

**MCDOWELL COUNTY BOARD OF EDUCATION  
MARION, NORTH CAROLINA**

**BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**Boggs, Crump & Brown, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS

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Morganton, North Carolina

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JUNE 30, 2020**

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## Independent Auditor's Report

To the Board of Education  
McDowell County, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of McDowell County Board of Education, North Carolina, as of and for the year then ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the McDowell County Board of Education's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the McDowell County Board of Education, North Carolina as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, State Public School Fund, and Federal Grant Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Required Supplementary Information

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

### Supplementary and Other Information

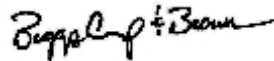
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the McDowell County Board of Education's basic financial statements. The combining and individual fund financial statements and schedules, budgetary schedules and other schedules, as well 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 of Federal Awards, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules and the accompanying schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statements, budgetary schedules, other schedules, and the accompanying schedule of expenditures of federal and state awards are 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 November 23, 2020 on our consideration of McDowell County's Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 the McDowell County Board of Education's internal control over financial reporting and compliance.



Boggs, Crump & Brown, P.A.  
Certified Public Accountants

November 23, 2020  
Morganton, North Carolina

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the McDowell 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, 2020. This information should be read in conjunction with the audited financial statements included in this report.

### ***Financial Highlights***

- The 2019-2020 year proved to be a very challenging one as a result of state economic conditions.
- Student enrollment decreased from the previous year. Decreasing from \$5,943 to \$5,919.
- The liabilities of the Board exceeded assets at the close of the fiscal year by \$(23,276,465).
- The Board's total net position increased by \$10,885,464 during fiscal year end June 30, 2020.
- As of June 30, 2020, the Board's General Fund reported total fund balance of \$5,846,903 a decrease of \$(129,453) from the previous year.
- Business Type Activities, the School Food Service and Child Care Funds, reported an increase in net position of \$11,257 for the fiscal year ending June 30, 2020.

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

The audited financial statements of the McDowell 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 governmental funds and for 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 Statement of Activities. The Statement of Net Position includes all of the Board's assets, deferred outflows of resources, liabilities and deferred inflows of resources. Assets and liabilities are classified between current and long-term. 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 set of statements included in the basic financial statements is the *Fund Financial Statements*, which are presented for the Board's governmental funds and proprietary funds. These statements present the governmental funds on the modified accrual basis of accounting measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The proprietary fund is presented on the full accrual basis of accounting. The fund financial statements focus on the Board's most significant funds. Because a different basis of accounting is used in the

government wide statements, reconciliation from the governmental fund financial statements to the government-wide 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 the Board's major funds.

### **Government-wide Statements**

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

The two Government-wide statements report the Board's net position and how they have changed. Net position - 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 is an indicator of whether its financial position is improving or deteriorating.
- ▶ To assess the Board's overall health, you need to consider additional non-financial factors such as changes in the County's property tax base and the condition of its school buildings and other physical assets.

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

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

McDowell County Board 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 near future 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 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 Funds, 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 funds:* Services for which the Board charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same full accrual basis of accounting as the government-wide statements. McDowell 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 exceeded assets by \$23,276,465 as of June 30, 2020. A significant component of net position is net investment in capital assets of \$75,555,958.

Following is a summary of the Statement of Net Position:

**Figure 1  
Condensed Statement of Net Position  
as of June 30, 2020**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Current assets	\$10,181,806	\$ 9,936,651	\$ 847,065	\$ 814,215	\$ 11,028,871	\$ 10,750,866
Capital assets	<u>75,445,340</u>	<u>64,766,427</u>	<u>110,618</u>	<u>133,365</u>	<u>75,555,958</u>	<u>64,899,792</u>
Total assets	<u>85,627,146</u>	<u>74,703,078</u>	<u>957,683</u>	<u>947,580</u>	<u>86,584,829</u>	<u>75,650,658</u>
Deferred outflows of resources	15,549,087	16,028,260	497,442	512,725	16,046,529	16,540,985
Current liabilities	4,721,612	4,332,677	143,649	138,756	4,865,261	4,471,433
Long-term liabilities	<u>89,206,561</u>	<u>85,097,129</u>	<u>2,843,052</u>	<u>2,704,208</u>	<u>92,049,613</u>	<u>87,801,337</u>
Total liabilities	<u>93,928,173</u>	<u>89,429,806</u>	<u>2,986,701</u>	<u>2,842,964</u>	<u>96,914,874</u>	<u>92,272,770</u>
Deferred inflows of resources	28,101,986	33,029,665	890,963	1,051,137	28,992,949	34,080,802
Net investment in capital assets	75,445,340	64,766,427	110,618	133,365	75,555,958	64,899,792
Restricted for:						
Individual schools	876,237	855,857			876,237	855,857
School Capital Outlay	766,380	711,351			766,380	711,351
Stabilization by State Statute	334,496	101,187			334,496	101,187
DIPNC OPEB plan	88,977	64,214	2,847	2,054	91,824	66,268
Unrestricted net position (deficit)	<u>( 98,365,356)</u>	<u>(98,227,169)</u>	<u>(2,536,004)</u>	<u>(2,569,215)</u>	<u>(100,901,360)</u>	<u>(100,796,384)</u>
Total net position (deficit)	<u>(\$20,853,926)</u>	<u>\$(31,728,133)</u>	<u>(\$2,422,539)</u>	<u>(\$2,433,796)</u>	<u>(\$ 23,276,465)</u>	<u>(\$ 34,161,929)</u>

Note that net position increased during the year indicating an improvement in the financial condition of the Board. The increase in net position for the current year was largely because of an increase in the capital assets. Also, note that the Board carries capital assets for which McDowell County carries the offsetting debt.

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

**Figure 2**  
**Condensed Statement of Activities**  
**as of June 30, 2020**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Revenues:						
Program revenues:						
Charges for services	\$ 388,444	\$ 418,820	\$ 600,543	\$ 797,794	\$ 988,987	\$ 1,216,614
Operating grants and contributions	49,891,628	49,256,602	3,036,054	3,225,088	52,927,682	52,481,690
Capital grants and contributions	119,481				119,481	
General revenue:						
Other revenues	<u>25,912,980</u>	<u>16,635,008</u>	<u>1,876</u>	<u>2,014</u>	<u>25,914,856</u>	<u>16,637,022</u>
Total revenues	<u>76,312,533</u>	<u>66,310,430</u>	<u>3,638,473</u>	<u>4,024,896</u>	<u>79,951,006</u>	<u>70,335,326</u>
Expenses:						
Governmental activities:						
Instructional services	50,222,203	47,684,770			50,222,203	47,684,770
System-wide support services	10,071,533	9,685,512			10,071,533	9,685,512
Ancillary services	2,493,083	2,082,487			2,493,083	2,082,487
Non-programmed charges	67,684	66,631			67,684	66,631
Unallocated depreciation expense	2,527,688	2,478,215			2,527,688	2,478,215
Business-type activities:						
School food service			3,674,450	3,938,503	3,674,450	3,938,503
Child care			8,901	1,063	8,901	1,063
Total expenses	<u>65,382,191</u>	<u>61,997,615</u>	<u>3,683,351</u>	<u>3,939,566</u>	<u>69,065,542</u>	<u>65,937,181</u>
Increase (decrease) in net assets before transfers	10,930,342	4,312,815	(44,878)	85,330	10,885,464	4,398,145
Transfers in (out)	<u>(56,135)</u>	<u>(56,815)</u>	<u>56,135</u>	<u>56,815</u>	<u>                    </u>	<u>                    </u>
Increase in net position	10,874,207	4,256,000	11,257	142,145	10,885,464	4,398,145
Net position, beginning	<u>(31,728,133)</u>	<u>(35,984,133)</u>	<u>(2,433,796)</u>	<u>(2,575,941)</u>	<u>(34,161,929)</u>	<u>(38,560,074)</u>
Ending net position (deficit)	<u>(\$20,853,926)</u>	<u>(\$31,728,133)</u>	<u>(\$2,422,539)</u>	<u>(\$2,433,796)</u>	<u>(\$23,276,465)</u>	<u>(\$34,161,929)</u>

