

**Caldwell County
Board of Education**

Financial Statements
For the Year Ended
June 30, 2023

CALDWELL COUNTY BOARD OF EDUCATION

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INDEPENDENT AUDITORS' REPORT

Caldwell County Board of Education
Lenoir, North Carolina

Opinions

We have audited accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Caldwell 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 of the Caldwell 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, and each major fund of Caldwell County Board of Education as of June 30, 2023, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, the State Public School Fund, and the Federal Grants Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller 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 Caldwell 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 Audit of the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 raises substantial doubt about Caldwell County Board of Education's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Governmental*

Auditing Standards will always detect material statement 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 GAAS and *Governmental Auditing Standards* we

- Exercised professional judgement and maintained professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain 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 Caldwell 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 Caldwell 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 12 and the Schedule of the Proportionate Share of the Net Pension Liability, OPEB Liabilities and the Schedule of Board Contributions on pages 53 thru 58, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management, 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 Caldwell County Board of Education's basic financial statements. The individual fund budgetary schedules, as well as the accompanying schedule of expenditures of federal and state awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for 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, individual fund budgetary schedules and the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2023 on our consideration of Caldwell County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Caldwell 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 Caldwell County Board of Education's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

August 29, 2023
Elon, North Carolina
(336) 380-4123

**CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

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

Financial Highlights

- The school system experienced a decrease in enrollment of 122 students (1.2%) from the previous year.
- At the close of the fiscal year, the Board's governmental funds reported a combined fund balance of \$24.1 million, an increase of \$1.7 million from the prior year.
- At the close of the fiscal year, the Board's General Fund reported a fund balance of \$17.3 million, an increase of \$1.5 million from the prior year.

Overview of the Financial Statements

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

- *Independent Auditors' Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental section that presents budgetary statements for certain governmental funds and budgetary statements for the 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 and liabilities. 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 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 type of statement included in the basic financial statements is the *Fund Financial Statements*, which are presented for the Board's governmental 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 the financial resources of each of the Board's major funds.

**CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

Government-wide Statements

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

The two government-wide statements report the Board's net position and how it has changed. Net position – the difference between the Board's assets and liabilities – 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 Caldwell County's (the "County") 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 and childcare services are 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.

**CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

Caldwell County Board of Education has two types of funds:

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

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

Proprietary fund: Services for which the Board charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same full accrual basis of accounting as the government-wide statements. Caldwell 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 6, 7, and 8 of this report.

Financial Analysis of the Schools as a Whole

Net position is an indicator of the fiscal health of the Board. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$43,120,490 as of June 30, 2023. A significant component of net position is net investment in capital assets of \$75,120,825.

**CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

Following is a summary of the Statement of Net Position:

Table 1						
Condensed Statement of Net Position						
As of June 30, 2023 and 2022						
	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2023	6/30/2022	6/30/2023	6/30/2022	6/30/2023	6/30/2022
Current assets	\$ 29,590,382	\$ 25,807,145	\$ 10,266,697	\$ 9,981,197	\$ 39,857,079	\$ 35,788,342
Capital assets	80,316,346	77,856,021	662,242	449,974	80,978,588	78,305,995
Total assets	<u>109,906,728</u>	<u>103,663,166</u>	<u>10,928,939</u>	<u>10,431,171</u>	<u>120,835,667</u>	<u>114,094,337</u>
Deferred outflow s of resources	<u>57,509,784</u>	<u>33,214,979</u>	<u>1,808,438</u>	<u>987,497</u>	<u>59,318,222</u>	<u>34,202,476</u>
Current liabilities	5,329,498	3,340,175	1,026,339	1,049,661	6,355,837	4,389,836
Long-term liabilities	<u>146,101,453</u>	<u>133,737,874</u>	<u>4,522,602</u>	<u>3,715,941</u>	<u>150,624,055</u>	<u>137,453,815</u>
Total liabilities	<u>151,430,951</u>	<u>137,078,049</u>	<u>5,548,941</u>	<u>4,765,602</u>	<u>156,979,892</u>	<u>141,843,651</u>
Deferred inflow s of resources	<u>55,186,625</u>	<u>71,795,354</u>	<u>1,735,385</u>	<u>2,134,509</u>	<u>56,922,010</u>	<u>73,929,863</u>
Net investment in						
capital assets	74,458,583	71,715,789	662,242	449,974	75,120,825	72,165,763
Restricted net position	7,338,817	6,774,089	-	1,605	7,338,817	6,775,694
Unrestricted net position	<u>(130,418,784)</u>	<u>(150,485,136)</u>	<u>4,838,652</u>	<u>4,066,978</u>	<u>(125,580,132)</u>	<u>(146,418,158)</u>
Total net position	<u>\$ (48,621,384)</u>	<u>\$ (71,995,258)</u>	<u>\$ 5,500,894</u>	<u>\$ 4,518,557</u>	<u>\$ (43,120,490)</u>	<u>\$ (67,476,701)</u>

Note that net position of governmental activities increased during the year, indicating an improvement in the financial condition of the Board. The increase is primarily due to a decrease in the Board's proportionate share of the net OPEB liability during the year. Also note that the Board carries capital assets for which Caldwell County carries the offsetting debt.

**CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

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

Table 2						
Condensed Statement of Revenues, Expenses, and Changes in Net Position						
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	\$ 28,590	\$ 39,281	\$ 2,528,246	\$ 1,482,370	\$ 2,556,836	\$ 1,521,651
Operating grants and contributions	101,322,526	101,241,709	7,240,916	8,866,082	108,563,442	110,107,791
Capital grants and contributions	171,920	71,230	-	-	171,920	71,230
General revenues:						
County	19,981,294	17,402,428	-	-	19,981,294	17,402,428
State	1,663,765	3,076,058	-	-	1,663,765	3,076,058
Other	10,735,886	8,935,709	82,303	15,654	10,818,189	8,951,363
Total revenues	133,903,981	130,766,415	9,851,465	10,364,106	143,755,446	141,130,521
Expenses:						
Governmental activities:						
Instructional services	89,893,655	89,861,968	-	-	89,893,655	89,861,968
System-wide support	19,516,683	16,660,470	-	-	19,516,683	16,660,470
Ancillary services	273,725	415,480	-	-	273,725	415,480
Non-programmed charges	373,951	71,074	-	-	373,951	71,074
Interest expense	182,154	191,501	-	-	182,154	191,501
Depreciation	242,103	226,256	-	-	242,103	226,256
Business-type activities:	-	-	8,916,964	6,517,687	8,916,964	6,517,687
Total expenses	110,482,271	107,426,749	8,916,964	6,517,687	119,399,235	113,944,436
Increase (decrease) in						
net position before transfer	23,421,710	23,339,666	934,501	3,846,419	24,356,211	27,186,085
Transfers	(47,836)	(53,157)	47,836	53,157	-	-
Increase (decrease) in						
net position	23,373,874	23,286,509	982,337	3,899,576	24,356,211	27,186,085
Beginning net position	(71,995,258)	(95,281,767)	4,518,557	618,981	(67,476,701)	(94,662,786)
Ending net position	\$ (48,621,384)	\$ (71,995,258)	\$ 5,500,894	\$ 4,518,557	\$ (43,120,490)	\$ (67,476,701)

Total governmental activities generated revenues of \$133.9 million while expenses in this category totaled \$110.5 million for the year ended June 30, 2023. Comparatively, revenues were \$130.8 million and expenses totaled \$107.4 million for the year ended June 30, 2022. Governmental activities

**CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

transferred \$47,836 to the business-type activities in 2023 and transferred \$53,157 in 2022. The increase in net position stands at \$23.4 million at June 30, 2023, compared to an increase of \$23.3 million in 2022. Instructional services comprised 81.4% of total governmental-type expenses while system-wide support services made up 17.7% of those expenses for 2023. County funding comprised 15% of total governmental revenue in the current year. In 2022, county funding was 13%. Much of the remaining 85% of total governmental revenue for 2023 consists of restricted State and federal money. Business-type activities generated revenue of \$9.9 million and had expenses of \$8.9 million in 2023, as compared to revenue of \$10.4 million and expenses of \$6.5 million in 2022. Net position, after transfers, increased in the business-type activities by approximately \$1.0 million in 2023 as compared to an increase of approximately \$3.9 million during 2022.

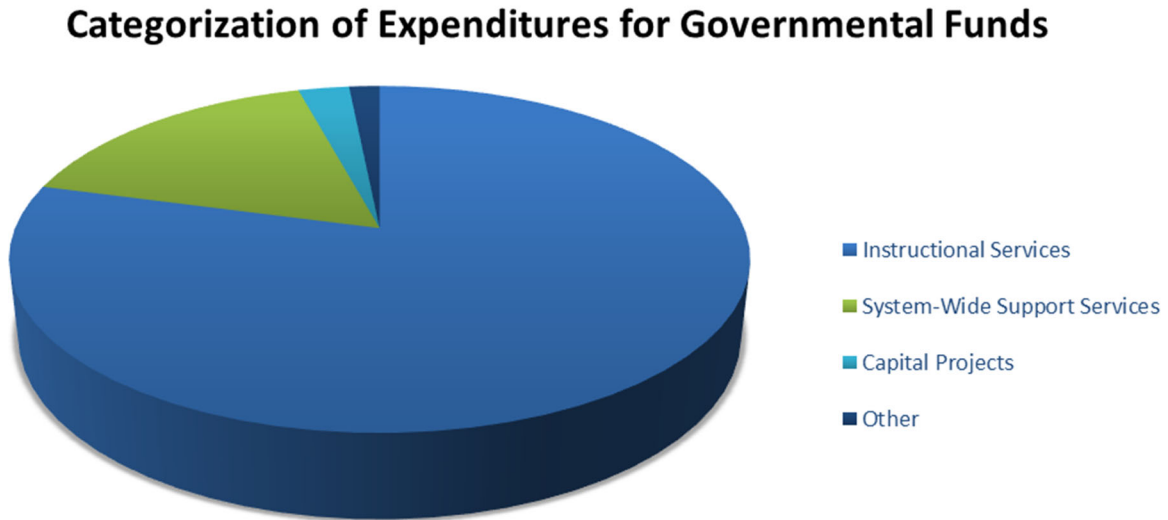
Financial Analysis of the Board's Funds

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

The Board's governmental funds reported a combined fund balance of \$24.1 million, an increase of \$1.7 million from the prior year. The Board's General Fund reported an approximate \$1.6 million increase in fund balance. The Capital Outlay Fund reported a increase in fund balance of approximately \$9,000 while the Individual School Fund had an increase in fund balance of \$155,000. The General Fund increase in fund balance is primarily due to increased revenues from certain grants, indirect cost revenue received from the Board's grants and business type funds.

