720)	(175,784)
Cash and cash equivalents, beginning of year	751,932	807,702	1,559,634
Cash and cash equivalents, end of year	$ 604,868	$ 778,982	$ 1,383,850
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	$ (1,769,340)	$ (579,640)	$ (2,348,980)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	36,686	-	36,686
Donated commodities	179,551	-	179,551
Salaries and benefits paid by other funds	45,715	-	45,715
Changes in assets, liabilities deferred outflows and deferred inflows of resources:			
Decrease in due from other governments	-	2,238	2,238
Increase in accounts receivable	(1,280)	-	(1,280)
Decrease in net OPEB asset	566	154	720
Increase in inventories	(6,600)	-	(6,600)
Decrease in accounts payable and accrued liabilities	(10,439)	-	(10,439)
Increase in unearned revenue	795	-	795
Increase in net pension liability	506,398	218,949	725,347
Increase (decrease) in net OPEB liability	(120,957)	76,490	(44,467)
Increase in deferred outflows	(277,811)	(153,669)	(431,480)
Increase (decrease) in deferred inflows	(84,287)	35,525	(48,762)
Increase in compensated absences payable	22,209	6,224	28,433
Total adjustments	290,546	185,911	476,457
Net cash used by operating activities	$ (1,478,794)	$ (393,729)	$ (1,872,523)

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

NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:

The School Food Service Fund received donated commodities with a value of $179,551 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 $45,715 to personnel of the School Food Service Fund during the year. These payments are reflected as an operating transfer in and an operating expense on Exhibit 8.

School Food Service Fund capital assets with values of $6,380, $98,060 and $44,100 were purchased during the year by the General Fund, Federal Grants Fund and Capital Outlay Fund, respectively. The value of these assets is reflected as a capital contribution on Exhibit 8.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Dare 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 Dare 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 Dare County, North Carolina. The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity. The Board has no component units.

B. Basis of Presentation

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

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

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

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

The Board reports the following major governmental funds:

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

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

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

Other Current Expense Fund. The Other Current Expense 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 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 Dare 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 fundraising activities. The primary expenditures are for athletic teams, club programs, use of activity buses and instructional needs.

The Board reports the following major enterprise funds:

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

Child Care Fund. The Child Care Fund is used to account for the afterschool care program at the elementary schools within the school system. The costs associated with these programs are recovered by user charges.

C. Measurement Focus and Basis of Accounting

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

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

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

D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by the

North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the purpose level for all annually budgeted funds. The Board has authorized the Superintendent to transfer amounts between functions, sub-functions and objects of expenditures within a purpose without limitations and without a report to the Board of Education. Any increases or decreases in purpose levels or transfers between funds will require a budget amendment by the Board of Education. 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. Bank deposits are measured at amortized cost. The NCCMT is reported at fair value. Ownership interest of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

2. Cash and Cash Equivalents

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

3. Inventories

The inventories of the Board are valued at cost and the Board uses the first-in, first-out (FIFO) flow assumption in determining cost. The inventories of the Board's General Fund consist of expendable materials and supplies which are recorded as expenditures when purchased. The General Fund inventories do not reflect current appropriable resources and, thus, an equivalent portion of fund balance 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, 1987 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 and maintenance that do not add to the value of the asset or materially extend asset lives is not capitalized.

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

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

	Years
Land improvements	30
Buildings and building improvements	15 - 50
Equipment and furniture	5 - 20
Vehicles	6 - 12

5. Deferred outflows and inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Board has two items that meet this criterion – pension and other post-employment benefit-related deferrals. The statement of financial position also reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Board has two items that meet this criterion – pension and other post-employment benefit-related deferrals.

6. Long-term Obligations

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

7. Compensated Absences

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

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

8. Net Position/Fund Balances

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

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

The governmental fund types classify fund balances as follows:

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

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

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

> Restricted for Stabilization by State statute – North Carolina G.S. 115C-425(a) prohibits boards of education from budgeting or spending a portion of their fund balance. Restricted by State statute (RSS) is calculated at the end of each fiscal year. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget year. RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS.
>
> Restricted for school capital outlay - portion of fund balance that can only be used for school capital outlay [G.S. 159-18 through 22].
>
> Restricted for instructional services – grant and other revenues restricted for expenditure for various instructional services, as allowable by the funding source.

Restricted for individual schools – revenue sources restricted for expenditures for the various clubs and organizations, athletic events, and various fundraising activities for which they were collected.

Assigned fund balance – portion of fund balance that the Board of Education intends to use for specific purposes. The assignment of fund balance is governed by NC General Statutes. The Board of Education is authorized to approve appropriations of fund balance in accordance with restrictions established by NC General Statutes.

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

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. 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 of Education has a management policy for revenue spending that provides guidance for programs with multiple revenue sources. The Finance Officer will pay expenditures from restricted revenue sources first and then from general unrestricted revenues. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Board of Education.