Total governmental activities generated revenues of \$76,312,533 while expenses in this category totaled \$65,382,191. Comparatively, revenues were \$66,310,430 and expenses totaled \$61,997,615 for the year ended June 30, 2019. The increase in net position stands at \$10,874,207 at June 30, 2020 compared to an increase in net position of 4,256,000 for fiscal year end June 30, 2019. Instructional service expenses comprised 76.8% of total governmental-type expenses as compared to 76.9% in fiscal year 2019. System-wide support services made up 15.4% of those expenses for 2020 and 15.6% for 2019. County funding comprised 12.1% of total government revenue for fiscal year end June 30, 2020 as compared to 16.7% in fiscal year end June 30, 2019, while unrestricted State funding added another 15.1% and 6.9% for fiscal years ending June 30, 2020 and 2019 respectively. Much of the remaining 69.5% of total governmental revenue consists of restricted State and Federal funding. Business-type activities generated revenue of \$3,638,473 and had expenses of \$3,683,351 as compared to revenues of \$4,024,896 and expenses of \$3,939,566 for the period ending June 30, 2019. Net position increased in the business-type activities by \$11,257 after transfers in from governmental activities of \$56,135 as compared to an increase in net position of \$142,145 after transfers in of \$56,815 for the period ending June 30, 2019.

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

*Governmental Funds:* The focus of McDowell 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 \$7,719,022 a \$47,135 decrease from last year. Fund balance of governmental funds increased by \$330,734 during fiscal 2019. The General Fund reported a decrease in fund balance of \$129,453 as compared to a decrease of \$64,404 in fiscal year end 2019.

*Proprietary funds:* The Board's Business-type Funds had an increase in net position of \$11,257 as compared to an increase of \$142,145 in fiscal year end 2019. The School Food Service Fund had an increase in net position of \$10,158 for fiscal year June 30, 2020 as compared to an increase of \$143,208 in fiscal 2019, and the Child Care Fund had an increase in net position of \$1,099 as compared to a decrease of \$1,063 in fiscal 2019.

When analyzing the school districts financial reports, it is important to understand what type of costs are reported in each functional category. A brief description of each function category reported on the government-wide statement of activities and the fund statements follows:

*Regular instructional services* - The entire cost of regular classrooms are reported in this category, including teacher and teacher assistant salaries and benefits, instructional supplies, material, books and equipment.

*Special population services* - The cost of additional instructional services for students certified as exceptional children are reported in this category, including teacher and teacher assistant salaries and benefits, contracts with outside providers, instructional supplies, materials, books and equipment.

*Alternative programs and services* - The cost of activities designed to identify students likely to be unsuccessful in traditional classrooms and/or to drop out and to provide special alternative and/or additional learning opportunities for these at-risk students are recorded in this category. This includes costs of those individuals responsible for providing school curriculum development and coordination as well as lead teachers for alternative programs and services. Programs include summer school instruction, remediation, alcohol and drug prevention, extended day, services to help keep students in school, as well as alternative educational settings, instructional delivery models, and supporting services for identified students.

*School leadership services* - The cost of principals, assistant principals, school treasurers, school clerical support, supplies, materials and equipment are reported in this category.

*Co-curricular services* - The cost of extra-curricular programs, such as athletics, marching band, and after-school clubs, are reported in this category, including extra-duty pay and benefits to/coaches/sponsors, contracts to lease facilities and equipment and for security and officials, instructional supplies, materials, books and equipment.

*School based support services* - The cost of other direct services to students, such as guidance services, educational media services, student accounting, health, safety and security support services, instructional technology services, and unallocated staff development are reported in this category.

*Support and development services* - Cost of activities to provide program leadership, support, and development services for regular curricular programs of instruction, JROTC, cultural arts, physical education, foreign language and technology curricular support and development services.

*Special population support and development services* - Costs of activities to provide program leadership, support, and development services primarily for identifying and serving students having special physical, emotional, or mental impediments to learning are recorded in this category. Also, included are support and development services for those students needing specialized services such as limited English proficiency and gifted education.

*Alternative programs and services support and development* - Costs of activities to provide program leadership, support, and development services for programs designed to identify students likely to be unsuccessful in traditional classrooms and/or to drop out and to provide special alternative and/or additional learning opportunities for these at risk students are recorded in this category. Programs include summer school instruction, remediation, alcohol and drug prevention, extended day, services to help keep students in school, as well as alternative educational settings, instructional delivery models, and supporting services for identified students.

*Technology support services* - Costs of central activities associated with implementing, supporting and maintaining the computer hardware, software, peripherals, technical infrastructure which provide technology system services to the school system as a whole. Also, included is the development and implementation of technological systems; and technology user support services for the school system.

*Operational support services* - Costs of activities for the operational support of the school system such as printing and copying services, communication services, utility services, transportation of students, facilities, planning and construction, custodial and housekeeping services, maintenance services, and warehouse and delivery services.

*Financial and human resource services* - costs of activities concerned with acquisition, management, reporting and protection of financial resources; and with recruitment, retention, placement, and development of human resources.

*Accountability services* - costs of activities concerned with the development, administration, reporting and analysis of student progress. This area includes the testing and reporting for student accountability and also the planning, research development and program evaluation costs of the school system.

*System-wide pupil support services* - Costs of activities that provide program leadership, support, and development services for system-wide pupil support activities for students in grades K-12. These areas include educational media support, student accounting support, guidance support, health support, safety and security support, and instructional technology support system-wide services.

*Policy, leadership and public relations services* - Costs of activities concerned with the overall general administration of and executive responsibility for the entire school system. These costs include costs of activities of the elected body (Board of Education), legal services, audit services, costs of activities performed by the superintendent, associate superintendents and other system-wide leadership positions generally directing and managing all affairs of the school system.

**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 other developments.

**Capital Assets**

Capital assets increased by \$10,656,166 (or 16.4%) from the previous year. Depreciation for the total primary government totaled \$2,744,233 while additions from capital expenditures totaled \$13,430,400. The following is a summary of the capital assets, net of depreciation at year-end.

**Table 3  
Summary of Capital Assets  
as of June 30, 2020**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Land	\$ 2,679,789	\$ 2,679,789	\$	\$	\$ 2,679,789	\$ 2,679,788
Construction in progress	15,759,545	3,482,197			15,759,545	3,482,197
Buildings	54,950,188	56,520,359			54,950,188	56,520,359
Equipment and furniture	678,215	726,744	83,981	102,923	762,196	829,667
Vehicles	<u>1,377,603</u>	<u>1,357,339</u>	<u>26,637</u>	<u>30,442</u>	<u>1,404,240</u>	<u>1,387,781</u>
Total	<u>\$75,445,340</u>	<u>\$64,766,427</u>	<u>\$110,618</u>	<u>\$133,365</u>	<u>\$75,555,958</u>	<u>\$64,899,792</u>

More detailed information concerning capital assets is available in the notes to the financial statements.

**Debt Outstanding**

During the year the Board’s outstanding debt decreased by \$119,479 due to payments made on installment financing for school buses. 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.

More detailed information concerning long term obligations is available in the notes to the financial statements.

**Economic Factors**

The Board anticipates an increased need in classroom space, teachers, and equipment. 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 County unemployment rate for June 2020 was 6.7%. The State rate was 7.5%.

**Impact of Coronavirus on School**

During the fiscal year, the state and nation were affected by the spread of a coronavirus. The Board’s response to the coronavirus included the closure of school educational facilities in mid-March. From this time until the end of the year, educational services were provided remotely to all students. The Board incurred additional expenses as a result of the coronavirus including the purchase of personal protective equipment, sanitation supplies, and expenses attributable to providing meals to students when the educational facilities were closed.