Proprietary Funds: The Board's business-type funds showed a combined increase in net position of \$1.0 million in 2023 as compared to a combined increase of \$3.9 million in 2022. The School Food Service Fund reported an increase in net position of approximately \$975,000 while the Child Care Fund reported a increase in net position of approximately \$8,000 in 2023.

The following chart summarizes expenditures by category.



Expenditures are presented on the modified accrual basis of accounting.

General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget several times to account for changes in revenue expectations and to change appropriations in light of the adjusted revenue estimates. None of these adjustments to the budget during the year were significant with the exception of budget amendments for the Federal Grants Fund, and State Public School Fund. The budget for the Federal Grants Fund was increased by approximately \$8.8 million primarily because of additional federal grant funding. Budgets exceeded actual expenditures in the Federal Grants Fund by \$15.3 million due to large COVID-19 grants that will be expended over several years. The budget for the State Public School Fund was increased by approximately \$8.8 million primarily due to additional state funds received.

Capital Assets

Capital assets increased by approximately \$2.7 million (or 3.4%) from the previous year. Capital additions exceeded depreciation for the year primarily due to construction in progress. The following is a summary of the capital assets, net of depreciation at year-end.

**CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

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	\$ 3,059,192	\$ 3,059,192	\$ -	\$ -	\$ 3,059,192	\$ 3,059,192
Construction in progress	25,726,302	21,416,975	-	-	25,726,302	21,416,975
Buildings/improvements	48,368,871	50,388,526	-	-	48,368,871	50,388,526
Equipment and furniture	1,342,948	1,197,956	662,242	449,974	2,005,190	1,647,930
Vehicles	1,819,033	1,793,372	-	-	1,819,033	1,793,372
Total	<u>\$ 80,316,346</u>	<u>\$ 77,856,021</u>	<u>\$ 662,242</u>	<u>\$ 449,974</u>	<u>\$ 80,978,588</u>	<u>\$ 78,305,995</u>

A more detailed description of the capital assets is available in Note 3 of the basic financial statements.

Debt Outstanding

During the year the Board's outstanding debt decreased by approximately \$282,000. This decrease is due to principal payments exceeding new installment purchase agreements. The Board is limited by North Carolina 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.

A more detailed description of the long-term debt is available in Note 2 of the basic financial statements.

Economic Factors

County funding is a major source of income for the Board; therefore, the County's economic outlook directly affects that of the school district. The following factors have an effect on the economic outlook of Caldwell County.

- Caldwell County's economy has historically been based on the furniture industry, which has seen massive layoffs in recent years due to international competition.
- Caldwell County Schools is the 2nd leading employer in Caldwell County.

**CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

Requests for Information

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

David Johnson, Finance Officer
Caldwell County Board of Education
1914 Hickory Boulevard SW
Lenoir, NC 28645

CALDWELL COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
June 30, 2023

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 27,931,497	\$ 9,683,294	\$ 37,614,791
Due from other governments	896,475	103,492	999,967
Receivables (net)	72,255	1,242	73,497
Inventories	690,155	478,669	1,168,824
Internal balance	(141,525)	141,525	-
Capital assets:			
Land, improvements, and construction in progress	28,785,494	-	28,785,494
Other capital assets, net of depreciation	51,530,852	662,242	52,193,094
Total capital assets	80,316,346	662,242	80,978,588
Total assets	109,765,203	11,070,464	120,835,667
DEFERRED OUTFLOWS OF RESOURCES	57,509,784	1,808,438	59,318,222
LIABILITIES			
Accounts payable and accrued expenses	2,730,865	15,495	2,746,360
Unearned revenues	2,598,633	1,010,844	3,609,477
Long-term liabilities:			
Due within one year:			
Obligations under installment purchase	371,689	-	371,689
Liability for compensated absences	3,421,032	93,682	3,514,714
Due in more than one year:			
Obligations under installment purchase	5,486,074	-	5,486,074
Net pension liability	58,511,568	1,839,940	60,351,508
Net OPEB liability	83,792,392	2,634,915	86,427,307
Liability for compensated absences	3,797,493	47,747	3,845,240
Total liabilities	160,709,746	5,642,623	166,352,369
DEFERRED INFLOWS OF RESOURCES	55,186,625	1,735,385	56,922,010
NET POSITION			
Net investment in capital assets	74,458,583	662,242	75,120,825
Restricted for:			
Individual schools	1,816,083	-	1,816,083
Stabilization by State statute	518,232	-	518,232
School capital outlay	5,004,502	-	5,004,502
Unrestricted	(130,418,784)	4,838,652	(125,580,132)
Total net position	\$ (48,621,384)	\$ 5,500,894	\$ (43,120,490)

The accompanying notes are an integral part of the basic financial statements.

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

Functions/Programs	Exhibit 2						
	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government:							
Governmental Activities:							
Instructional services:							
Regular instructional	\$ 53,394,527	\$ 22,609	\$ 55,790,916	\$ -	\$ 2,418,998	\$ -	\$ 2,418,998
Special populations	12,633,243	-	13,958,411	-	1,325,168	-	1,325,168
Alternative programs	9,874,283	-	7,723,282	-	(2,151,001)	-	(2,151,001)
School leadership	7,012,715	-	6,513,646	-	(499,069)	-	(499,069)
Co-curricular	656,769	-	-	-	(656,769)	-	(656,769)
School-based support	6,322,118	-	6,043,410	-	(278,708)	-	(278,708)
System-wide support services:							
Support and development	1,101,597	-	385,093	-	(716,504)	-	(716,504)
Special populations	441,519	-	429,509	-	(12,010)	-	(12,010)
Alternative programs	414,233	-	212,422	-	(201,811)	-	(201,811)
Technology support	950,106	-	685,412	-	(264,694)	-	(264,694)
Operational support	12,603,696	5,981	8,035,004	171,920	(4,390,791)	-	(4,390,791)
Financial and human resource services	1,306,338	-	799,864	-	(506,474)	-	(506,474)
Accountability	286,295	-	4,962	-	(281,333)	-	(281,333)
System-wide pupil support services	672,509	-	234	-	(672,275)	-	(672,275)
Policy, leadership and public relations	1,740,390	-	612,844	-	(1,127,546)	-	(1,127,546)
Ancillary services	273,725	-	127,517	-	(146,208)	-	(146,208)
Non-programmed charges	373,951	-	-	-	(373,951)	-	(373,951)
Interest expense	182,154	-	-	-	(182,154)	-	(182,154)
Unallocated depreciation expense*	242,103	-	-	-	(242,103)	-	(242,103)
Total governmental activities	110,482,271	28,590	101,322,526	171,920	(8,959,235)	-	(8,959,235)
Business-type activities:							
School food service	7,079,205	1,583,540	6,349,252	-	-	853,587	853,587
Child care	1,837,759	944,706	891,664	-	-	(1,389)	(1,389)
Total business-type activities	8,916,964	2,528,246	7,240,916	-	-	852,198	852,198
Total primary government	\$ 119,399,235	\$ 2,556,836	\$ 108,563,442	\$ 171,920	(8,959,235)	852,198	(8,107,037)
General revenues:							
Unrestricted county appropriations - operating					14,859,916	-	14,859,916
Unrestricted county appropriations - capital					5,121,378	-	5,121,378
Unrestricted State appropriations - operating					1,491,845	-	1,491,845
Unrestricted State appropriations - capital					171,920	-	171,920
Investment earnings, unrestricted					250,094	73,075	323,169
Miscellaneous, unrestricted					10,485,792	9,228	10,495,020
Transfers					(47,836)	47,836	-
Total general revenues and transfers					32,333,109	130,139	32,463,248
Change in net position					23,373,874	982,337	24,356,211
Net position-beginning					(71,995,258)	4,518,557	(67,476,701)
Net position-ending					\$ (48,621,384)	\$ 5,500,894	\$ (43,120,490)