9. Reconciliation of Government-wide and Fund Financial Statements

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 $43,325,854 consists of the following elements:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	$ 208,959,971
Less accumulated depreciation	(89,571,575)
Net capital assets	119,388,396
Deferred outflows of resources related to pensions	21,752,614
Deferred outflows of resources related to OPEB	11,347,024
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Installment purchases	(126,285)
Compensated absences	(3,602,552)
Net pension liability	(34,451,019)
Net OPEB liability	(46,264,613)
Deferred inflows of resources related to pensions	(990,475)
Deferred inflows of resources related to OPEB	(23,727,236)
Total adjustment	$ 43,325,854

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 $2,174,482 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	$ 120,603
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(4,567,384)
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	173,861
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	6,732,873
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	2,707,871
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	351,211
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	(7,143,598)
OPEB (expense) benefit	3,948,789
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(85,326)
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	(64,418)
Total adjustment	$ 2,174,482

10. Defined Benefit Pension Plans

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

NOTE 2 - DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

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

At June 30, 2023, the Board had deposits with banks and savings and loans with a carrying amount of $5,362,194 and a net overdraft balance with the State Treasurer of $1,833. The bank balances with the financial institutions and the State Treasurer were $5,665,409 and $736,885, respectively. Of these balances, $979,831 was covered by federal depository insurance and $5,422,463 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2023, the Board had $2,474,662 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAm by Standard and Poor's and is classified in Level 1 of the fair value hierarchy. Additionally, at June 30 2023, the Board had $157,683 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2023. The Board has no policy for managing interest rate risk or credit risk. 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.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level Two: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

3. Accounts Receivable

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

	Due from other funds (Internal balances)	Due from other governments	Other	Total
Governmental activities:				
General Fund	$ -	$ 36,436	$ 35,907	$ 72,343
Other governmental activities	(44,943)	295,053	93,442	343,552
Total governmental activities	$ (44,943)	$ 331,489	$ 129,349	$ 415,895
Business-type activities:				
School Food Service Fund	$ 44,943	$ 40,298	$ 1,493	$ 86,734

Due from other governments consists of the following:

Governmental activities:		
General Fund	$ 36,436	Amounts due from County and towns
State Public School Fund	1,873	Operating funds from DPI
Capital Outlay Fund	293,180	Amounts due from County
Total	$ 331,489	
Business-type activities:		
School Food Service Fund	$ 40,298	Federal funds

4. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 4,863,116	$ -	$ -	$ 4,863,116
Capital assets being depreciated:				
Buildings	181,184,578	-	-	181,184,578
Improvements	14,214,886	-	-	14,214,886
Equipment and furniture	2,919,813	12,853	-	2,932,666
Vehicles	5,656,975	107,750	-	5,764,725
Total capital assets being depreciated	203,976,252	120,603	-	204,096,855
Less accumulated depreciation for:				
Buildings	71,273,363	3,623,361	-	74,896,724
Improvements	7,277,460	583,065	-	7,860,525
Equipment and furniture	2,090,208	123,286	-	2,213,494
Vehicles	4,363,160	237,672	-	4,600,832
Total accumulated depreciation	85,004,191	4,567,384	-	89,571,575
Total capital assets being depreciated, net	118,972,061			114,525,280
Governmental activity capital assets, net	$ 123,835,177			$ 119,388,396
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment and furniture	$ 1,396,285	$ 148,540	$ -	$ 1,544,825
Less accumulated depreciation for:				
Equipment and furniture	1,213,637	36,686	-	1,250,323
School Food Service capital assets, net	$ 182,648			$ 294,502

Depreciation was charged to governmental functions as follows:

Operational support services	$ 237,672
Unallocated	4,329,712
Total	$ 4,567,384

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.

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2023 was 17.38% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were $6,920,409 for the year ended June 30, 2023.

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

At June 30, 2023, the Board reported a liability of $35,410,611 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating

TSERS employers, actuarially determined. At June 30, 2022 and 2021, the Board's proportion was 0.2386% and 0.2227%, respectively.

For the year ended June 30, 2023, the Board recognized pension expense of $7,407,357. At June 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 154,180	$ 482,652
Changes of assumptions	2,793,762	-
Net difference between projected and actual earnings on pension plan investments	11,630,264	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	859,892	535,411
Board contributions subsequent to the measurement date	6,920,409	-
Total	$ 22,358,507	$ 1,018,063

$6,920,409 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	$ 3,814,969
2025	3,517,761
2026	1,512,085
2027	5,575,220
Total	$ 14,420,035

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

Inflation	2.50 percent
Salary increases	3.25 to 8.05 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

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

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

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

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

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Board's proportionate share of the net pension liability (asset)	$ 62,607,765	$ 35,410,611	$ 12,961,536

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

b. Other Postemployment Benefits

1. Healthcare Benefits

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

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

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

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

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

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

retiree medical benefits under the amended law. Consequently, members first hired on and after January 1, 2021 will not be eligible to receive retiree medical benefits.