**Requests for Information**

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

Suzanne Rampey, CPA, Finance Officer  
McDowell County Board of Education  
334 South Main Street  
Marion, North Carolina 28752

**MCDOWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business- type Activities</b>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,931,646	\$ 679,264	\$ 8,610,910
Due from other governments	1,905,969	207,689	2,113,658
Internal balances	236,906	(236,906)	-
Receivables - Net	18,308	20,609	38,917
Net OPEB asset	88,977	2,847	91,824
Inventories		173,562	173,562
<b>Total current assets</b>	<b>10,181,806</b>	<b>847,065</b>	<b>11,028,871</b>
Capital assets (Note 1):			
Land and construction in progress	18,439,334		18,439,334
Other capital assets, net of depreciation	57,006,006	110,618	57,116,624
<b>Total capital assets</b>	<b>75,445,340</b>	<b>110,618</b>	<b>75,555,958</b>
<b>Total assets</b>	<b>85,627,146</b>	<b>957,683</b>	<b>86,584,829</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>15,549,087</b>	<b>497,442</b>	<b>16,046,529</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	119,827	-	119,827
Accrued salaries and wages payable	1,714,831	21,227	1,736,058
Due to other governments	286,954	-	286,954
Unearned revenue		46,207	46,207
Liabilities due within one year	2,600,000	76,215	2,676,215
<b>Total current liabilities</b>	<b>4,721,612</b>	<b>143,649</b>	<b>4,865,261</b>
Long-term liabilities:			
Net pension liability	24,489,118	783,450	25,272,568
Net OPEB liability	64,379,160	2,059,602	66,438,762
Due in more than one year	338,283	-	338,283
<b>Total liabilities</b>	<b>93,928,173</b>	<b>2,986,701</b>	<b>96,914,874</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>28,101,986</b>	<b>890,963</b>	<b>28,992,949</b>
<b>NET POSITION</b>			
Net investment in capital assets	75,445,340	110,618	75,555,958
Restricted for:			
Individual schools	876,237		876,237
School Capital Outlay	766,380		766,380
Stabilization by State Statute	334,496		334,496
DIPNC OPEB plan	88,977	2,847	91,824
Unrestricted	(98,365,356)	(2,536,004)	(100,901,360)
<b>Total net position</b>	<b>\$ (20,853,926)</b>	<b>\$ (2,422,539)</b>	<b>\$ (23,276,465)</b>

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



MCDOWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>Primary government:</b>							
<b>Governmental Activities:</b>							
Instructional services:							
Regular Instructional	\$ 28,391,836	\$ -	\$ 24,520,093	\$ -	\$ (3,871,743)	\$ -	\$ (3,871,743)
Special Populations	6,777,397		6,012,333		(765,064)		(765,064)
Alternative Programs	4,770,559	105,451	4,371,464		(293,644)		(293,644)
School Leadership	3,702,932		2,496,129		(1,206,803)		(1,206,803)
Co-Curricular	2,454,972	282,993	1,917,843		(254,136)		(254,136)
School-Based Support	4,124,507		2,884,552		(1,239,955)		(1,239,955)
System-wide support services:							
Support and Development	570,929		428,867		(142,062)		(142,062)
Special Population Support and Development	204,580		201,996		(2,584)		(2,584)
Alternative Programs and Services							
Support and Development	407,864		243,638		(164,226)		(164,226)
Technology Support	527,310		165,081		(362,229)		(362,229)
Operational Support	6,346,482		3,364,524	119,481	(2,862,477)		(2,862,477)
Financial and Human Resource	1,049,144		320,915		(728,229)		(728,229)
Accountability	160,233		92,544		(67,689)		(67,689)
System-wide Pupil Support	1,313				(1,313)		(1,313)
Policy, Leadership, and							
Public Relations	803,678		184,626		(619,052)		(619,052)
Ancillary services	2,493,083		2,509,294		16,211		16,211
Non-programmed charges	67,684		177,729		110,045		110,045
Unallocated depreciation expense**	2,527,688				(2,527,688)		(2,527,688)
Total governmental activities	65,382,191	388,444	49,891,628	119,481	(14,982,638)		(14,982,638)
<b>Business-type activities:</b>							
School food service	3,674,450	600,543	3,036,054			(37,853)	(37,853)
Child care	8,901	-				(8,901)	(8,901)
Total business-type activities	3,683,351	600,543	3,036,054	-		(46,754)	(46,754)
Total primary government	\$69,065,542	\$ 988,987	\$ 52,927,682	\$ 119,481	(14,982,638)	(46,754)	(15,029,392)
General revenues:							
Unrestricted county appropriations - operating					9,243,000		9,243,000
Unrestricted county appropriations - capital					4,154,081		4,154,081
Unrestricted State grants - operating					2,456,749		2,456,749
Unrestricted State grants - capital					9,084,979		9,084,979
Investment earnings, unrestricted					66,855	1,876	68,731
Miscellaneous, unrestricted					907,316		907,316
Transfers					(56,135)	56,135	-
Total general revenues					25,856,845	58,011	25,914,856
Changes in net position					10,874,207	11,257	10,885,464
Net position, beginning, previously reported					(31,728,133)	(2,433,796)	(34,161,929)
Net position - ending					\$ (20,853,926)	\$ (2,422,539)	\$ (23,276,465)

\*\* This amount excludes the depreciation that is included in the direct expenses of the various programs  
The notes to the basic financial statements are an integral part of this statement.

**MCDOWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	<b>MAJOR FUNDS</b>				<b>Non-major Fund</b>	<b>Total Governmental Funds</b>
	<b>General</b>	<b>State Public School</b>	<b>Capital Outlay</b>	<b>Federal Grants</b>	<b>Individual Schools</b>	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 5,809,465	\$ 180,144	\$ 766,380	\$ 299,420	\$ 876,237	\$ 7,931,646
Due from other governments	323,510	1,426,136		156,323		1,905,969
Due from other funds	236,906					236,906
Receivables (Net)	10,986			7,322		18,308
<b>Total assets</b>	<b>\$ 6,380,867</b>	<b>\$ 1,606,280</b>	<b>\$ 766,380</b>	<b>\$ 463,065</b>	<b>\$ 876,237</b>	<b>\$ 10,092,829</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 62,873			\$ 56,954		\$ 119,827
Accrued salaries and benefits payable	204,489	1,426,136		84,206		1,714,831
Due to other funds						-
Due to other governments	36,007	180,144		70,803		286,954
<b>Total liabilities</b>	<b>303,369</b>	<b>1,606,280</b>	<b>-</b>	<b>211,963</b>	<b>-</b>	<b>2,121,612</b>
Deferred inflows of resources	230,595			21,600		252,195
Fund balances:						
Restricted:						
Stabilization by State Statute	334,496					334,496
School Capital Outlay Individual Schools			766,380		876,237	766,380 876,237
Assigned:						
Subsequent years expenditure	400,000					400,000
Special Revenue	78,000			229,502		307,502
Unassigned	5,034,407					5,034,407
<b>Total fund balances</b>	<b>5,846,903</b>	<b>-</b>	<b>766,380</b>	<b>229,502</b>	<b>876,237</b>	<b>7,719,022</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 6,380,867</b>	<b>\$ 1,606,280</b>	<b>\$ 766,380</b>	<b>\$ 463,065</b>	<b>\$ 876,237</b>	

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

Net OPEB asset	88,977
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	75,445,340
Deferred outflows of resources related to pensions	9,713,365
Deferred outflows of resources related to OPEB	5,835,722
Some liabilities, including compensated absences and installment purchase debt, are not due and payable in the current period and therefore are not reported in the funds.	(2,938,283)
Net pension liability	(24,489,118)
Net OPEB liability	(64,379,160)
Deferred inflows of resources related to OPEB	(27,233,554)
Deferred inflows of resources related to pensions	(616,237)
<b>Net position of government activities</b>	<b>\$ (20,853,926)</b>