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

**CALDWELL COUNTY BOARD OF EDUCATION
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2023**

Exhibit 3

	Major Funds					Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants Fund	
ASSETS						
Cash and cash equivalents	\$ 21,537,810	\$ -	\$ 1,236,972	\$ 5,156,715	\$ -	\$ 27,931,497
Receivables (net)	72,255	-	-	-	-	72,255
Due from other governments	445,977	-	-	-	450,498	896,475
Due from other funds	-	-	579,111	-	-	579,111
Inventories	690,155	-	-	-	-	690,155
Total assets	<u>\$ 22,746,197</u>	<u>\$ -</u>	<u>\$ 1,816,083</u>	<u>\$ 5,156,715</u>	<u>\$ 450,498</u>	<u>\$ 30,169,493</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 2,128,154	\$ -	\$ -	\$ 152,213	\$ 450,498	2,730,865
Due to other funds	720,636	-	-	-	-	720,636
Unearned revenue	2,598,633	-	-	-	-	2,598,633
Total liabilities	<u>5,447,423</u>	<u>-</u>	<u>-</u>	<u>152,213</u>	<u>450,498</u>	<u>6,050,134</u>
Fund balances:						
Nonspendable:						
Inventories	690,155	-	-	-	-	690,155
Restricted:						
Stabilization by State statute	518,232	-	-	-	-	518,232
School capital outlay	-	-	-	5,004,502	-	5,004,502
Individual schools	-	-	1,816,083	-	-	1,816,083
Assigned:						
Subsequent year's expenditures	1,000,000	-	-	-	-	1,000,000
Special revenues	5,393,026	-	-	-	-	5,393,026
Unassigned	9,697,361	-	-	-	-	9,697,361
Total fund balances	<u>17,298,774</u>	<u>-</u>	<u>1,816,083</u>	<u>5,004,502</u>	<u>-</u>	<u>24,119,359</u>
Total liabilities and fund balances	<u>\$ 22,746,197</u>	<u>\$ -</u>	<u>\$ 1,816,083</u>	<u>\$ 5,156,715</u>	<u>\$ 450,498</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	80,316,346
Deferred outflows of resources related to OPEB	19,764,294
Deferred outflows of resources related to pensions	37,745,490
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.	(13,076,288)
Net pension liability	(58,511,568)
Net OPEB liability	(83,792,392)
Deferred inflows of resources related to pensions	(2,606,903)
Deferred inflows of resources related to OPEB	(52,579,722)
Net position of governmental activities	<u>\$ (48,621,384)</u>

CALDWELL COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit 4

	Major Funds					Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants Fund	
REVENUES						
State of North Carolina	\$ 1,612,547	\$ 86,203,904	\$ -	\$ 171,920	\$ -	\$ 87,988,371
Caldwell County	14,859,916	-	-	5,121,378	-	19,981,294
U.S. Government	139,156	166,876	-	187,692	14,928,806	15,422,530
Other	7,690,772	-	2,845,546	15,384	-	10,551,702
Total revenues	24,302,391	86,370,780	2,845,546	5,496,374	14,928,806	133,943,897
EXPENDITURES						
Current:						
Instructional services:						
Regular instructional	3,610,894	52,854,223	2,690,122	474,158	2,737,023	62,366,420
Special populations	851,990	10,896,757	-	-	2,923,958	14,672,705
Alternative programs	3,831,996	2,689,138	-	-	4,807,737	11,328,871
School leadership	1,620,572	6,359,449	-	99,147	147,262	8,226,430
Co-curricular	771,201	-	-	-	-	771,201
School-based support	1,377,339	5,673,109	-	-	353,647	7,404,095
System-wide support services:						
Support and development	908,289	365,847	-	-	18,380	1,292,516
Special populations	88,849	418,199	-	-	10,801	517,849
Alternative programs	272,759	56,048	-	-	149,341	478,148
Technology support	237,717	69,529	-	187,692	588,184	1,083,122
Operational support	5,973,441	5,648,831	-	772,554	2,278,856	14,673,682
Financial and human resource services	733,946	782,423	-	-	16,657	1,533,026
Accountability	331,215	-	-	-	4,962	336,177
System-wide pupil support services	57,920	-	-	-	-	57,920
Policy, leadership and public relations	1,429,972	509,391	-	-	98,800	2,038,163
Ancillary services	193,900	-	-	-	127,517	321,417
Non-programmed charges	439,107	-	-	-	665,681	1,104,788
Capital outlay	-	-	-	3,489,380	-	3,489,380
Debt service						
Principal	-	-	-	483,850	-	483,850
Interest	-	-	-	182,154	-	182,154
Total expenditures	22,731,107	86,322,944	2,690,122	5,688,935	14,928,806	132,361,914
Revenues over (under) expenditures	1,571,284	47,836	155,424	(192,561)	-	1,581,983
OTHER FINANCING SOURCES (USES)						
Transfers to from (to) other funds	-	(47,836)	-	-	-	(47,836)
Installment purchase obligations issued	-	-	-	201,381	-	201,381
Total other financing sources (uses)	-	(47,836)	-	201,381	-	153,545
Net change in fund balance	1,571,284	-	155,424	8,820	-	1,735,528
Fund balances-beginning	15,756,641	-	1,660,659	4,995,682	-	22,412,982
Change in reserve for inventories	(29,151)	-	-	-	-	(29,151)
Fund balances-ending	\$ 17,298,774	\$ -	\$ 1,816,083	\$ 5,004,502	\$ -	\$ 24,119,359

The accompanying notes are an integral part of the basic financial statements.

CALDWELL COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit 4
(Continued)

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

Net changes in fund balances - total governmental funds	\$ 1,735,528
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenses exceeded depreciation in the current period.	2,471,090
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities.	12,122,131
Contributions to the OPEB plan in the current fiscal year are not included in the Statement of Activities.	4,875,357
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in fund balance due to change in reserve for inventory	(29,151)
OPEB nonemployer contributions	636,159
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	282,469
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	(10,938,840)
Net OPEB expense	12,203,236
Compensated absences	26,660
Loss on disposal of assets	(10,765)
Total changes in net position of governmental activities	<u>\$ 23,373,874</u>

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

Exhibit 5

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
State of North Carolina	\$ -	\$ 2,124,923	\$ 1,612,547	\$ (512,376)
Caldwell County	14,850,000	14,850,000	14,859,916	9,916
U.S. Government	204,000	229,000	139,156	(89,844)
Other	8,117,306	7,990,034	7,690,772	(299,262)
Total revenues	<u>23,171,306</u>	<u>25,193,957</u>	<u>24,302,391</u>	<u>(891,566)</u>
Expenditures:				
Current:				
Instructional services	12,836,612	14,594,134	12,063,992	2,530,142
System-wide support services	10,224,694	10,634,823	10,034,108	600,715
Ancillary services	10,000	355,000	193,900	161,100
Non-programmed charges	600,000	670,000	439,107	230,893
Total expenditures	<u>23,671,306</u>	<u>26,253,957</u>	<u>22,731,107</u>	<u>3,522,850</u>
Revenues over expenditures	(500,000)	(1,060,000)	1,571,284	2,631,284
Other financing sources (uses):				
Transfers from (to) other funds	-	(40,000)	-	40,000
Revenues under expenditures and other	(500,000)	(1,100,000)	1,571,284	2,671,284
Appropriated fund balance	<u>500,000</u>	<u>1,100,000</u>	-	<u>(1,100,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,571,284	<u>\$ 1,571,284</u>
Fund balances, beginning of year			15,756,641	
Increase in reserve for inventories			<u>(29,151)</u>	
Fund balances, end of year			<u>\$ 17,298,774</u>	

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

**Exhibit 5
(Continued)**

	State Public School Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
State of North Carolina	\$ 79,981,132	\$ 89,056,769	\$ 86,203,904	\$ (2,852,865)
Caldwell County	-	-	-	-
U.S. Government	-	-	166,876	166,876
Other	-	-	-	-
Total revenues	<u>79,981,132</u>	<u>89,056,769</u>	<u>86,370,780</u>	<u>(2,685,989)</u>
Expenditures:				
Current:				
Instructional services	73,281,525	79,939,654	78,472,676	1,466,978
System-wide support services	6,633,164	8,850,672	7,850,268	1,000,404
Ancillary services	66,443	-	-	-
Non-programmed charges	-	-	-	-
Total expenditures	<u>79,981,132</u>	<u>88,790,326</u>	<u>86,322,944</u>	<u>2,467,382</u>
Revenues over expenditures	-	266,443	47,836	(218,607)
Other financing uses:				
Transfers to other funds	-	(266,443)	(47,836)	218,607
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning of year			-	
Fund balances, end of year			<u>\$ -</u>	

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

**Exhibit 5
(Continued)**

	Federal Grants Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Caldwell County	-	-	-	-
U.S. Government	21,422,626	30,246,857	14,928,806	(15,318,051)
Other	-	-	-	-
Total revenues	21,422,626	30,246,857	14,928,806	(15,318,051)
Expenditures:				
Current:				
Instructional services	5,897,671	19,486,736	10,969,627	8,517,109
System-wide support services	13,320,930	9,381,775	3,165,981	6,215,794
Ancillary services	-	129,134	127,517	1,617
Non-programmed charges	2,204,025	1,249,212	665,681	583,531
Total expenditures	21,422,626	30,246,857	14,928,806	15,318,051
Revenues over expenditures	-	-	-	-
Other financing uses:				
Transfers to other funds	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balances, beginning of year			-	
Fund balances, end of year			\$ -	

CALDWELL COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2023

Exhibit 6

	Major Funds		
	School Food Service	Child Care	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 7,256,193	\$ 2,427,101	\$ 9,683,294
Due from other governments	103,492	-	103,492
Accounts receivable	226	1,016	1,242
Due from other funds	141,525	-	141,525
Inventories	478,669	-	478,669
Total current assets	<u>7,980,105</u>	<u>2,428,117</u>	<u>10,408,222</u>
Noncurrent assets:			
Capital assets, net	662,242	-	662,242
Total assets	<u>8,642,347</u>	<u>2,428,117</u>	<u>11,070,464</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>1,317,829</u>	<u>490,609</u>	<u>1,808,438</u>
LIABILITIES			
Current liabilities:			
Accounts payable	11,560	3,935	15,495
Compensated absences	50,347	43,335	93,682
Unearned revenues	58,143	952,701	1,010,844
Total current liabilities	<u>120,050</u>	<u>999,971</u>	<u>1,120,021</u>
Noncurrent liabilities:			
Net pension liability	1,340,785	499,155	1,839,940
Net OPEB liability	1,920,092	714,823	2,634,915
Compensated absences	25,660	22,087	47,747
Total noncurrent liabilities	<u>3,286,537</u>	<u>1,236,065</u>	<u>4,522,602</u>
Total liabilities	<u>3,406,587</u>	<u>2,236,036</u>	<u>5,642,623</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,264,595</u>	<u>470,790</u>	<u>1,735,385</u>
NET POSITION			
Net investment in capital assets	662,242	-	662,242
Unrestricted	4,626,752	211,900	4,838,652
Total net position	<u>\$ 5,288,994</u>	<u>\$ 211,900</u>	<u>\$ 5,500,894</u>