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

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also, by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the year ended June 30, 2023, the Board contributed 6.89% of covered payroll, which amounted to $2,743,476 for the entire fiscal year. During the current fiscal year, the plan also recognized a one-time transfer of excess funding from the Public Employees Health Benefits Fund totaling $180.5 million, which was isolated from the OPEB expense and allocated to participating employers as a separate revenue item. The Board's proportionate share of this allocation totaled $360,993.

At June 30, 2023, the Board reported a liability of $47,491,103 for its proportionate share of the net RHBF OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. The total OPEB liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2022 and 2021, the Board's proportion was 0.2000% and 0.1920%, respectively.

$2,743,476 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2024	$ 5,086,555
2025	3,491,485
2026	4,326,800
2027	2,723,111
Total	$ 15,627,951

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

Inflation	2.50%
Salary increases	3.25-8.05%, include 3.25% inflation and productivity factor
Investment rate of return	6.50%
Healthcare cost trend rates:	
Medical	5.00-6.00%
Prescription drug	5.00-9.50%
Administrative costs	3.00%
Post-retirement mortality rates	Pub-2010 Healthy Annuitant Mortality Table for males and females, adjusted for classification for some Participants, further adjusted with scaling factors varying by participant group, and projected for mortality improvement using Scale MP-2019

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

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

	1% decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Net OPEB liability	$ 55,939,048	$ 47,491,103	$ 40,591,426

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

	1% Decrease (Medical - 4.00-5.00%, Pharmacy - 4.00-8.50%, Medicare Advantage - 4.00%, Administrative - 2.00%)	Healthcare Trend Rates (Medical - 5.00-6.00%, Pharmacy - 5.00-9.50%, Medicare Advantage - 5.00%, Administrative - 3.00%)	1% increase (Medical -6.00-7.00%, Pharmacy - 6.00-10.50%, Medicare Advantage - 6.00%, Administrative - 4.00%)
Net OPEB liability	$ 39,092,775	$ 47,491,103	$ 58,347,143

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

2. Disability Benefits

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

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

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

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

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2023, employers made a statutory contribution of 0.10% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were $39,818 for the year ended June 30, 2023.

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

At June 30, 2023, the Board reported a liability of $62,155 for its proportionate share of the net DIPNC OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. The total OPEB liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2022 and 2021, the Board's proportion was 0.2089% and 0.1962%, respectively.

$39,818 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2024	$ 30,341
2025	34,865
2026	24,835
2027	18,819
2028	2,633
Thereafter	8,118
Total	$ 119,611

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

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

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

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
Net OPEB liability	$ 76,537	$ 62,155	$ 47,739

Common actuarial assumptions for both OPEB plans. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2021 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2022. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

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

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

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

Following is information related to OPEB expense, proportionate share, assets, liabilities, deferred outflows of resources and deferred inflows of resources reported by the Board as of and for the year ended June 30, 2023:

	RHBF	DIPNC	Total
OPEB expense (benefit)	$ (3,823,617)	$ 85,168	$ (3,738,449)
OPEB liability (asset)	$ 47,491,103	$ 62,155	$ 47,553,258
Proportionate share of the net OPEB liability / asset	0.2000%	0.2089%	
Deferred Outflows of Resources:			
Differences between expected and actual experience	$ 461,076	$ 69,671	$ 530,747
Changes of assumptions	3,802,280	3,995	3,806,275
Net difference between projected and actual earnings on plan investments	411,252	65,741	476,993
Changes in proportion and differences between Board contributions and proportionate share of contributions	4,062,317	3,457	4,065,774
Board contributions subsequent to the measurement date	2,743,476	39,818	2,783,294
Totals	$ 11,480,401	$ 182,682	$ 11,663,083
Deferred Inflows of Resources:			
Differences between expected and actual experience	$ 131,413	$ -	$ 131,413
Changes of assumptions	21,614,319	11,515	21,625,834
Changes in proportion and differences between Board contributions and proportionate share of contributions	2,619,144	11,738	2,630,882
Totals	$ 24,364,876	$ 23,253	$ 24,388,129

2. Accounts Payable

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

	Vendors and Other
Governmental activities:	
General Fund	$ 555,563
Other governmental activities	301,883
Total governmental activities	$ 857,446
Business-type activities:	
School Food Service Fund	$ 2,443

3. Unearned Revenues

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

Business-type activities:	
Prepayments of meals (School Food Service Fund)	$ 59,272
Prepayment of contracted service revenue (Child Care Fund)	476,872
Total business-type activities	$ 536,144

4. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 684,927	$ 614,065
Changes of assumptions	6,600,037	21,625,834
Net difference between projected and actual earnings on pension and OPEB plan investments	12,107,257	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	4,925,666	3,166,293
Board contributions subsequent to the measurement date	9,703,703	-
Total	$ 34,021,590	$ 25,406,192

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 maintains general liability and errors and omissions coverage of $1 million per claim through a private insurance company. The policy has an annual aggregate limit of $2 million for general liability and an annual aggregate limit of $1 million for errors and omissions. Statutory workers' compensation coverage is purchased through a private insurer for employees to the extent they are paid from Federal and local funds. Workers' compensation coverage is provided by the State of North Carolina through a self-insured fund, to the extent employees are paid from State funds.