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

**MCDOWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<b>MAJOR FUNDS</b>				<b>Non-major Fund</b>	<b>Total</b>
	<b>General</b>	<b>State Public School</b>	<b>Capital Outlay</b>	<b>Federal Grants</b>	<b>Individual Schools</b>	<b>Governmental Funds</b>
<b>REVENUES</b>						
State of North Carolina	\$ 1,550,091	\$ 42,057,939	\$ 9,204,460	\$ 173,062	\$ -	\$ 52,985,552
McDowell County	9,243,000		4,154,081			13,397,081
U.S. Government	123,088	355,733		5,959,740		6,438,561
Contributions and donations	89,677				1,917,843	2,007,520
Other	1,444,421		1,829	121,204	284,865	1,852,319
	<u>12,450,277</u>	<u>42,413,672</u>	<u>13,360,370</u>	<u>6,254,006</u>	<u>2,202,708</u>	<u>76,681,033</u>
<b>EXPENDITURES</b>						
Current:						
Instructional services:						
Regular Instructional	3,205,839	25,048,214		243,356		28,497,409
Special Populations	772,476	4,698,833		1,313,500		6,784,809
Alternative Programs	1,813,652	940,942		2,011,990		4,766,584
School Leadership	895,300	2,797,640		274		3,693,214
Co-Curricular	273,642				2,182,328	2,455,970
School-Based Support	718,351	3,320,891		86,311		4,125,553
System-wide support services:						
Support and Development	143,185	334,237		94,630		572,052
Special Population Support and Development	973	164,822		37,174		202,969
Alternative Programs & Services Support and Development	245,311	54,066		110,749		410,126
Technology Support	115,168	417,557		-		532,725
Operational Support	3,239,966	3,278,025		86,499		6,604,490
Financial and Human Resource Accountability	501,793	551,903				1,053,696
System-wide Pupil Support Policy, Leadership, and Public Relations	15,068	145,759				160,827
Community Services	2,651			1,038		802,941
Nutrition Services	559,658	242,245		2,129,983		2,129,983
Non-programmed charges	(988)	372,402				371,414
Debt Service:	67,685	-		131,593		199,278
Principal			119,481			119,481
Capital outlay:						
Real property and buildings			13,185,860			13,185,860
Furniture and equipment			-			-
Vehicles			-			-
	<u>12,569,730</u>	<u>42,367,536</u>	<u>13,305,341</u>	<u>6,247,097</u>	<u>2,182,328</u>	<u>76,672,032</u>
Excess (deficiency) of revenues over expenditures	<u>(119,453)</u>	<u>46,136</u>	<u>55,029</u>	<u>6,909</u>	<u>20,380</u>	<u>9,001</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Installment purchase obligations issued			-			-
Transfers to other funds	(10,000)	(46,136)		-		(56,136)
	<u>(10,000)</u>	<u>(46,136)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,136)</u>
Net changes in fund balance	(129,453)	-	55,029	6,909	20,380	(47,135)
Fund balances - beginning	5,976,356		711,351	222,593	855,857	7,766,157
Fund balances - ending	<u>\$ 5,846,903</u>	<u>\$ -</u>	<u>\$ 766,380</u>	<u>\$ 229,502</u>	<u>\$ 876,237</u>	<u>\$ 7,719,022</u>

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

**MCDOWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

Net changes in fund balances - total governmental funds	\$	(47,135)
<p>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 exceeded depreciation in the current period</p>		
		10,678,913
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities</p>		
		4,586,045
<p>Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities</p>		
		2,323,078
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principle of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position:</p>		
Repayment of long-term debt		119,487
<p>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.</p>		
OPEB expense		1,777,902
Pension expense		(8,474,708)
Compensated absences		(89,375)
		10,874,207
Total changes in net position of governmental activities	\$	10,874,207

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

**MCDOWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<b>General Fund</b>			<b>Variance With Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
<b>Revenues:</b>				
State of North Carolina	\$ -	\$ 1,577,659	\$ 1,550,091	\$ (27,568)
McDowell County	9,143,000	9,243,000	9,243,000	-
U.S. Government		54,801	123,088	68,287
Other	385,552	1,583,117	1,534,098	(49,019)
<b>Total Revenues</b>	<b>9,528,552</b>	<b>12,458,577</b>	<b>12,450,277</b>	<b>(8,300)</b>
<b>Expenditures:</b>				
Current:				
Instructional services:				
Regular Instructional	6,257,552	3,450,980	3,205,839	245,141
Special Populations	-	781,899	772,476	9,423
Alternative Programs	2,000	1,979,563	1,813,652	165,911
School Leadership	22,000	904,144	895,300	8,844
Co-Curricular	84,500	279,238	273,642	5,596
School-Based Support	37,500	729,232	718,351	10,881
System-wide support services:				
Support and Development		156,500	143,185	13,315
Special Population Support and Development		1,000	973	27
Alternative Programs and Services Support and Development		251,794	245,311	6,483
Technology Support	125,000	183,300	115,168	68,132
Operational Support	3,450,000	3,280,747	3,239,966	40,781
Financial and Human Resource Accountability		570,000	501,793	68,207
System-wide Pupil Support Services		25,000	15,068	9,932
Policy, Leadership, and Public Relations		10,000	2,651	7,349
Ancillary services	-	560,000	559,658	342
Non-programmed charges	-	227	(988)	1,215
	-	90,000	67,685	22,315
<b>Total expenditures</b>	<b>9,978,552</b>	<b>13,253,624</b>	<b>12,569,730</b>	<b>683,894</b>
Revenues over (under) expenditures	(450,000)	(795,047)	(119,453)	675,594
<b>Other financing sources (uses):</b>				
Transfers to other funds		(10,000)	(10,000)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>-</b>
Revenues and other sources over (under) expenditures	(450,000)	(805,047)	(129,453)	675,594
Fund balances, beginning of year	450,000	805,047	5,976,356	5,171,309
Fund balances, end of year	\$ -	\$ -	\$ 5,846,903	\$ 5,846,903

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

MCDOWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Public School Fund				Federal Grant Fund			
Original	Final	Actual Amounts	Variance With Final Budget - Positive (Negative)	Original	Final	Actual Amounts	Variance With Final Budget - Positive (Negative)
\$ 38,968,976	\$ 43,382,356	\$ 42,057,939	\$ (1,324,417)	\$ 175,500	\$ 175,500	\$ 173,062	\$ (2,438)
		355,733	355,733	5,707,740	8,163,429	5,959,740	(2,203,689)
				118,288	118,288	121,204	2,916
38,968,976	43,382,356	42,413,672	(968,684)	6,001,528	8,457,217	6,254,006	(2,203,211)
24,049,012	25,310,665	25,048,214	262,451	398,513	1,712,294	243,356	1,468,938
4,542,319	4,708,740	4,698,833	9,907	1,102,354	1,482,570	1,313,500	169,070
500,000	1,055,523	940,942	114,581	1,743,878	2,294,701	2,011,990	282,711
1,751,709	2,810,540	2,797,640	12,900		449	274	175
3,528,245	3,621,178	3,320,891	300,287	56,417	95,769	86,311	9,458
402,643	335,295	334,237	1,058		122,913	94,630	28,283
	209,996	164,822	45,174	35,580	37,944	37,174	770
	75,000	54,066	20,934	149,634	136,109	110,749	25,360
275,000	501,658	417,557	84,101				-
2,848,985	3,293,348	3,278,025	15,323	137,176	139,924	86,499	53,425
290,000	575,119	551,903	23,216				-
100,000	150,000	145,759	4,241				-
606,063	306,063	242,245	63,818		1,038	1,038	-
75,000	383,095	372,402	10,693	2,234,825	2,234,825	2,129,983	104,842
	-	-	-	143,151	198,681	131,593	67,088
38,968,976	43,336,220	42,367,536	968,684	6,001,528	8,457,217	6,247,097	2,210,120
-	46,136	46,136	-	-	-	6,909	6,909
	(46,136)	(46,136)	-			-	-
-	(46,136)	(46,136)	-	-	-	-	-
-	-	-	-	-	-	6,909	6,909
						222,593	222,593
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 229,502	229,502

**MCDOWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2020**

	Enterprise Fund		Total
	Major Fund	Non-Major	
	School Food Service	Fund Child Care	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 671,701	\$ 7,563	\$ 679,264
Due From Other Governments	207,689		207,689
Inventories	173,562		173,562
OPEB asset	2,790	57	2,847
Accounts Receivable	20,609	-	20,609
<b>Total current assets</b>	<b>1,076,351</b>	<b>7,620</b>	<b>1,083,971</b>
Noncurrent assets:			
Capital assets:			
Furniture and equipment, net	110,618		110,618
<b>Total noncurrent assets</b>	<b>110,618</b>		<b>110,618</b>
<b>Total assets</b>	<b>\$ 1,186,969</b>	<b>\$ 7,620</b>	<b>\$ 1,194,589</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 487,493</b>	<b>\$ 9,949</b>	<b>\$ 497,442</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts Payable			-
Accrued Salaries and Benefits	21,227		21,227
Due to other funds	236,906	-	236,906
Compensated absences	72,849	3,366	76,215
Unearned Revenue	46,207		46,207
<b>Total current liabilities</b>	<b>377,189</b>	<b>3,366</b>	<b>380,555</b>
Noncurrent liabilities:			
Net pension liability	767,781	15,669	783,450
Net OPEB liability	2,018,410	41,192	2,059,602
Compensated absences			-
<b>Total noncurrent liabilities</b>	<b>2,786,191</b>	<b>56,861</b>	<b>2,843,052</b>
<b>Total liabilities</b>	<b>3,163,380</b>	<b>60,227</b>	<b>3,223,607</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>873,144</b>	<b>17,819</b>	<b>890,963</b>
<b>NET POSITION</b>			
Net investment in capital assets	110,618		110,618
DIPNC OPEB plan	2,790	57	2,847
Unrestricted	(2,475,470)	(60,534)	(2,536,004)
<b>Total net position</b>	<b>\$ (2,362,062)</b>	<b>\$ (60,477)</b>	<b>\$ (2,422,539)</b>

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

**MCDOWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Enterprise Fund		
	Major Fund	Non-Major	Total
	School Food Service	Fund Child Care	
<b>OPERATING REVENUES</b>			
Food sales	\$ 600,543	\$ -	\$ 600,543
Child care fees		-	-
Total operating revenues	600,543	-	600,543
<b>OPERATING EXPENSES</b>			
Food cost:			
Purchase of food	1,283,048		1,283,048
Donated commodities	296,640		296,640
Salaries and benefits	1,736,231	8,901	1,745,132
Indirect costs	236,906		236,906
Materials and supplies	28,491	-	28,491
Repairs and maintenance	31,624		31,624
Depreciation	22,746		22,746
Noncapital Equipment	5,068		5,068
Purchased services	28,457		28,457
Gas/Fuel	5,239		5,239
Total operating expenses	3,674,450	8,901	3,683,351
Operating (loss)	(3,073,907)	(8,901)	(3,082,808)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Federal grant-school lunch and breakfast	1,737,929		1,737,929
Federal grant - summer feeding	894,195		894,195
Federal commodities	296,640		296,640
Federal fresh fruit & vegetables	98,959		98,959
State reduced breakfast	8,331		8,331
Interest earned	1,876		1,876
Indirect costs not paid	-		-
Total nonoperating revenue	3,037,930	-	3,037,930
Income (Loss) before transfers	(35,977)	(8,901)	(3,082,808)
Transfers from other funds	46,135	10,000	56,135
Change in net position	10,158	1,099	11,257
Total net position, beginning	(2,372,220)	(61,576)	(2,433,796)
	-	-	-
Total net position - ending	\$ (2,362,062)	\$ (60,477)	\$ (2,422,539)

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



**MCDOWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Enterprise Fund		Total
	Major Fund School Food Service	Non-Major Fund Child Care	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 634,432	\$ 3,463	\$ 637,895
Cash paid for goods and services	(1,422,516)	-	(1,422,516)
Cash paid to employees for services	(1,714,007)	(9,099)	(1,723,106)
Net cash used by operating activities	(2,502,091)	(5,636)	(2,507,727)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds		10,000	10,000
Federal and state reimbursements	2,604,274		2,604,274
Net cash provided by noncapital financing activities	2,604,274	10,000	2,614,274
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	-		-
Net cash (used) by capital and related financing activities	-	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	1,876		1,876
Net increase (decrease) in cash and cash equivalents	104,059	4,364	108,423
Cash - beginning of year	567,642	3,199	570,841
Cash - end of year	\$ 671,701	\$ 7,563	\$ 679,264
Reconciliation of operating income (loss) to net cash used by operating activities			
Operating income (loss)	\$ (3,073,907)	\$ (8,901)	\$ (3,082,808)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	22,747		22,747
Donated commodities consumed	296,640		296,640
Salaries paid by special revenue fund	46,135		46,135
Indirect costs not paid	-		-
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	11,726	3,463	15,189
(Increase) decrease in inventory	(40,589)		(40,589)
(Increase) decrease in due from other governments			-
(Increase) decrease in net OPEB asset	(777)		(777)
Increase (decrease) in net OPEB liability	122,455	2,499	124,954
Increase(decrease) in pension liability	13,612	278	13,890
Increase(decrease) in due to other funds	236,906		236,906
(Increase)decrease in deferred outflows	14,978	305	15,283
Increase(Decrease) in deferred inflows	(156,910)	(3,280)	(160,190)
Increase (decrease) in unearned revenue	22,163		22,163
Increase (decrease) in accrued salaries	(8,417)		(8,417)
Increase (decrease) in long-term liabilities	(8,853)	-	(8,853)
Total adjustments	571,816	3,265	575,081
Net cash (used) by operating activities	\$ (2,502,091)	\$ (5,636)	\$ (2,507,727)

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

**MCDOWELL COUNTY BOARD OF EDUCATION  
STATEMENT OF CASH FLOWS - CONTINUED  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

**Noncash investing, capital and financing activities:**

The State Public School Fund paid salaries and benefits of \$46,135 to administrative personnel of the School Food Service Fund during the fiscal year. The General Fund paid salaries and benefits of \$10,000 to personnel of the Child Care Fund during the fiscal year. These payments are reflected by a transfer in and an operating expense on Exhibit 7.

The School Food Service Fund received donated commodities with a value of \$296,640 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The Fund recorded the consumption of \$296,640 worth of donated commodities during the fiscal year as an operating expense. These transactions are reported on Exhibit 7.

**MCDOWELL COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**I. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

**B. Basis of Presentation**

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

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

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

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

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]. The General Fund consists of the Local Current Expense Fund (Fund 2) and Fund 8 (Other Special Revenue Fund) which is maintained separate from Fund 2 by the Board of Education pursuant to N.C.G.S. 115C-426.

I. **Summary of Significant Accounting Policies - (Continued)**

B. **Basis of Presentation - (Continued)**

*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.

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

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

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.

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

*Government-wide and Proprietary 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.

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

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

**I. Summary of Significant Accounting Policies - (Continued)**

D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the purpose level for all annually budgeted funds. The Board has authorized the Superintendent to move moneys 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 Capital Project Fund also require the approval of the McDowell County Board of Commissioners. During the year, several immaterial 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 McDowell County appropriations. Unexpended allocations from the State of North Carolina revert back to the State at the end of the fiscal year.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

1. Deposits and Investments

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

State law [G.S. 115C-443] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a-7) money market mutual fund; and the North Carolina State Treasurer's Short Term Investment Fund (STIF). The STIF 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.