CALDWELL COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET
POSITION - PROPRIETARY FUNDS
For the Year Ended June 30, 2023

Exhibit 7

	Major Funds		
	School Food Service	Child Care	Total
OPERATING REVENUES			
Food sales	\$ 1,583,540	\$ -	\$ 1,583,540
Child care fees	-	944,706	944,706
Total operating revenues	<u>1,583,540</u>	<u>944,706</u>	<u>2,528,246</u>
OPERATING EXPENSES			
Food cost:			
Purchase of food	3,496,238	47,774	3,544,012
Salaries and benefits	2,868,879	1,426,683	4,295,562
Supplies and materials	215,591	162,493	378,084
Repairs and maintenance	103,044	-	103,044
Contracted services	12,333	1,919	14,252
Indirect costs	272,373	160,340	432,713
Depreciation	101,796	-	101,796
Field trips	-	7,731	7,731
Other	8,951	30,819	39,770
Total operating expenses	<u>7,079,205</u>	<u>1,837,759</u>	<u>8,916,964</u>
Operating loss	<u>(5,495,665)</u>	<u>(893,053)</u>	<u>(6,388,718)</u>
NONOPERATING REVENUES			
Federal reimbursements	5,761,100	-	5,761,100
Federal commodities	554,119	-	554,119
State reimbursements	30,628	-	30,628
Contract reimbursements	-	891,664	891,664
Interest earned	63,939	9,136	73,075
Indirect costs not paid	3,405	-	3,405
Gain on disposal of capital assets	9,228	-	9,228
Total nonoperating revenues	<u>6,422,419</u>	<u>900,800</u>	<u>7,323,219</u>
Income (loss) before transfers	926,754	7,747	934,501
Transfers from other funds	<u>47,836</u>	<u>-</u>	<u>47,836</u>
Change in net position	974,590	7,747	982,337
Total net position - beginning	<u>4,314,404</u>	<u>204,153</u>	<u>4,518,557</u>
Total net position - ending	<u>\$ 5,288,994</u>	<u>\$ 211,900</u>	<u>\$ 5,500,894</u>

CALDWELL COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2023

Exhibit 8

	Major Funds		
	School Food Service	Child Care	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,573,429	\$ 943,889	\$ 2,517,318
Cash paid for goods and services	(3,327,917)	(407,390)	(3,735,307)
Cash paid to employees for services	(3,347,592)	(1,218,251)	(4,565,843)
Net cash used by operating activities	<u>(5,102,080)</u>	<u>(681,752)</u>	<u>(5,783,832)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Federal and State reimbursements	6,046,445	-	6,046,445
Contract reimbursement	-	875,347	875,347
(Increase) decrease in due from other funds	(141,525)	-	(141,525)
Net cash provided from noncapital financing activities	<u>5,904,920</u>	<u>875,347</u>	<u>6,780,267</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from the sale of capital assets	18,759	-	18,759
Acquisition of capital assets	(323,595)	-	(323,595)
Net cash provided (used) by capital and related financing activities	<u>(304,836)</u>	<u>-</u>	<u>(304,836)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	63,939	9,136	73,075
Net increase (decrease) in cash and cash equivalents	561,943	202,731	764,674
Balances-beginning of the year	<u>6,694,250</u>	<u>2,224,370</u>	<u>8,918,620</u>
Balances-end of the year	<u>\$ 7,256,193</u>	<u>\$ 2,427,101</u>	<u>\$ 9,683,294</u>

CALDWELL COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Year Ended June 30, 2023

Exhibit 8
(Continued)

Reconciliation of operating loss to net cash used by operating activities

Operating loss	<u>\$ (5,495,665)</u>	<u>\$ (893,053)</u>	<u>\$ (6,388,718)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	101,796	-	101,796
Expenses paid by other funds	47,836	-	47,836
Donated commodities consumed	554,119	-	554,119
Indirect costs not paid	3,405	-	3,405
Changes in assets, deferred outflows of resources and liabilities:			
(Increase) decrease in accounts receivable	2,373	(817)	1,556
(Increase) decrease in net OPEB asset	1,266	339	1,605
(Increase) decrease in inventories	221,297	-	221,297
Increase (decrease) in accounts payable	1,793	3,686	5,479
(Increase) decrease in deferred outflows	(538,834)	(282,107)	(820,941)
Increase (decrease) in net pension liability	922,853	387,293	1,310,146
Increase (decrease) in net OPEB liability	(484,614)	71,189	(413,425)
Increase (decrease) in deferred inflows	(419,229)	20,105	(399,124)
Increase (decrease) in unearned revenues	(12,484)	(969,018)	(981,502)
Increase (decrease) in compensated absences	(7,991)	11,613	3,622
Total adjustments	<u>393,586</u>	<u>(757,717)</u>	<u>(364,131)</u>
Net cash used by operating activities	<u>\$ (5,102,079)</u>	<u>\$ (1,650,770)</u>	<u>\$ (6,752,849)</u>

Noncash investing, capital, and financing activities:

Indirect costs of \$3,405 that would be due to the General Fund were not paid. These unpaid costs are reflected as a nonoperating revenue and an operating expense on Exhibit 7.

The School Food Service Fund received donated commodities with a value of \$554,119 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue on Exhibit 7.

The State Public School Fund contributed \$47,836 to the School Food Service Fund during the fiscal year to provide assistance with the payment of administrative wages. This payment is reflected as a transfer in and an operating expense on Exhibit 7.

CALDWELL COUNTY BOARD OF EDUCATION
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For the Year Ended June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Caldwell 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:

Reporting Entity

The Caldwell 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 Caldwell County, North Carolina. The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity.

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.

CALDWELL COUNTY BOARD OF EDUCATION
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The Board reports the following major governmental funds:

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

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

Federal Grants Fund. The Federal Grants Fund includes appropriations from the federal government, generally the U.S. Department of Education, which are passed-through the North Carolina Department of Public Instruction for the current operating expenditures of the school system.

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

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 Caldwell County appropriations, restricted sales tax moneys, proceeds of Caldwell County bonds issued for public school construction, as well as certain State assistance.

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 before and after school care program operated by the school system.

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 60 days after year-end. These could include federal, State, and county grants, and some charges for services. Expenditures

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are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

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

Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the purpose level for all annually budgeted funds. The Board has authorized the Superintendent to move moneys between functions within the purpose level. Amendments are required for any revisions that alter total expenditures of any fund or that change purpose level appropriations. All amendments must be approved by the governing board. Amendments which alter the county appropriations or transfer monies to or from the Capital Projects Fund also requires the approval of the Caldwell County Board of Commissioners. 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. The primary revenue sources of the Board are the State of North Carolina, the Federal government and Caldwell County appropriations. Unexpended allocations from the State of North Carolina revert back to the State at the end of the fiscal year.

Encumbrance accounting is employed in all governmental funds except the Individual Schools Fund. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. There were no outstanding encumbrances at June 30, 2023.

Assets, Liabilities, and Fund Equity

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.

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

The Board's investments are reported at amortized cost or at fair value determined by either quoted market prices or a matrix pricing model. Bank deposits and the NCCMT are measured at amortized cost, which is the NCCMT's share price. Ownership interest in 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. All investments are measured using the market approach. The STIF is classified as Level 2 in the fair value hierarchy and is valued using prices that are either directly or indirectly observable for an asset or liability. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

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.

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 reported as expenditures when consumed. The General Fund inventories do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is reserved. Proprietary Fund inventories consist of food and supplies and are recorded as expenses when consumed.

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 1982 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

It is the policy of the Board to capitalize all capital assets costing more than \$5,000 with an estimated useful life of two or more years. In addition, other items that are purchased and used in large quantities

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such as student desks are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Caldwell 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:

	<u>Years</u>
Buildings	50
Building Improvements	20
Equipment and Furniture	10
Vehicles	8
Computer equipment	3

Depreciation for building and equipment that serve multiple purposes cannot be allocated ratably and is therefore reported as “unallocated depreciation” on the Statement of Activities. The Board carries certain capital assets for which Caldwell County carries the offsetting debt.

Deferred outflows and inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an expense or expenditure until then. The Board has several items that meet this criterion - pension and OPEB related deferrals and contributions made to the plans subsequent to the measurement date. The statement of financial position also reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and will not be recognized as revenue until then. The Board has several items that meet this criterion – unavailable grant revenue in the General Fund and pension and OPEB related deferrals.

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.

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

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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.

Net Position

Net position in the government-wide and proprietary fund financial statements are classified as net investment in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represent 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 Balances – 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 - portion of fund balance that is restricted by State Statute [G.S. 115C-425(a)].