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

The Board also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan, a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. 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 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 Director is bonded for $50,000.

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

6. Contingent Liabilities

As of the date of our report, the Board was a defendant to two legal claims. The Board's management and the Board's attorneys have been unable to determine the amount of loss, if any, the Board might incur as a result of these legal matters.

7. Long-Term Obligations

a. Direct Placement Installment Purchases

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot moneys for the payments on financing contracts entered into pursuant to G.S. 115C-528. The State has accepted the bid to purchase Thomas Built Buses through special third-party direct placement financing arrangements. During the prior fiscal year, the Board entered into such a contract for the purchase of school buses. The buses are pledged as collateral for the debt while the debt is outstanding. The original amount of the outstanding installment purchase contracts totaled $399,564. The contracts each require four equal principal-only payments with the first payment due within ten days of receipt of the buses and the following three payments due on each of the three subsequent November 15th dates.

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

Year Ending June 30:	Governmental Activities Principal
2024	$ 99,886
2025	26,399
Totals	$ 126,285

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, 2023:

	July 1, 2022	Increases	Decreases	June 30, 2023	Current Portion
Governmental activities:					
Direct placement installment purchases	$ 300,146	$ -	$ 173,861	$ 126,285	$ 99,886
Net pension liability	10,195,780	24,255,239	-	34,451,019	-
Net OPEB liability	58,025,285	-	11,760,672	46,264,613	-
Compensated absences	3,517,226	2,547,646	2,462,320	3,602,552	1,462,625
Total	$ 72,038,437	$ 26,802,885	$ 14,396,853	$ 84,444,469	$ 1,562,511
Business-type activities:					
Net pension liability	$ 234,245	$ 725,347	$ -	$ 959,592	$ -
Net OPEB liability	1,333,112	-	44,467	1,288,645	-
Compensated absences	102,123	87,117	58,684	130,556	39,294
Total	$ 1,669,480	$ 812,464	$ 103,151	$ 2,378,793	$ 39,294

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 General and Capital Outlay funds.

C. Interfund Balances and Activity

1. Interfund Balances

The composition of interfund balances as of June 30, 2023 is as follows:

Receivable Fund	Payable Fund	Amount
Other Current Expense Fund	Individual Schools Fund	$ 7,295
School Food Service Fund	Other Current Expense Fund	44,943

The interfund balances above were created in the normal operating cycle of the Board. All amounts are expected to be repaid during the year ended June 30, 2024.

2. Transfers to/from other Funds

Transfers to/from other funds during the year ended June 30, 2023 consisted of the following:

From the State Public School Fund to the School Food Service Fund for administrative salaries and benefits	$ 45,715

3. Transfers / Contributed Capital

During the year ended June 30, 2023, School Food Service Fund capital assets with values of $6,380, $98,060 and $44,100 were purchased by the General Fund, Federal Grants Fund and Capital Outlay Fund, respectively. These amounts are presented as a transfer between governmental and business-type activities in Exhibit 2 and as contributed capital in Exhibit 8.

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	$ 1,981,528
Less:	
Inventories	(204,094)
Stabilization by State statute	(843,218)
Unassigned fund balance	$ 934,216

Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. Encumbrances outstanding at June 30, 2023 are as follows:

	Encumbrances
General Fund	$ 770,875
Capital Outlay Fund	2,824,034
Child Care Fund	24,353

NOTE 3 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

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

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

	2023	2022	2021	2020	2019
Board's proportion of the net pension liability/asset	0.239%	0.223%	0.232%	0.232%	0.223%
Board's proportionate share of the net pension liability (asset)	$ 35,410,611	$ 10,430,025	$ 28,045,940	$ 24,028,533	$ 22,223,982
Board's covered payroll	$ 37,656,886	$ 34,752,700	$ 35,750,571	$ 36,309,676	$ 34,848,241
Board's proportionate share of the net pension liability/asset as a percentage of its covered payroll	94.03%	30.01%	78.45%	66.18%	63.77%
Plan fiduciary net position as a percentage of the total pension liability	84.14%	94.86%	85.98%	87.56%	87.61%

	2018	2017	2016	2015	2014
Board's proportion of the net pension liability/asset	0.218%	0.220%	0.210%	0.210%	0.210%
Board's proportionate share of the net pension liability (asset)	$ 17,320,091	$ 19,764,397	$ 7,742,220	$ 2,486,236	$ 2,766,177
Board's covered payroll	$ 29,644,128	$ 32,368,629	$ 32,533,453	$ 31,834,944	$ 31,934,978
Board's proportionate share of the net pension liability/asset as a percentage of its covered payroll	58.43%	61.06%	23.80%	7.81%	8.66%
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.