**I. Summary of Significant Accounting Policies - (Continued)**

**F. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity - (Continued)**

**1. Deposits and Investment - (Continued):**

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 of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

**2. Cash and Cash Equivalents**

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

**3. Inventories**

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

**4. Capital Assets**

Donated assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. Donated assets are listed at their estimated fair value at the date of donation or forfeiture. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 1, 1987 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

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. 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.

McDowell 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.

**I. Summary of Significant Accounting Policies - (Continued)**

**F. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity - (Continued)**

**4. Capital Assets-(Continued):**

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

	<u>Years</u>
Buildings	40
Equipment and furniture	10
Vehicles	6
Computer equipment	3

Land and construction in progress are not depreciated.

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.

**5. Deferred outflows and inflows of resources**

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

**6. Long-term Obligations**

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

**7. Compensated Absences**

The Board follows the State's policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. In addition to the maximum 30 days, noncertified support personnel were awarded an additional 10 days in fiscal years ended June 30, 2003 and June 30, 2004 and an additional 5 days in fiscal year ended June 30, 2006 for a possible accumulation of 55 days as of June 30, 2020. 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, 2020 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years' records, of the current portion of compensated absences.

**I. Summary of Significant Accounting Policies - (Continued)**

**F. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity - (Continued)**

**7. Compensated Absences-(Continued):**

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

**8. Net Position/Fund Balances**

**Net Position**

Net position in the government-wide and proprietary fund financial statements are classified as net investment in capital assets, 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 Balance**

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

The governmental fund types classify fund balances as follows:

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

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

**Restricted Fund Balance** - This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

**Restricted for Stabilization by State Statute** - 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.

**Committed Fund Balance** - portion of fund balance that can only be used for specific purpose imposed by majority vote by quorum of Board of Education's governing body (highest level of decision-making authority) and in certain instances approval by the County's governing body is required. Any changes or removal of specific purpose requires majority action by the governing bodies that approved the original action.



I. **Summary of Significant Accounting Policies - (Continued)**

F. **Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity - (Continued)**

8. **Net Position/Fund Balances - (Continued)**

**Fund Balance - (Continued)**

Assigned fund balance - portion of fund balance that McDowell County 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 or committed. The governing body approves the appropriation; however the budget ordinance authorizes the superintendent to modify appropriations between functions, sub-functions and objects of expenditure within a purpose within a fund.

Special revenue- portion of fund balance that will be used by special revenue fund activities, as determined by the governing body.

Unassigned fund balance - the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. A negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to these purposes. The General Fund is the only fund that reports a positive unassigned fund balance amount.

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

9. **Reconciliation of Government-wide and Fund Financial Statements**

1. 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 (\$28,572,948) consists of several elements as follows:

I. **Summary of Significant Accounting Policies - (Continued)**

F. **Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity - (Continued)**

9. **Reconciliation of Government-wide and Fund Financial Statements - (Continued)**

<u>Description</u>	<u>Amount</u>
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)	\$153,385,704
Less Accumulated Depreciation	<u>(77,940,364)</u>
Net capital assets	75,445,340
Net OPEB asset	88,977
Pension related deferred outflows of resources	9,713,365
OPEB related deferral outflows of resources	5,835,722
Liabilities that, because they are not due and payable in payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Net OPEB liability	(\$64,379,160)
Net pension liability	(24,489,118)
Deferred inflows of resources related to pensions	(616,237)
Deferred inflows of resources related to OPEB	(27,233,554)
Compensated absences	<u>(2,938,283)</u>
Total adjustment	<u>(\$28,572,948)</u>

2. 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 balance - 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 \$10,921,342 as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities	\$13,430,400
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(2,751,487)

**I. Summary of Significant Accounting Policies - (Continued)**

F. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity - (Continued)

9. Reconciliation of Government-wide and Fund Financial Statements - (Continued)

Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements.

\$ 119,487

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.

4,586,045

Contributions to the OPEB plans in current fiscal year are not included on the Statement of Activities.

2,323,078

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  
OPEB Expense

(8,474,708)  
1,777,902

Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.

(89,375)

Total adjustment

\$10,921,342

10. Defined Benefit Pension Plan and OPEB Plans

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

**II. Detail Notes on All Funds**

A. Assets

1. Deposits

All of the deposits of the Board 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 Board'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, 2020, the Board had deposits with banks with a carrying amount of \$4,667,184 and with the State Treasurer of \$244,264. The bank balances with the financial institutions and the State Treasurer were \$5,477,900 and \$1,193,051 respectively. Of these balances, \$301,454 was covered by federal depository insurance and \$6,369,497 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2020, the Board of Education had \$3,699,461 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2020. The Board has no policy for managing interest rate risk or credit risk.

**II. Detail Notes on All Funds - (Continued)**

A. Assets - (Continued)

3. Receivables

Receivables at the government-wide level at June 30, 2020 were as follows:

	<u>Due from other governments</u>	<u>Other</u>
Governmental activities:		
General Fund	\$ 323,510	\$10,986
Other governmental	<u>1,582,459</u>	<u>7,322</u>
Total governmental activities	<u>\$1,905,969</u>	<u>\$18,308</u>
Business-type activities:		
School Food Service	\$ 207,689	\$20,609
Child Care	<u>-</u>	<u>-</u>
Total Business-Type activities	<u>\$ 207,689</u>	<u>\$20,609</u>

Due from other governments consists of the following:

Governmental activities:

General Fund	\$ 55,535	N.C. DOR - Sales Tax McDowell County Various State and Federal Grant funds Operating funds from DPI Federal grant funds
	35,918	
	232,057	
State Public School Fund	1,426,136	
Federal Grant Fund	<u>156,323</u>	
Total	<u>\$1,905,969</u>	

Business Activities

School Food Service	<u>\$207,689</u>	Federal funds
Total	<u>\$207,689</u>	

**II. Detail Notes on All Funds - (Continued)**

A. Assets - (Continued)

4. Capital Assets

Capital asset activity for the year ended June 30, 2020, was as follows:

	<u>Beginning Balances</u>	<u>Reclass- ifications</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$2,679,789	\$	\$	\$	\$ 2,679,789
Construction in progress	<u>3,482,196</u>	<u>(438,339)</u>	<u>12,715,688</u>	<u>                    </u>	<u>15,759,545</u>
Total capital assets not being depreciated	<u>6,161,985</u>	<u>\$(438,339)</u>	<u>\$12,715,688</u>	<u>\$                    </u>	<u>18,439,334</u>
Capital assets being depreciated:					
Buildings and improvements	122,555,738	\$ 438,339	\$ 408,317	\$	123,402,394
Equipment and furniture	2,853,038		62,332		2,915,370
Vehicles	<u>8,460,354</u>	<u>                    </u>	<u>244,063</u>	<u>(75,810)</u>	<u>8,628,607</u>
Total capital assets being depreciated	<u>133,869,130</u>	<u>\$ 438,339</u>	<u>\$ 714,712</u>	<u>\$(75,810)</u>	<u>134,946,371</u>
Less accumulated depreciation for:					
Buildings and improvements	66,035,379		\$ 2,416,827	\$	68,452,206
Equipment and furniture	2,126,294		110,861		2,237,155
Vehicles	<u>7,103,015</u>		<u>223,799</u>	<u>(75,810)</u>	<u>7,251,004</u>
Total accumulated depreciation	<u>75,264,688</u>		<u>\$ 2,751,487</u>	<u>\$(75,810)</u>	<u>77,940,365</u>
Total capital assets being depreciated, net	<u>58,604,442</u>				<u>57,006,006</u>
Governmental activity capital assets, net	<u>\$64,766,427</u>				<u>\$ 75,445,340</u>
Business-type activities:					
School Food Service Fund:					
Capital assets being depreciated					
Furniture and equipment	\$ 952,231		\$	\$	\$ 952,231
Vehicles	<u>146,245</u>		<u>                    </u>	<u>                    </u>	<u>146,245</u>
Total capital assets being depreciated	<u>1,098,476</u>		<u>\$                    </u>	<u>\$                    </u>	<u>1,098,476</u>
Less accumulated depreciation for:					
Furniture and equipment	849,308		\$ 18,941	\$	\$ 868,249
Vehicles	<u>115,803</u>		<u>3,805</u>	<u>                    </u>	<u>119,608</u>
Total accumulated depreciation	<u>965,111</u>		<u>\$ 22,746</u>	<u>\$                    </u>	<u>987,857</u>
Total capital assets being depreciated, net	<u>133,365</u>				<u>110,618</u>
Business-type activities capital assets, net	<u>\$ 133,365</u>				<u>\$ 110,618</u>