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

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

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

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

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

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

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

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 \$(72,740,743) consists of several elements as follows:

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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)	\$ 160,608,604
Less Accumulated Depreciation	<u>80,292,258</u>
Net capital assets	80,316,346
Pension related deferred outflows of resources	37,745,490
OPEB related deferred outflows of resources	19,764,294
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:	
Compensated absences	(7,218,525)
Installment purchases	(5,857,763)
Net pension liability	(58,511,568)
Net OPEB liability	(83,792,392)
Deferred inflows of resources related to pensions	(2,606,903)
Deferred inflows of resources related to OPEB	<u>(52,579,722)</u>
Total adjustment	<u>\$ (72,740,743)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$21,638,346 as follows:

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Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 5,782,855
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in fund balance due to change in reserve for inventory	(29,151)
OPEB nonemployer contributions	636,159
Depreciation expenses, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(3,311,765)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	12,122,131
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	4,875,357
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	(10,938,840)
Net OPEB expense	12,203,236
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	26,660
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 assets. This amount is the net effect of these differences in the treatment of long-term debt.	282,469
Loss on disposal of fixed assets	(10,765)
Total adjustment	<u>\$ 21,638,346</u>

Defined Benefit Pension Plan and OPEB Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' and State Employees' Retirement System (TSERS), the Retiree Health Benefit Fund (RHBF), and the Disability Income Plan of NC (DIPNC) and additions to/deductions from TSERS, RHBF, and DIPNC's fiduciary net position have been determined on the same basis as they are reported by TSERS,

CALDWELL COUNTY BOARD OF EDUCATION
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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

Assets

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 \$29,364,791 and with the State Treasurer of \$-0-. The bank balances with the financial institutions and the State Treasurer were \$29,502,843 and \$1,220,870, respectively. Of these balances, \$1,804,610 was covered by federal depository insurance and \$28,919,103 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

Investments

At June 30, 2023, the Board had \$8,250,000 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Board has no policy for managing interest rate risk or credit risk.

CALDWELL COUNTY BOARD OF EDUCATION
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Accounts Receivable

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

	Due from (to) other funds	Due from other governments	Other
Governmental activities:			
General Fund	\$ (720,636)	\$ 445,977	\$ 72,255
Other Government Funds	<u>579,111</u>	<u>450,498</u>	<u>-</u>
Total	<u>\$ (141,525)</u>	<u>\$ 896,475</u>	<u>\$ 72,255</u>
Business-type activities:			
School Food Service	\$ 141,525	\$ 103,492	\$ 226
Child Care	<u>-</u>	<u>-</u>	<u>1,016</u>
Total	<u>\$ 141,525</u>	<u>\$ 103,492</u>	<u>\$ 1,242</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 11,978	NCDPI
General Fund	12,251	NC Smart Start
General Fund	421,748	Medicaid Reimbursement
Federal Grants Fund	<u>450,498</u>	Federal grant proceeds
Total	<u>\$ 896,475</u>	
Business-type activities:		
School Food Service	<u>\$ 103,492</u>	USDA Grant reimbursement

CALDWELL COUNTY BOARD OF EDUCATION
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Capital Assets

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

	Beginning Balances	Increases	Retirements	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,059,192	\$ -	\$ -	\$ 3,059,192
Construction in progress	21,416,975	4,309,327	-	25,726,302
Total capital assets not being depreciated	<u>24,476,167</u>	<u>4,309,327</u>	<u>-</u>	<u>28,785,494</u>
Capital assets being depreciated:				
Buildings and improvements	113,163,554	437,823	151,051	113,450,326
Equipment and furniture	4,933,393	387,095	10,060	5,310,428
Vehicles	12,454,277	648,610	40,531	13,062,356
Total capital assets being depreciated	<u>130,551,224</u>	<u>1,473,528</u>	<u>201,642</u>	<u>131,823,110</u>
Less accumulated depreciation for:				
Buildings and improvements	62,775,028	2,446,713	140,286	65,081,455
Equipment and furniture	3,735,437	242,103	10,060	3,967,480
Vehicles	10,660,905	622,949	40,531	11,243,323
Total accumulated depreciation	<u>77,171,370</u>	<u>3,311,765</u>	<u>190,877</u>	<u>80,292,258</u>
Total capital assets being depreciated, net	<u>53,379,854</u>			<u>51,530,852</u>
Governmental activity capital assets, net	<u>\$ 77,856,021</u>			<u>\$ 80,316,346</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Furniture and office equipment	\$ 3,422,112	\$ 323,595	\$ 263,046	\$ 3,482,661
Less accumulated depreciation for:				
Furniture and office equipment	<u>2,972,138</u>	<u>101,796</u>	<u>253,515</u>	<u>2,820,419</u>
School Food Service capital assets, net:	<u>\$ 449,974</u>			<u>\$ 662,242</u>

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Depreciation was charged to governmental functions as follows:

Instructional services	\$ 2,446,713
System-wide support services	622,949
Unallocated depreciation	<u>242,103</u>
Total	<u>\$ 3,311,765</u>

Construction Commitments

Caldwell County Board of Education has an active construction project as of June 30, 2023 for the benefit of Caldwell County Board of Education. At year end, commitments with contractors for school construction and renovations are as follows:

	<u>Spent-to-date</u>	<u>Total Commitment</u>
Phase I HVAC Project	\$ 2,105,778	\$ 3,588,694
Granite Falls Middle School	<u>23,620,524</u>	<u>24,591,526</u>
	<u>\$ 25,726,302</u>	<u>\$ 28,180,220</u>

Liabilities

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 at 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

CALDWELL COUNTY BOARD OF EDUCATION
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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 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 the benefits earned by the employees during the year. Contributions to the pension plan from the Board were \$12,503,321 for the year ended June 30, 2023.

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the Board reported a liability of \$60,351,508 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 proportionate share of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2022 and at June 30, 2021, the Boards proportion was .41% and .39%, respectively.

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For the year ended June 30, 2023, the Board recognized pension expense of \$11,324,942. At June 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 262,774	\$ 822,600
Changes of assumptions	4,761,504	-
Net difference between projected and actual earnings on pension plan investments	19,821,855	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	1,582,971	1,866,279
Board contributions subsequent to the measurement date	<u>12,503,321</u>	<u>-</u>
Total	<u>\$ 38,932,425</u>	<u>\$ 2,688,879</u>

\$12,503,321 reported as deferred outflows of resources related to pensions resulted 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, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$ 5,905,203
2025	5,716,739
2026	2,616,240
2027	9,502,043
2028	-
Thereafter	-
Total	<u>\$ 23,740,225</u>

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

Inflation	2.5%
Salary increases	3.25% to 8.05%, including inflation and productivity factor
Investment rate of return	6.5%, net of pension plan investment expense, including inflation

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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 actuarial valuation were based on the actuarial experience study for the 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, 2023 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2021 asset, liability and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.50%. 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%. 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

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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 calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	<u>1% Decrease (5.50%)</u>	<u>Current Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Board's proportionate share of the net pension liability (asset)	\$106,704,541	\$ 60,351,508	\$ 22,090,786

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

b. Other Post-employment Benefits

Healthcare Benefits

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

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

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

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

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

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

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

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state-supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the Board contributed 6.89% of covered payroll which amounted to \$4,956,725. During the current fiscal year, the plan also recognized a one-time transfer of excess funding from the Public Employees Health Benefits Fund totaling \$187.0 million, which was isolated

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from the OPEB expense and allocated to participating employers as a separate contribution. The Board's proportionate share of this contribution totaled \$656,164.

At June 30, 2023, Board reported a liability of \$86,322,832 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. The total OPEB liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2022 and at June 30, 2021, the Boards proportion was 0.36% and 0.34%, respectively.

\$4,956,725 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, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2024	\$ (14,495,002)
2025	(9,937,454)
2026	(9,651,366)
2027	(5,050,504)
2028	-
Thereafter	-
Total	<u>\$ (39,134,326)</u>

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

Inflation	2.50%
Salary increases	3.25% to 8.05%, including a 3.25% inflation and productivity factor
Investment rate of return	6.50%
Healthcare cost trend rate – medical	5.00% - 6.00%
Healthcare cost trend rate – prescription drug	5.00% - 9.50%
Healthcare cost trend rate – administrative	3.00%
Post-retirement mortality rates	Pub-2010 Health Annuitant Mortality Table for males and females, adjusted for classification for some Participants, further adjusted with scaling factors by participant group, and projected for mortality improvements using Scale MP-2019

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 2.16%, the same as June 30, 2022. 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

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2.16% was used as the discount rate used to measure the total OPEB liability. The 2.16% 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 (1.16 percent) or 1-percentage point higher (3.16 percent) than the current discount rate:

	<u>1% Decrease (1.16%)</u>	<u>Current Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
Net OPEB liability	\$ 101,678,350	\$ 86,322,832	\$ 73,781,542

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:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates (6.50% Medical, 7.25% Rx, 3.00% Administrative Expenses)</u>	<u>1% Increase in Trend Rates</u>
Net OPEB liability	\$ 71,057,499	\$ 86,322,832	\$ 106,055,455

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

Disability Benefits

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

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

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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 \$71,941 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, Board reported an OPEB liability of \$104,475 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. The total OPEB liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2022 and at June 30, 2021, the Boards proportion was .35% and .34%, respectively.

\$71,941 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, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Year ended June 30:	
2024	\$ 61,764
2025	69,368
2026	51,546
2027	41,435
2028	14,231
Thereafter	19,982
Total	<u>\$ 258,326</u>

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

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

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

	<u>1% Decrease</u> <u>(2.00%)</u>	<u>Current Discount Rate</u> <u>(3.00%)</u>	<u>1% Increase</u> <u>(4.00%)</u>
Net OPEB liability	\$ 128,648	\$ 104,475	\$ 80,242

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

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and expected inflation. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2022 is 1.3%.