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

	2023	2022	2021	2020	2019
Contractually required contribution	$ 6,920,409	$ 6,168,198	$ 5,136,449	$ 4,636,849	$ 4,462,459
Contributions in relation to the contractually required contribution	6,920,409	6,168,198	5,136,449	4,636,849	4,462,459
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Board's covered payroll	$ 39,818,234	$ 37,656,886	$ 34,752,700	$ 35,750,571	$ 36,309,676
Contributions as a percentage of covered payroll	17.38%	16.38%	14.78%	12.97%	12.29%

	2018	2017	2016	2015	2014
Contractually required contribution	$ 3,756,644	$ 2,958,484	$ 2,972,943	$ 2,976,811	$ 2,486,236
Contributions in relation to the contractually required contribution	3,756,644	2,958,484	2,972,943	2,976,811	2,486,236
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Board's covered payroll	$ 34,848,241	$ 29,644,128	$ 32,368,629	$ 32,533,453	$ 31,834,944
Contributions as a percentage of covered payroll	10.78%	9.98%	9.15%	9.15%	7.81%

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

	2023	2022	2021	2020	2019
Board's proportion of the net OPEB liability/asset	0.2000%	0.1920%	0.2021%	0.1984%	0.1950%
Board's proportionate share of the net OPEB liability (asset)	$ 47,491,103	$ 59,358,397	$ 56,060,699	$ 62,770,636	$ 55,545,187
Board's covered payroll	$ 37,656,886	$ 34,752,700	$ 35,750,571	$ 36,309,676	$ 34,848,241
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	126.12%	170.80%	156.81%	172.88%	159.39%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	10.58%	7.72%	6.92%	4.40%	4.40%

	2018	2017
Board's proportion of the net OPEB liability/asset	0.1889%	0.1807%
Board's proportionate share of the net OPEB liability (asset)	$ 61,923,558	$ 78,609,531
Board's covered payroll	$ 29,644,128	$ 32,368,629
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	208.89%	242.86%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	3.52%	2.41%

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

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

DARE COUNTY BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
RETIREE HEALTH BENEFIT FUND
LAST SEVEN FISCAL YEARS

	2023	2022	2021	2020	2019
Contractually required contribution	$ 2,743,476	$ 2,368,618	$ 2,321,480	$ 2,313,062	$ 2,276,618
Contributions in relation to the contractually required contribution	2,743,476	2,368,618	2,321,480	2,313,062	2,276,618
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Board's covered payroll	$ 39,818,234	$ 37,656,886	$ 34,752,700	$ 35,750,571	$ 36,309,676
Contributions as a percentage of covered payroll	6.89%	6.29%	6.68%	6.47%	6.27%

	2018	2017
Contractually required contribution	$ 2,108,319	$ 1,722,324
Contributions in relation to the contractually required contribution	2,108,319	1,722,324
Contribution deficiency (excess)	$ -	$ -
Board's covered payroll	$ 34,848,241	$ 29,644,128
Contributions as a percentage of covered payroll	6.05%	5.81%

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

DARE COUNTY BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
DISABILITY INCOME PLAN OF NORTH CAROLINA
LAST SEVEN FISCAL YEARS*

	2023	2022	2021	2020	2019
Board's proportion of the net OPEB liability/asset	0.2089%	0.1962%	0.2027%	0.2034%	0.1955%
Board's proportionate share of the net OPEB liability (asset)	$ 62,155	$ (32,044)	$ (99,697)	$ (87,771)	$ (59,370)
Board's covered payroll	$ 37,656,886	$ 34,752,700	$ 35,750,571	$ 36,309,676	$ 34,848,241
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	0.17%	0.09%	0.28%	0.24%	0.17%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	90.34%	105.18%	115.57%	113.00%	108.47%

	2018	2017
Board's proportion of the net OPEB liability/asset	0.1900%	0.1878%
Board's proportionate share of the net OPEB liability (asset)	$ (116,140)	$ (116,630)
Board's covered payroll	$ 29,644,128	$ 32,368,629
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	0.39%	0.36%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	116.23%	116.06%

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

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

DARE COUNTY BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
DISABILITY INCOME PLAN OF NORTH CAROLINA
LAST SEVEN FISCAL YEARS

	2023	2022	2021	2020	2019
Contractually required contribution	$ 39,818	$ 33,891	$ 31,277	$ 35,751	$ 50,834
Contributions in relation to the contractually required contribution	39,818	33,891	31,277	35,751	50,834
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Board's covered payroll	$ 39,818,234	$ 37,656,886	$ 34,752,700	$ 35,750,571	$ 36,309,676
Contributions as a percentage of covered payroll	0.10%	0.09%	0.09%	0.10%	0.14%