**II. Detail Notes on All Funds - (Continued)**

A. Assets - (Continued)

4. Capital Assets - (Continued)

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$2,527,688
Operational support services	<u>223,799</u>
Total	<u>\$2,751,487</u>

Construction Commitments

McDowell County has active construction projects as of June 30, 2020 for the benefit of the McDowell County Board of Education. At year end, the County's commitments with contractors for additions is as follows:

<u>Project</u>	<u>Remaining Commitment</u>
Old Fort Elementary	<u>\$4,405,180</u>

B. Liabilities

1. Pension Plan and Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

*Plan Description.* The Board is a participating employer in the statewide Teachers' and State Employees' Retirement System (TSERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. TSERS membership is comprised of employees of the State (state agencies and institutions), universities, community colleges, and certain proprietary component units along with the employees of Local Education Agencies and charter schools. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the TSERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Teachers' and State Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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, or by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

## II. Detail Notes on All Funds - (Continued)

### B. Liabilities - (Continued)

#### 1. Pension Plan and Other Postemployment Obligations - (Continued)

##### a. Teachers' and State Employees' Retirement System - (Continued)

*Benefits Provided.* TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service (or 10 years of creditable service for members joining TSERS on or after August 1, 2011), at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (or 10 years of creditable service for members joining TSERS on or after August 1, 2011). 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 (10 years for members joining on or after August 1, 2011). Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contribution. 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 10 years of creditable service for members joining TSERS on or after August 1, 2011), or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions.* Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2020, was 12.97% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$4,732,761 for the year ended June 30, 2020.

*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.



**II. Detail Notes on All Funds - (Continued)**

B. Liabilities - (Continued)

1. Pension Plan and Other Postemployment Obligations - (Cont-d)

a. Teachers' and State Employees' Retirement System - (Cont-d)

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

At June 30, 2020, the Board reported a liability of \$25,272,568 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2019 and at June 30, 2018, the Board's proportion was .2438% and .24934%.

For the year ended June 30, 2020, the Board recognized pension expense of \$8,474,706. At June 30, 2020, the Board reported deferred outflow of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences between expected and actual experience	\$ 2,114,021	\$ 50,594
Changes of assumptions	2,692,891	
Net difference between projected and actual earnings on pension plan investments	484,440	
Changes in proportion and differences between Board contributors and proportionate share of contributions		585,355
Board contributions subsequent to the measurement date	<u>4,732,761</u>	<u>          </u>
	<u>\$10,024,113</u>	<u>\$635,949</u>

\$4,732,761 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$3,406,726
2022	744,130
2023	335,078
2024	<u>169,469</u>
	<u>\$4,655,403</u>

**II. Detail Notes on All Funds - (Continued)**

**B. Liabilities - (Continued)**

**1. Pension Plan and Other Postemployment Obligations - (Cont-d)**

**a. Teachers' and State Employees' Retirement System - (Cont-d)**

*Actuarial Assumptions.* The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent including inflation and productivity factor
Investment rate of return	7.0 percent, net of pension Plan investment expense, including inflation

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

The assumptions used for the December 31, 2018 actuarial valuation are based on the experience study prepared as of December 31, 2014 and adopted by the Board of Trustees on January 21, 2016.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 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 Projection	<u>6.0%</u>	4.0%
Total	<u>100.0%</u>	

**II. Detail Notes on All Funds - (Continued)**

**B. Liabilities - (Continued)**

**1. Pension Plan and Other Postemployment Obligations - (Cont-d)**

**a. Teachers' and State Employees' Retirement System - (Cont-d)**

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset liability and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate.* The following presents the Board's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Board's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease <u>(6.0%)</u>	Discount Rate <u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
Board's proportionate share of the net pension liability (asset)	\$48,100,727	\$25,272,568	\$6,122,652

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

## II. Detail Notes on All Funds - (Continued)

### B. Liabilities - (Continued)

#### 1. Pension Plan and Other Postemployment Obligations - (Cont-d)

##### b. Other Post-employment Benefits

##### 1. Healthcare Benefits

*Plan description.* The Retiree Health Benefit Fund (RHBF) has been established as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is established by General Statute 135-7, Article 1. 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 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 CAFR, which can be found at <https://www.osc.nc.gov/public-information/reports>.

*Benefits provided.* Plan benefits received by retired employees and disabled employees from RHBF are OPEB. The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees. The plan options change when former employees become eligible for Medicare. Medicare retirees have the option of selection 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 for 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.

**II. Detail Notes on All Funds - (Continued)**

**B. Liabilities - (Continued)**

**1. Pension Plan and Other Post-employment Obligations - (Continued)**

**b. Other Post-employment Benefits - (Continued)**

**1. Healthcare Benefits - (Continued)**

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 135-7, 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 6.47% of covered payroll which amounted to \$2,360,907.

At June 30, 2020, Board reported liability of \$66,438,762 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. The total OPEB liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2020 and June 30, 2019, the Board's proportion was .2099% and .21907% respectively.

\$2,360,907 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, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2021	\$7,307,177
2022	7,307,177
2023	7,300,780
2024	2,614,672
2025	66,847

**II. Detail Notes on All Funds - (Continued)**

**B. Liabilities - (Continued)**

**1. Pension Plan and Other Post-employment Obligations - (Continued)**

**b. Other Post-employment Benefits - (Continued)**

**1. Healthcare Benefits - (Continued)**

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

Inflation	2.75%
	3.50-8.10%, include 3.5% inflation and productivity factor
Salary Increases	
Investment rate of return	7.20%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate- medical	5.00-6.5%
Healthcare cost trend rate- prescription drug	5.00-7.25%
Healthcare cost trend rate- Medicare advantage	4.00-5.00%
Healthcare cost trend rate- administrative	3.0%

*Discount rate.* The discount rate used to measure the total OPEB liability for the RHBF was 3.5%. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.5% was used as the discount rate used to measure the total OPEB liability. The 3.5% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2018.

*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 (2.5%) or 1-percentage point higher (4.5%) than the current discount rate:

	1% decrease (2.5%)	Discount Rate (3.5%)	1% Increase (4.5%)
Net OPEB liability	\$78,954,487	\$66,438,762	\$56,419,201

*Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the healthcare trend rates.* The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5%) or 1-percentage point higher (4.5%) than the current discount rate:

**II. Detail Notes on All Funds - (Continued)**

**B. Liabilities - (Continued)**

**1. Pension Plan and Other Post-employment Obligations - (Continued)**

**b. Other Post-employment Benefits - (Continued)**

**1. Healthcare Benefits - (Continued)**

	Healthcare Trend Rates		
	1% Decrease (Medical- 4.00-5.50%, Pharmacy- 4.00-8.5%, Medicare Advantage- 4.0-5.0%, Administrative- 2.00%)	(Medical- 5.00- 6.50%, Pharmacy- 5.0-9.5%, Medicare Advantage- 5.0-6.5%, Administrative- 3.00%)	1% increase (Medical- 6.00-7.50%, Pharmacy- 6.00- 10.5%, Medicare Advantage- 6.0-7.5%, Administrative- 4.00%)
Net OPEB liability	\$54,708,138	\$66,438,762	\$81,865,066

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

**2. Disability Benefits**

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

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

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

## II. Detail Notes on All Funds - (Continued)

### B. Liabilities - (Continued)

#### 1. Pension Plan and Other Post-employment Obligations - (Continued)

##### b. Other Post-employment Benefits - (Continued)

##### 2. Disability Benefits - (Continued)

*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, 2020, employers made a statutory contribution of .10% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$36,490 for the year ended June 30, 2020.