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

Following is information related to the proportionate share and pension expense:

	<u>RHBF</u>	<u>DIPNC</u>	<u>Total</u>
OPEB expense	\$ 12,508,941	\$ (59,542)	\$ 12,449,399
OPEB liability (asset)	86,322,832	104,475	86,427,307
Proportionate share of the net OPEB liability (asset)	0.364%	0.351%	
Deferred of Outflows of Resources			
Differences between expected and actual experience	\$ 838,081	\$ 117,108	\$ 955,189
Changes of assumptions	6,911,264	6,715	6,917,979
Net difference between projected and actual earnings on plan investments	747,518	110,502	858,020
Changes in proportion and defferences between Board contributions and proportionate share of contributions	6,582,360	43,583	6,625,943
Board contributions subsequent to the measurement date	4,956,725	71,941	5,028,666
Total Deferred Outflows of Resources	<u>\$ 20,035,948</u>	<u>\$ 349,849</u>	<u>\$ 20,385,797</u>
Deferred of Inflows of Resources			
Differences between expected and actual experience	\$ 238,864	\$ -	\$ 238,864
Changes of assumptions	39,287,553	19,355	39,306,908
Changes in proportion and differences between Board contributions and proportionate share of contributions	14,687,132	227	14,687,359
Total Deferred Inflows of Resources	<u>\$ 54,213,549</u>	<u>\$ 19,582</u>	<u>\$ 54,233,131</u>

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Accounts Payable

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

	<u>Vendors</u>
Governmental Activities	
General	\$ 2,128,154
Other Governmental	602,711
Total - governmental activities	<u>\$ 2,730,865</u>
Business-type Activities	
School Food Service	\$ 11,560
Child Care	3,935
Total - business-type activities	<u>\$ 15,495</u>

Unearned Revenues

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

	<u>Unearned Revenues</u>
Contract reimbursement (Child Care Fund)	\$ 952,701
Prepaid lunch balances (School Food Service Fund)	58,143
	<u>\$1,010,844</u>

Unearned revenues of \$2,598,633 in governmental activities consists of private grant revenues for which eligibility requirements other than time requirements have not been met.

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Deferred Outflows and Deferred Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between Board contributions and proportionate share of contributions	\$ 8,208,914	\$ 16,553,638
Changes in assumptions	11,679,483	39,306,908
Difference between projected and actual earnings on plan investments	20,679,875	-
Board contributions subsequent to the measurement date	17,531,987	-
Difference between expected and actual experience	<u>1,217,963</u>	<u>1,061,464</u>
Total	<u>\$ 59,318,222</u>	<u>\$ 56,922,010</u>

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 \$2 million for errors and omissions claims. Statutory workers' compensation is purchased through private insurers. Coverage is provided to the extent employees are paid from Federal or 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 Public School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing fund administered by the North Carolina Department of Public Instruction, insuring the tangible property assets of the Board. Coverage is provided on an "all risk" perils contract. Buildings and contents are insured on a replacement cost basis. The Fund purchases excess reinsurance to protect the assets of the Fund in the event of a catastrophic event. The Fund provides coverage up to \$10 million per occurrence and \$20 million in aggregate annually. Excess reinsurance is purchased through commercial insurers, who participate in property losses in excess of the Fund's self-insured retention of \$10 million. 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 has a flood insurance policy for Collettsville Elementary School which is considered a flood risk. Coverage limits are \$500,000 for the building and \$255,300 for contents with a \$5,000 deductible for each. Flood insurance is not carried at other school locations because these locations are not considered to be a flood risk.

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The Board also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan, a self-funded risk financing 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 the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

In accordance with G.S. 115C-442, the Board's employees who have custody of the Board's moneys at any given time are performance bonded through a commercial surety bond. The finance officer is bonded for \$100,000. The remaining employees that have access to funds are bonded under a blanket bond for \$100,000.

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

Long-Term Obligations

a. Direct Placement Installment Purchases

The Board is authorized by State Law to enter into installment purchase contracts to finance energy conservation measures that will reduce its operating costs. The Board entered into a direct placement contract to reduce the energy costs at twenty-six locations. The total amount financed for this project was \$6,631,600, and the interest rate on the installment contract is 3.06%. This installment contract will be paid quarterly (principal and interest) with seventy quarterly payments that began on December 15, 2020. The Board is responsible for the payments, which will be offset by utility payment savings from the contract. The quarterly payments range from \$111,956 to \$123,565.

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 third party direct placement financing arrangements with various companies. The property is pledged as collateral for debt while the debt is outstanding. At June 30, 2023 the Board has such an installment purchase agreement that requires an annual payment of \$50,346.

CALDWELL COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2024	\$ 371,689	\$ 172,502
2025	381,390	162,558
2026	341,038	152,314
2027	351,332	141,761
2028	361,937	130,889
2029-2033	1,980,310	479,530
2034-2039	2,070,067	158,393
Total	<u>\$ 5,857,763</u>	<u>\$ 1,397,947</u>

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:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023	Current Portion
Governmental activities:					
Direct placement installment purchases	\$ 6,140,232	\$ 201,381	\$ 483,850	\$ 5,857,763	\$ 371,689
Net pension liability	17,819,915	40,691,653	-	58,511,568	-
Net OPEB liability	102,532,542	-	18,740,150	83,792,392	-
Compensated absences	7,245,185	6,476,262	6,502,922	7,218,525	3,421,032
Total	<u>\$ 133,737,874</u>	<u>\$ 47,369,296</u>	<u>\$25,726,922</u>	<u>\$ 155,380,248</u>	<u>\$ 3,792,721</u>
Business-type activities:					
Net pension liability	\$ 529,794	\$ 1,310,146	\$ -	\$ 1,839,940	\$ -
Net OPEB liability	3,048,340	-	413,425	2,634,915	-
Compensated absences	137,807	281,113	277,491	141,429	93,682
Total	<u>\$ 3,715,941</u>	<u>\$ 1,591,259</u>	<u>\$ 690,916</u>	<u>\$ 4,616,284</u>	<u>\$ 93,682</u>

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

Due to/from other Funds

As of June 30, 2023 there was \$579,111 due to the Individual Schools Fund from the General Fund, and \$141,525 due to the School Food Service Fund from the General Fund. These items occurred in the normal operating cycle of the Board, and are expected to be paid in the next fiscal year.

CALDWELL COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

Transfers to/from other Funds

During the year ended June 30, 2023, the State Public School Fund transferred \$47,836 to the School Food Service Fund to pay for administrative costs.

Fund Balance

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

Total fund balance - General Fund	\$ 17,298,774
Less:	
Inventories	690,155
Stabilization by State statute	518,232
Appropriated fund balance in 2024 budget	1,000,000
Assigned Special Revenue	<u>5,393,026</u>
Remaining fund balance	<u>\$ 9,697,361</u>

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.

CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
*Last Ten Fiscal Years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Board's proportion of the net pension liability (asset)	0.407%	0.392%	0.427%	0.445%	0.457%
Board's proportionate share of the net pension liability (asset)	\$ 60,351,508	\$ 18,349,709	\$ 51,460,872	\$ 46,148,509	\$ 45,500,322
Board's covered payroll	\$ 69,851,527	\$ 65,439,617	\$ 67,534,619	\$ 69,786,843	\$ 67,573,029
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	86.40%	28.04%	76.20%	66.13%	67.34%
Plan fiduciary net position as a percentage of the total pension liability	94.86%	94.86%	85.98%	87.56%	87.61%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Board's proportion of the net pension liability (asset)	0.462%	0.473%	0.473%	0.474%	0.482%
Board's proportionate share of the net pension liability (asset)	\$ 36,685,681	\$ 43,482,777	\$ 17,446,833	\$ 5,556,221	\$ 29,244,099
Board's covered payroll	\$ 65,589,797	\$ 64,314,908	\$ 64,459,153	\$ 61,687,445	\$ 62,183,677
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	55.93%	67.61%	27.07%	9.01%	47.03%
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.

This schedule is required supplementary information.

CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF BOARD CONTRIBUTIONS
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
*Last Ten Fiscal Years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 12,503,321	\$ 11,441,680	\$ 9,671,975	\$ 8,759,240	\$ 8,576,803
Contributions in relation to the contractually required contribution	12,503,321	11,441,680	9,671,975	8,759,240	8,576,803
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 71,940,857	\$ 69,851,527	\$ 65,439,617	\$ 67,534,619	\$ 69,786,843
Contributions as a percentage of covered payroll	17.38%	16.38%	14.78%	12.97%	12.29%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 7,284,373	\$ 6,545,862	\$ 5,884,814	\$ 5,898,013	\$ 5,360,639
Contributions in relation to the contractually required contribution	7,284,373	6,545,862	5,884,814	5,898,013	5,360,639
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 67,573,029	\$ 65,589,797	\$ 64,314,908	\$ 64,459,153	\$ 61,687,445
Contributions as a percentage of covered payroll	10.78%	9.98%	9.15%	9.15%	8.69%

This schedule is required supplementary information.

CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
RETIREE HEALTH BENEFIT FUND
*Last Seven Fiscal Years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Board's proportion of the net OPEB liability (asset)	0.364%	0.342%	0.371%	0.389%	0.408%
Board's proportionate share of the net OPEB liability (asset)	\$ 86,322,832	\$ 105,580,882	\$ 102,939,195	\$ 123,153,047	\$ 116,263,550
Board's covered payroll	\$ 69,851,527	\$ 65,439,617	\$ 67,534,619	\$ 69,786,843	\$ 67,573,029
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	123.58%	161.34%	152.42%	176.47%	172.06%
Plan fiduciary net position as a percentage of the total OPEB liability	10.58%	7.72%	6.92%	4.40%	4.40%

	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability (asset)	0.419%	0.406%
Board's proportionate share of the net OPEB liability (asset)	\$ 137,331,100	\$ 176,513,543
Board's covered payroll	\$ 65,589,797	\$ 64,314,908
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	209.38%	274.45%
Plan fiduciary net position as a percentage of the total OPEB liability	3.52%	2.41%

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

This schedule is required supplementary information.

CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF BOARD CONTRIBUTIONS
RETIREE HEALTH BENEFIT FUND
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 4,956,725	\$ 4,393,661	\$ 4,371,366	\$ 4,369,490	\$ 4,375,635
Contributions in relation to the contractually required contribution	<u>4,956,725</u>	<u>4,393,661</u>	<u>4,371,366</u>	<u>4,369,490</u>	<u>4,375,635</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 71,940,857	\$ 69,851,527	\$ 65,439,617	\$ 67,534,619	\$ 69,786,843
Contributions as a percentage of covered payroll	6.89%	6.29%	6.68%	6.47%	6.27%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 4,088,168	\$ 3,809,318	\$ 3,601,635	\$ 3,538,808	\$ 3,331,122
Contributions in relation to the contractually required contribution	<u>4,088,168</u>	<u>3,809,318</u>	<u>3,601,635</u>	<u>3,538,808</u>	<u>3,331,122</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 69,786,843	\$ 67,573,029	\$ 65,589,797	\$ 64,314,908	\$ 61,687,445
Contributions as a percentage of covered payroll	5.86%	5.64%	5.49%	5.50%	5.40%

This schedule is required supplementary information.

**CALDWELL COUNTY BOARD OF EDUCATION
 SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 DISABILITY INCOME PLAN OF NORTH CAROLINA
 Last Seven Fiscal Years***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Board's proportion of the net OPEB liability/asset	0.351%	0.340%	0.370%	0.389%	0.418%
Board's proportionate share of the net OPEB liability (asset)	\$ 104,475	\$ (55,593)	\$ (181,782)	\$ (167,754)	\$ (121,917)
Board's covered payroll	\$ 69,851,527	\$ 65,439,617	\$ 67,534,619	\$ 69,786,843	\$ 67,573,029
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	0.15%	0.08%	0.27%	0.24%	0.18%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	90.34%	105.18%	115.57%	113.00%	108.47%

	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability/asset	0.418%	0.130%
Board's proportionate share of the net OPEB liability (asset)	\$ (247,267)	\$ (259,441)
Board's covered payroll	\$ 65,589,797	\$ 64,314,908
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	0.38%	0.40%
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

This schedule is required supplementary information.

CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF BOARD CONTRIBUTIONS
DISABILITY INCOME PLAN OF NORTH CAROLINA
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 71,941	\$ 62,866	\$ 58,896	\$ 67,535	\$ 97,702
Contributions in relation to the contractually required contribution	<u>71,941</u>	<u>62,866</u>	<u>58,896</u>	<u>67,535</u>	<u>97,702</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 71,940,857	\$ 69,851,527	\$ 65,439,617	\$ 67,534,619	\$ 69,786,843
Contributions as a percentage of covered payroll	0.10%	0.09%	0.09%	0.10%	0.14%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 94,602	\$ 249,241	\$ 263,391	\$ 264,283	\$ 270,973
Contributions in relation to the contractually required contribution	<u>94,602</u>	<u>249,241</u>	<u>263,391</u>	<u>264,283</u>	<u>270,973</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 67,573,029	\$ 65,589,797	\$ 64,314,908	\$ 64,459,153	\$ 61,687,445
Contributions as a percentage of covered payroll	0.14%	0.38%	0.41%	0.41%	0.44%

This schedule is required supplementary information.

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

	Budget	Actual	Positive (Negative) Variance
Exhibit A-1			
Revenues:			
State of North Carolina:			
Smart Start		\$ 120,702	
NC Pre-Kindergarten Program		1,491,845	
Total	<u>\$ 2,124,923</u>	<u>1,612,547</u>	<u>\$ (512,376)</u>
 Caldwell County:			
Regular appropriation		14,800,000	
Forest Service		59,916	
Total	<u>14,850,000</u>	<u>14,859,916</u>	<u>9,916</u>
 U.S. Government:			
ROTC		118,612	
Local Food For Schools Program		20,544	
Total	<u>229,000</u>	<u>139,156</u>	<u>(89,844)</u>
 Other :			
ABC revenues		63,409	
Sales tax refund		76,079	
Tuition and fees		22,609	
Fines and forfeitures		194,026	
Rental of school property		5,981	
Interest		244,966	
Reimbursements		1,607,424	
Indirect cost		1,283,347	
Private grants and donations		2,563,524	
Medicaid reimbursements		1,435,091	
Insurance settlements		18,174	
Miscellaneous		176,142	
Total	<u>7,990,034</u>	<u>7,690,772</u>	<u>(299,262)</u>
 Total revenues	<u>25,193,957</u>	<u>24,302,391</u>	<u>(891,566)</u>
 Expenditures:			
Instructional services	14,594,134	12,063,992	2,530,142
System-wide support services	10,634,823	10,034,108	600,715
Ancillary services	355,000	193,900	161,100
Non-Programmed charges	670,000	439,107	230,893
Total expenditures	<u>26,253,957</u>	<u>22,731,107</u>	<u>3,522,850</u>

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

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues over (under) expenditures	(1,060,000)	1,571,284	2,631,284
Other financing sources (uses):			
Transfers from (to) other funds	<u>(40,000)</u>	<u>-</u>	<u>40,000</u>
Revenues under expenditures and other uses	(1,100,000)	1,571,284	2,671,284
Appropriated fund balance	<u>1,100,000</u>	<u>-</u>	<u>(1,100,000)</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>1,571,284</u>	<u>\$ 1,571,284</u>
Fund balances:			
Beginning of year, July 1		15,756,641	
Change in reserve for inventories		<u>(29,151)</u>	
End of year, June 30		<u>\$ 17,298,774</u>	

**Exhibit A-1
(Continued)**

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

Exhibit B-1

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
State of North Carolina:			
State appropriations - buses	\$ 300,000	\$ 171,920	\$ (128,080)
State capital infrastructure	124,716	-	(124,716)
State appropriations - Capital Fund	<u>5,300,000</u>	<u>-</u>	<u>(5,300,000)</u>
Total State of North Carolina	<u>5,724,716</u>	<u>171,920</u>	<u>(5,552,796)</u>
Caldwell County:			
Appropriations - operating	<u>12,505,900</u>	<u>5,121,378</u>	<u>(7,384,522)</u>
U.S. Government:			
Emergency Connectivity Grant	<u>600,000</u>	<u>187,692</u>	<u>(412,308)</u>
Other:			
Interest earned		5,128	
Disposition of Assets		10,256	
Total other	<u>60,000</u>	<u>15,384</u>	<u>(44,616)</u>
Total revenues	<u>18,890,616</u>	<u>5,496,374</u>	<u>(12,981,934)</u>
Expenditures:			
Current:			
Instructional services	1,042,296	573,305	468,991
System-wide support services	1,667,187	960,246	706,941
Capital Outlay	13,255,156	3,489,380	9,765,776
Debt Service			
Principal	6,117,846	483,850	5,633,996
Interest	<u>182,154</u>	<u>182,154</u>	<u>-</u>
Total expenditures	<u>22,264,639</u>	<u>5,688,935</u>	<u>16,575,704</u>

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

	Budget	Actual	Variance Positive (Negative)
Revenues over (under) expenditures	(3,374,023)	(192,561)	3,181,462
Other financing sources:			
Installment purchase obligations issued	400,000	201,381	(198,619)
Revenues and other financing sources over (under) expenditures	(2,974,023)	8,820	2,982,843
Appropriated fund balance	2,974,023	-	(2,974,023)
Revenues, other sources and appropriated fund balance over (under) expenditures	\$ -	8,820	\$ 8,820
Fund balance:			
Beginning of year, July 1		4,995,682	
End of year, June 30		\$ 5,004,502	

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

	<i>Exhibit C-1</i>		
	Budget	Actual	Variance Positive (Negative)
Operating revenues	\$ 1,582,890	\$ 1,583,540	\$ 650
Operating expenditures:			
Business support services:			
Food cost:			
Purchase of food		3,274,941	
Salaries and benefits		3,395,428	
Supplies and materials		215,591	
Repairs and maintenance		103,044	
Contracted services		12,333	
Indirect costs		272,373	
Other		8,951	
Total business support services	<u>7,879,727</u>	<u>7,282,661</u>	<u>597,066</u>
Capital outlay	<u>351,166</u>	<u>323,595</u>	<u>27,571</u>
Total operating expenditures	<u>8,230,893</u>	<u>7,606,256</u>	<u>624,637</u>
Operating loss	<u>(6,648,003)</u>	<u>(6,022,716)</u>	<u>625,287</u>
Nonoperating revenues:			
Federal reimbursements	5,976,561	5,761,100	(215,461)
Federal commodities	431,046	554,119	123,073
State reimbursements	18,000	30,628	12,628
Interest earned	500	63,939	63,439
Total nonoperating revenues	<u>6,426,107</u>	<u>6,409,786</u>	<u>(16,321)</u>
Revenues over (under) expenditures before other financing sources	(221,896)	387,070	608,966
Transfers from other funds	<u>48,793</u>	<u>47,836</u>	<u>(957)</u>
Revenues and other sources over (under) expenditures	(173,103)	434,906	608,009
Appropriated fund balance	<u>173,103</u>	<u>-</u>	<u>(173,103)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>\$ 434,906</u>	<u>\$ 434,906</u>

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

**Exhibit C-1
 (Continued)**

Reconciliation of modified accrual to full accrual basis:

Revenues under expenditures	\$ 434,906
Depreciation	(101,796)
Capital outlay	323,595
Net pension liability	(922,853)
Net OPEB liability	483,348
Deferred outflows	538,834
Deferred inflows	419,229
Indirect cost not paid	3,405
Increase (decrease) in inventories	(221,297)
Gain on disposal of capital assets	9,228
(Increase) decrease in compensated absences	7,991
Change in net position (full accrual)	<u>\$ 974,590</u>