	2018	2017
Contractually required contribution	$ 48,788	$ 112,648
Contributions in relation to the contractually required contribution	48,788	112,648
Contribution deficiency (excess)	$ -	$ -
Board's covered payroll	$ 34,848,241	$ 29,644,128
Contributions as a percentage of covered payroll	0.14%	0.38%

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

INDIVIDUAL FUND SCHEDULES

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

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Dare County:			
County appropriation	$ 22,873,139	$ 22,873,139	$ -
Other:			
Fines and forfeitures	750,000	487,758	(262,242)
Interest earned on investment	5,250	141,743	136,493
Miscellaneous	-	2,250	2,250
Total other	755,250	631,751	(123,499)
Total revenues	23,628,389	23,504,890	(123,499)
Expenditures:			
Current:			
Instructional services:			
Regular instructional		9,104,308	
Special populations		1,999,146	
Alternative programs		772,876	
School leadership		2,349,189	
Co-curricular		769,434	
School-based support		1,300,948	
Total instructional services	16,731,436	16,295,901	435,535
System-wide support services:			
Support and development		380,769	
Special population support and development		14,691	
Technology support		469,319	
Operational support		6,396,954	
Financial and human resource services		1,383,208	
Accountability		50,247	
System-wide pupil support		88,255	
Policy, leadership and public relations		1,372,730	
Total system-wide support services	10,350,296	10,156,173	194,123
Ancillary services:			
Nutrition		20,218	
Total ancillary services	31,880	20,218	11,662
Non-programmed charges:			
Payments to other governments	78,000	58,540	19,460
Total expenditures	27,191,612	26,530,832	660,780
Revenues under expenditures	(3,563,223)	(3,025,942)	537,281

DARE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
GENERAL FUND
For the Fiscal Year Ended June 30, 2023

	Final Budget	Actual	Variance with Final Budget
Fund balance appropriated	3,563,223	-	(3,563,223)
Net change in fund balance	$ -	(3,025,942)	$ (3,025,942)
Fund balance:			
Beginning of year		5,071,888	
Change in reserve for inventories		(64,418)	
End of year		$ 1,981,528	

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

	Revenues	Expenditures	Net change in fund balance	Fund balances 6/30/2022	Fund balances 6/30/2023
Cape Hatteras Elementary	$ 36,609	$ 42,543	$ (5,934)	$ 28,844	$ 22,910
Kitty Hawk Elementary	68,915	68,286	629	54,431	55,060
Manteo Elementary	60,415	61,431	(1,016)	17,962	16,946
First Flight Elementary	29,304	32,842	(3,538)	13,682	10,144
Nags Head Elementary	29,765	31,255	(1,490)	22,287	20,797
First Flight Middle	139,263	140,019	(756)	63,013	62,257
Manteo Middle	92,953	88,601	4,352	72,499	76,851
Cape Hatteras Secondary	270,526	225,524	45,002	160,465	205,467
Manteo High	226,952	240,477	(13,525)	106,721	93,196
First Flight High	454,650	431,096	23,554	102,995	126,549
Totals	$ 1,409,352	$ 1,362,074	$ 47,278	$ 642,899	$ 690,177

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

	Final Budget	Actual	Variance with Final Budget
Revenues:			
State of North Carolina:			
State appropriations - buses	$ 173,861	$ 173,861	$ -
Dare County:			
General county appropriations	623,805	623,805	-
Construction project funding	4,048,309	1,169,929	(2,878,380)
Total Dare County	4,672,114	1,793,734	(2,878,380)
Other:			
Interest earned on investments	-	2,698	2,698
Miscellaneous	105,598	13,811	(91,787)
Total other	105,598	16,509	(89,089)
Total revenues	4,951,573	1,984,104	(2,967,469)
Expenditures:			
Current:			
Instructional services:			
Regular instructional		216,768	
Co-curricular		199,292	
Total instructional services	996,983	416,060	580,923
System-wide support services:			
Operational support		1,377,574	
Total system-wide support services	4,075,344	1,377,574	2,697,770
Ancillary services:			
Nutrition	57,034	44,100	12,934
Debt service:			
Principal retirement	173,861	173,861	-
Capital outlay	17,709	14,578	3,131
Total expenditures	5,320,931	2,026,173	3,294,758
Revenues under expenditures	(369,358)	(42,069)	327,289
Other financing sources:			
Installment purchase obligations issued	142,550	-	(142,550)
Fund balance appropriated	226,808	-	(226,808)
Net change in fund balance	$ -	(42,069)	$ (42,069)
Fund balance:			
Beginning of year		1,629,746	
End of year		$ 1,587,677	