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

Exhibit D-1

	Budget	Actual	Variance Positive (Negative)
Operating revenues	\$ 1,437,500	\$ 944,706	\$ (492,794)
Operating expenditures:			
Business support services:			
Food cost:			
Purchase of food		47,774	
Salaries and benefits		1,218,251	
Supplies and materials		162,493	
Contracted services		1,919	
Field trips		7,731	
Indirect costs		160,340	
Other		30,819	
Total operating expenditures	3,281,600	1,629,327	1,652,273
Operating loss	(1,844,100)	(684,621)	1,159,479
Nonoperating revenues:			
Contract reimbursement		891,664	
Interest earned		9,136	
Total nonoperating revenues	1,844,100	900,800	(943,300)
Revenues over (under) expenditures	\$ -	\$ 216,179	\$ 216,179
Reconciliation of modified accrual to full accrual basis:			
Revenues over (under) expenditures		\$ 216,179	
Net pension liability		(387,293)	
Net OPEB liability		(71,528)	
Deferred outflows		282,107	
Deferred inflows		(20,105)	
(Increase) decrease in compensated absences		(11,613)	
Change in net position (full accrual)		\$ 7,747	

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***

INDEPENDENT AUDITORS' REPORT

**To the Caldwell County Board of Education
Lenoir, 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 basic financial statements of the governmental activities, the business-type activities, and each major fund of the Caldwell County Board of Education, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Caldwell County Board of Education, North Carolina's basic financial statements and have issued our report thereon dated August 29, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Anderson Smith & Wike PLLC

August 29, 2023
Elon, North Carolina



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

INDEPENDENT AUDITORS' REPORT

**To the Caldwell County Board of Education
Lenoir, North Carolina**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Caldwell County Board of Education's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Caldwell County Board of Education's major federal programs for the year ended June 30, 2023. Caldwell 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, Caldwell County Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Caldwell 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 Caldwell 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 Caldwell County Board of Education 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 Caldwell 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 Caldwell 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 Caldwell 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 Caldwell 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 Caldwell 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 Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses 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. However, material weaknesses or significant deficiencies 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

*August 29, 2023
Elon, North Carolina*



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

INDEPENDENT AUDITORS' REPORT

**To the Caldwell County Board of Education
Lenoir, North Carolina**

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

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

In our opinion, Caldwell County Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance, 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 Caldwell 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 Caldwell 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 Caldwell 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 Caldwell 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 Caldwell 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 Caldwell 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 Caldwell 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 Caldwell 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 Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses 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. However, material weaknesses or significant deficiencies 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

*August 29, 2023
Elon, North Carolina*

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

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___yes Xno
- Significant deficiency(s) identified that are not considered to be material weaknesses? ___yes Xnone reported

Noncompliance material to financial statements noted? ___yes Xno

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___yes Xno
- Significant deficiency(s) identified that are not considered to be material weaknesses? ___yes Xnone reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___yes Xno

Identification of major federal programs:

<u>Assistance Listing Numbers</u>	<u>Names of Federal Program or Cluster</u>
84.027 84.173	Special Education Cluster: Special Education Grants to States Special Education Early Intervening Services
84.425	Education Stabilization Fund

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

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

Auditee qualified as low-risk auditee? yes no

State Awards

Internal control over major State programs:

- Material weakness(es) identified? yes no
- Significant deficiency(s) identified that
are not considered to be material weaknesses? yes none reported

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

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

Identification of major State programs:

Program Name

State Public School Fund
NC Pre-Kindergarten Program

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

Section II. Financial Statement Findings

Finding: None

Section III. Federal Award Findings and Questioned Costs

Finding: None

Section IV. State Award Findings and Questioned Costs

Finding: None



Caldwell County Schools

Corrective Action Plan For the Year Ended June 30, 2023

Section II. Financial Statement Findings

Finding: None Reported

Section III. Federal Award Findings and Questioned Costs

Finding: None Reported

Section IV. State Award Findings and Questioned Costs

Finding: None Reported

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

Finding: 2022

Status: None reported

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

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-through Grantor's Number	Expenditures
Federal Grants:			
<u>U.S. Department of Agriculture</u>			
Food and Nutrition Service			
Passed-through the N.C. Department of Public Instruction:			
Child Nutrition Cluster:			
Noncash Assistance (Commodities):			
National School Lunch Program	10.555		\$ 554,119
Cash Assistance:			
School Breakfast Program	10.553		1,642,164
National School Lunch Program	10.555		3,759,764
Supply Chain Assistance Funds	10.555		290,926
Summer Food Service Program for Children	10.559		68,246
Cash Assistance Subtotal			<u>5,761,100</u>
Total Child Nutrition Cluster			<u>6,315,219</u>
Passed through the N.C. Department of Agriculture & Consumer Services			
Local Food for Schools Grant	10.185	PRC 353	<u>20,544</u>
Total U.S. Department of Agriculture			<u>6,335,763</u>
<u>U.S. Department of Education</u>			
Office of Elementary and Secondary Education			
Passed-through the N.C. Department of Public Instruction:			
Education Consolidation and Improvement Act of 1981			
Improving America School Act of 1994 (IASA)			
Title I, Grants to Local Educational Agencies			
Educationally Deprived Children	84.010	PRC 050 &105	2,825,816
Supporting Effective Instruction State Grants	84.367	PRC 103	420,004
Student Support and Academic Enrichment Program	84.424	PRC 108	133,823
Language Acquisition Grant	84.365	PRC 104 & 111	92,419
Homeless Children	84.196A	PRC 026	32,835
COVID-19 - Education Stabilization Fund			
CARES Act:			
ESSER I - Exceptional Children Grants	84.425D	PRC 167	6,477
GREER I - Supplemental Instructional Services	84.425C	PRC 170	47,913
CRRSA:			
ESSER II - K12 Emergency Relief Fund	84.425D	PRC 171	3,012,444
ESSER II - Supplemental Contract Instructional Support Funding	84.425D	PRC 173	6,442
ESSER II - Learning Loss Funding	84.425D	PRC 176	151,812
ESSER II - Summer Career Accelerator Program	84.425D	PRC 177	142,723
ESSER II - Competency-Based Assessment	84.425D	PRC 178	63,192
ARP:			
ESSER III - K-12 Emergency Relief Fund	84.425D	PRC 181	4,977,574
ESSER III - HOMELESS II	84.425W	PRC 184	38,187
ESSER III - Math Enrichment Programs	84.425U	PRC 189	52,681
ESSER III - NC Preschool Pyramid Expansion	84.425U	PRC 190	24,168
ESSER III - National Board for Professional Teaching Standards (NBPTS) Certification Fee Reimbursement Program	84.425U	PRC 198	28,200
ESSER III - School Psychologists Grant Program	84.425U	PRC 204	13,696
ESSER III - Principal Retention Supplements	84.425U	PRC 206	21,113
Total COVID-19 Education Stabilization Fund			<u>8,586,622</u>

CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2023

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-through Grantor's Number	Expenditures
Office of Special Education and Rehabilitative Services			
Passed-through the N.C. Department of Public Instruction:			
Special Education Cluster:			
Individuals with Disabilities Education Act			
Special Education - Grants to States	84.027	PRC 060	2,311,719
Special Education - Targeted Assistance	84.027	PRC 118	9,764
COVID-19 - ESSER III - ARP IDEA Grant to States	84.027	PRC 185	227,140
Special Education - Targeted Assistance for Preschool	84.173	PRC 119	2,664
Special Education - Preschool Grants	84.173	PRC 049	95,080
COVID-19 - ESSER III - ARP IDEA Preschool Grants	84.173	PRC 186	15,637
Total Special Education Cluster			<u>2,662,004</u>
Office of Vocational and Adult Education			
Passed-through the N.C. Department of Public Instruction:			
Carl D. Perkins Vocational and Applied Technology			
Education Act Amendments of 1990			
Basic Grants to States			
Program Development	84.048	PRC 017	<u>175,283</u>
Total U.S. Department of Education			<u>14,928,806</u>
<u>U.S. Department of Defense</u>			
Direct Program:			
JROTC	12.000		<u>118,612</u>
<u>U.S. Federal Communications Commission</u>			
Direct Program:			
Emergency Connectivity Fund	32.009		<u>187,692</u>
<u>U.S. Department of the Treasury</u>			
Passed-through the N.C. Office of State Management and Budget			
N.C. Pandemic Recovery Office			
Passed-through the N.C. Department of Public Instruction:			
Coronavirus State and Local Fiscal Recovery Funds			
ARP - School Bus Safety Pilot	21.027	PRC 141	<u>166,876</u>
Total Federal Assistance			<u>21,737,749</u>
State Grants:			
<u>N.C. Department of Public Instruction (cash assistance):</u>			
State Public School Fund			81,321,965
Career and Technical Education			
State Months of Employment		PRC 013	3,987,132
Program Support Funds		PRC 014	581,843
Driver Training		PRC 012	186,376
School Technology Fund		PRC 015	126,588
Total N.C. Department of Public Instruction (cash assistance)			<u>86,203,904</u>

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

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
<u>N.C. Department of Public Instruction (noncash assistance)</u>			
School Buses			171,920
<u>N.C. Department of Agriculture</u>			
State Reduced Breakfast Program			10,471
State Reduced Lunch Program			20,157
Total N.C. Department of Agriculture			30,628
<u>N.C. Department of Health and Human Services</u>			
Division of Child Development:			
NC Pre-Kindergarten Program			1,491,845
Passed through Caldwell County Smart Start:			
Smart Start			77,749
Smart Start - Resiliency Grant			42,953
Total N.C. Department of Health and Human Services			1,612,547
Total State Assistance			88,018,999
Total Federal and State Assistance			\$ 109,756,748

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

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