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

	Final Budget	Actual	Variance with Final Budget
Operating revenues:			
Food sales	$ 702,793	$ 602,573	$ (100,220)
Other	70,000	13,129	(56,871)
Total operating revenues	772,793	615,702	(157,091)
Operating expenditures:			
Business support services:			
Purchase of food		635,678	
Donated commodities		179,551	
Salaries and benefits		1,343,314	
Materials and supplies		69,060	
Repairs and maintenance		14,047	
Non-capitalized equipment		8,381	
Contracted services		35,490	
Other		23,317	
Total operating expenditures	2,407,235	2,308,838	98,397
Operating loss	(1,634,442)	(1,693,136)	(58,694)
Nonoperating revenues:			
Federal reimbursements	1,400,000	1,319,782	(80,218)
Federal commodities	233,992	179,551	(54,441)
State reimbursements	-	7,917	7,917
Interest earned	450	4,529	4,079
Total nonoperating revenues	1,634,442	1,511,779	(122,663)
Revenues under expenditures	-	(181,357)	(181,357)
Other financing sources:			
Transfers from other funds	-	45,715	45,715
Net change in fund balance	$ -	(135,642)	$ (135,642)
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(36,686)	
Capital contributions		148,540	
Net OPEB asset		(566)	
Net pension liability		(506,398)	
Net OPEB liability		120,957	
Deferred outflows - pension and OPEB		277,811	
Deferred inflows - pension and OPEB		84,287	
Increase in compensated absences payable		(22,209)	
Increase in inventory		6,600	
Change in net position (full accrual)		$ (63,306)	

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

	Final Budget	Actual	Variance with Final Budget
Operating revenues:			
Child care fees	$ 493,000	$ 380,215	$ (112,785)
Other	-	261	261
Total operating revenues	493,000	380,476	(112,524)
Operating expenditures:			
Regular community services:			
Purchase of food		16,795	
Salaries and benefits		624,226	
Materials and supplies		69,568	
Non-capitalized equipment		51,311	
Other		14,543	
Total operating expenditures	951,980	776,443	175,537
Operating loss	(458,980)	(395,967)	63,013
Nonoperating revenues:			
Contracted service revenue	-	613,682	613,682
Revenues over (under) expenditures	(458,980)	217,715	676,695
Fund balance appropriated	458,980	-	(458,980)
Net change in fund balance	$ -	217,715	$ 217,715
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Net OPEB asset		(154)	
Net pension liability		(218,949)	
Net OPEB liability		(76,490)	
Deferred outflows - pension and OPEB		153,669	
Deferred inflows - pension and OPEB		(35,525)	
Increase in compensated absences payable		(6,224)	
Change in net position (full accrual)		$ 34,042	

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT

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

To the Dare County Board of Education
Nags Head, 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 Dare County Board of Education, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the basic financial statements, which collectively comprises the Dare County Board of Education, North Carolina's basic financial statements and have issued our report thereon dated December 6, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Dare County Board of Education's internal control over financial reporting (internal control) as a basis for designing 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Dare 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 matter 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

December 6, 2023
Rockingham, North Carolina

INDEPENDENT AUDITOR'S REPORT

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

To the Dare County Board of Education
Nags Head, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Dare County Board of Education, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Board's major federal programs for the year ended June 30, 2023. The Dare County Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Dare 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards, the Uniform Guidance and the State Single Audit Implementation Act are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Dare County Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Dare County Board of Education's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Dare County Board of Education's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Dare County Board of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single

Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Dare County Board of Education's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Dare County Board of Education's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Dare County Board of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of Dare County Board of Education's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Anderson Smith & Wike PLLC

December 6, 2023
Rockingham, North Carolina

INDEPENDENT AUDITOR'S REPORT

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

To the Dare County Board of Education
Nags Head, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

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

In our opinion, the Dare 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, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and applicable sections of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards, the Uniform Guidance and the State Single Audit Implementation Act are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Dare County Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of the Dare County Board of Education's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Dare County Board of Education's State programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Dare County Board of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single

Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Dare County Board of Education's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Dare County Board of Education's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Dare County Board of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of Dare County Board of Education's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Anderson Smith & Wike PLLC

December 6, 2023
Rockingham, North Carolina

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance to GAAP:	*Unmodified*
Internal control over financial reporting:	
• Material weakness(es) identified?	*No*
• Significant deficiency(ies) identified?	*None Identified for Reporting*
Noncompliance material to financial statements noted?	*No*

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	*No*
• Significant deficiency(ies) identified?	*None Identified for Reporting*
Type of auditor's report issued on compliance for major federal programs:	*Unmodified*
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	*No*

Identification of major federal programs:

AL Number	Name of Federal Program or Cluster
84.010	Title I, Grants to Local Educational Agencies
84.425	COVID-19 – Education Stabilization Fund
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B Programs	*$ 750,000*
Auditee qualified as low-risk auditee?	*Yes*

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

State Awards

Internal control over major State programs:

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

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

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

Identification of major State programs:

Program Name
State Public School Fund

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

Section IV - State Award Findings and Questioned Costs

None reported.

There were no audit findings reported in the prior year.

Grantor/Pass-through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Expenditures
Federal Grants:			
U.S. Department of Agriculture			
Passed-through the N.C. Department of Public Instruction:			
Child Nutrition Cluster:			
Noncash Assistance (Commodities):			
National School Lunch Program	10.555	PRC 035	$ 179,551
Cash Assistance:			
School Breakfast Program	10.553	PRC 035	223,785
National School Lunch Program	10.555	PRC 035	897,878
Supply Chain Assistance Funds	10.555	PRC 035	142,507
After School Snack Program	10.555	PRC 035	13,750
Summer Food Service Program for Children	10.559	PRC 035	41,862
Child Nutrition Discretionary Funds	10.579	PRC 053	98,060
Cash assistance subtotal			1,417,842
Total Child Nutrition Cluster			1,597,393
Local Food for Schools Cooperative Agreement Program	10.185		9,761
Total U.S. Department of Agriculture			1,607,154
U.S. Department of Education			
Office of Elementary and Secondary Education			
Passed-through the N.C. Department of Public Instruction:			
Title I, Grants to Local Educational Agencies	84.010	PRC 050	621,416
Supporting Effective Instruction State Grant	84.367	PRC 103	145,070
Language Acquisition Grant	84.365	PRC 104	81,846
Student Support and Academic Enrichment Program	84.424	PRC 108	65,059
Special Education Cluster:			
Grants to States - IDEA, part B (611)	84.027	PRC 060	1,112,913
COVID-19 - ARP - Grants to States - IDEA, part B (611)	84.027	PRC 185	129,210
Special Needs Targeted Assistance	84.027	PRC 118	9,595
Preschool Grants - IDEA, Part B (619)	84.173	PRC 049	29,261
Preschool Targeted Assistance	84.173	PRC 119	3,744
Total Special Education Cluster			1,284,723

Grantor/Pass-through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Expenditures
Career and Technical Education - Basic Grants to States			
Program Development	84.048	PRC 017	66,601
COVID-19 - Education Stabilization Fund:			
CARES Act:			
COVID-19 - K-12 Emergency Relief Fund - ESSER I	84.425D	PRC 163	27,813
COVID-19 - GEER I - Specialized Instructional Support Personnel for COVID-19 Response	84.425C	PRC 169	5,594
CRRSA:			
COVID-19 - K-12 Emergency Relief Fund - ESSER II	84.425D	PRC 171	1,174,063
COVID-19 - ESSER II - Learning Loss Funding	84.425D	PRC 176	9,244
COVID-19 - ESSER II - Competency-Based Assessment	84.425D	PRC 178	20,993
ARP:			
COVID-19 - ESSER III - K-12 Emergency Relief Fund	84.425D	PRC 181	1,485,896
COVID-19 - ESSER III - Summer Career Accel. Programs	84.425U	PRC 188	10,400
COVID-19 - ESSER III - Math Enrichment Programs	84.425U	PRC 189	28,871
COVID-19 - ESSER III - Cyberbullying & Suicide Prevention Grants	84.425U	PRC 192	26,559
COVID-19 - ESSER III - Career & Technical Ed. - Hospitality	84.425U	PRC 194	311
COVID-19 - ESSER III - STEM Pilot Program	84.425U	PRC 196	29,880
COVID-19 - ESSER III - School Psychologists Grant Program	84.425U	PRC 204	16,806
COVID-19 - ESSER III - Principal Retention Supplements	84.425U	PRC 206	10,523
Total COVID-19 - Education Stabilization Fund	84.425		2,846,953
Total U.S. Department of Education			5,111,668
Total Federal Assistance			**6,718,822**
State Grants:			
N.C. Department of Public Instruction:			
Cash Assistance:			
State Public School Fund		Various	35,380,561
Career and Technical Education:			
State Months of Employment		PRC 013	2,049,779
Program Support Funds		PRC 014	324,637
Driver Training		PRC 012	97,977
School Technology Fund		PRC 015	60,824
K-12 Athletic Facilities Grant		PRC 440	49,200
Cash assistance subtotal			37,962,978
Non-Cash Assistance:			
State Buses Appropriation		PRC 120	173,861
Total N.C. Department of Public Instruction			38,136,839

Grantor/Pass-through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Expenditures
N.C. Department of Agriculture:			
State Reduced Breakfast Program			2,032
State Reduced Lunch Program			5,885
Total N.C. Department of Agriculture			7,917
N.C. Department of Health and Human Services:			
Division of Child Development			
N.C. Pre-Kindergarten Program			662,228
Total State Assistance			**38,806,984**
Total Federal and State Assistance			**$ 45,525,806**

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

Note 2. Summary of Significant Accounting Policies

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

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