The contributions cannot be separated between the amounts that relate to other post employment 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.

#### *OPEB Asset, OPEB Expense, and Deferred Outflows and Inflows of Resources of Related to OPEB*

At June 30, 2020, Board reported an asset of \$91,823 for its proportionate share of the net DIPNC OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018. The total OPEB asset was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB asset was based on a projection of the Boards present value of future salary, actuarially determined. At June 30, 2020 and June 30, 2019, the Board's proportion was .2128% and .21816% respectively.



**II. Detail Notes on All Funds - (Continued)**

**B. Liabilities - (Continued)**

**1. Pension Plan and Other Post-employment Obligations - (Continued)**

**b. Other Post-employment Benefits - (Continued)**

**2. Disability Benefits - (Continued)**

\$36,490 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, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30	
2021	\$ 39,504
2022	26,863
2023	19,745
2024	12,505
2025	17,117
Thereafter	<u>1,117</u>
Total	<u>\$116,851</u>

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

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

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

	<u>1% Decrease</u> <u>(2.75%)</u>	<u>Discount Rate</u> <u>(3.75%)</u>	<u>1% Increase</u> <u>(4.75%)</u>
Net OPEB asset	\$77,772	\$91,823	\$105,476

*Common actuarial assumptions for both OPEB plans.* The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2018 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

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

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

**II. Detail Notes on All Funds - (Continued)**

B. Liabilities - (Continued)

1. Pension Plan and Other Post-employment Obligations - (Continued)

b. Other Post-employment Benefits - (Continued)

2. Disability Benefits - (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return and developed for each major asset class. These ranges 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 and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected	
	<u>Target Allocation</u>	<u>Real Rate of Return</u>
Fixed Income	29%	1.4%
Global Equity	42%	5.3%
Real Estate	8%	4.3%
Alternatives	8%	8.9%
Opportunistic Fixed Income	7%	6.0%
Inflation Sensitive	<u>6%</u>	4.0%
Total	<u>100%</u>	

**II. Detail Notes on All Funds - (Continued)**

B. Liabilities - (Continued)

1. Pension Plan and Other Post-employment Obligations - (Continued)

b. Other Post-employment Benefits - (Continued)

2. Disability Benefits - (Continued)

*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:

	<b>RHBF</b>	<b>DIPNC</b>	<b>Total</b>
OPEB Expense	(1,867,281)	89,379	(1,777,902 )
OPEB Liability (Asset)	66,438,762	(91,823)	66,346,939
Proportionate share of the net OPEB liability (asset)	.2099%	.2128%	
Deferred of Outflows of Resources:			
Differences between expected and actual experience	-	93,804	93,804
Changes of Assumptions	3,193,360	10,172	3,203,532
Net difference between projected and actual earnings on plan investments	44,243	17,490	61,733
Changes in proportion and differences between Board contributions and proportionate share of contributions	260,541	5,392	265,933
Board contributions subsequent to the measurement date	2,360,907	36,490	2,397,397
Deferred of Inflows of Resources:			
Differences between expected and actual experience	3,349,351	-	3,349,351
Changes of assumptions	19,974,404	9,421	19,983,825
Changes in proportion and differences between Board contributions and proportionate share of contributions	4,771,041	589	4,771,630

**II. Detail Notes on All Funds - (Continued)**

B. Liabilities - (Continued)

2. Accounts Payable

Accounts payable as of June 30, 2020, are as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Due To Other Governments</u>
Governmental Activities:			
General	\$ 62,873	\$ 204,489	\$ 36,007
Other Governmental	<u>56,954</u>	<u>1,510,342</u>	<u>250,947</u>
Total governmental activities	<u>\$119,827</u>	<u>\$1,714,831</u>	<u>\$286,954</u>
Business-Type Activities:			
School Service Fund	\$ -	\$ 21,227	\$ -
Child Care Fund	<u>-</u>	<u>-</u>	<u>-</u>
Total Business-Type activities	<u>\$ -</u>	<u>\$ 21,227</u>	<u>\$ -</u>

3. Deferred Outflows and Deferred Inflows of Resources

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

	<u>Deferred Outflows Of Resource</u>	<u>Deferred Inflows Of Resources</u>
Change in proportion and difference between employer contributions and proportionate share of contributions	\$ 265,933	\$ 5,356,985
Net difference between projected and actual earnings on plan investments	546,173	
Difference between expected and actual experience	2,207,842	3,399,945
Net difference between projected and actual earnings on plan investments		
Changes in Assumptions	5,896,423	19,983,824
Board Contributions subsequent to the measurement date	7,130,158	
Unavailable grant revenue (Federal Grant Fund)		21,600
Unavailable grant revenue (General Fund)		<u>230,595</u>
Total	<u>\$16,046,529</u>	<u>\$28,992,949</u>

**II. Detail Notes on All Funds - (Continued)**

B. Liabilities - (Continued)

4. Unearned Revenues

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

	<u>Unearned Revenue</u>
Pre-payments (School Food Service)	<u>\$46,207</u>

5. Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in North Carolina School Boards Trust (the Trust), a member funded risk management program administered by the North Carolina School Boards Association. Through the Trust, the Board maintains general liability and errors and omissions coverage of \$1 million per claim. The Trust has an annual aggregate limit for general liability of \$2,550,000 and an annual aggregate limit of \$2,550,000 for errors and omissions claims. The Trust is reinsured through commercial companies for losses in excess of \$150,000 per claim for errors and omissions and general liability. Statutory workers' compensation coverage is purchased through private insurers (or self-insured by the local board). 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. Employees not paid through state funds are covered through a local policy. 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. The insures the tangible property assets of the Board. Coverage is provided on an "all risk" perils contract. Buildings and contents are insured on a replacement cost basis. The Fund purchases excess reinsurance to protect the assets of the Fund in the event of a catastrophic event. The Fund maintains a self-insured retention of \$10 million. Excess reinsurance is purchased through commercial insurers. A limit of \$5 million per occurrence is provided on Flood, Earthquake, Business Interruption and Extra Expense. \$10 million per occurrence is provided on Increased Cost of Construction.

The Board also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan, a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Through the Plan, permanent full-time employees of the Board are eligible to receive health care benefits up to a \$5 million lifetime limit. 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 monies at any given time of the Board's funds 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 in the prior year, and claims have not exceeded coverage in any of the past three fiscal years.

**II. Detail Notes on All Funds - (Continued)**

B. Liabilities - (Continued)

6. Contingent Liabilities

At June 30, 2020, the Board was not a defendant to any lawsuits.

7. Long-Term Obligations

a. 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, 2020:

	Balance (Restated) July 1, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion
<b>Governmental activities:</b>					
Installment Purchases	\$ 119,479	\$	\$ 119,479	\$	\$
Compensated absences	2,848,908	2,720,594	2,631,219	2,938,283	2,600,000
Net pension liabilities	24,054,952	434,166		24,489,118	
Net OPEB liability	<u>60,473,349</u>	<u>3,905,811</u>	_____	<u>64,379,160</u>	_____
Total	<u>\$87,496,688</u>	<u>\$7,060,571</u>	<u>\$2,750,698</u>	<u>\$91,806,561</u>	<u>\$2,600,000</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 85,068	\$ 96,003	\$ 104,856	\$ 76,215	\$ 76,215
Net pension liabilities	769,560	13,890		783,450	
Net OPEB liability	<u>1,934,648</u>	<u>124,954</u>	_____	<u>2,059,602</u>	_____
Total	<u>\$ 2,789,276</u>	<u>\$ 234,847</u>	<u>\$ 104,856</u>	<u>\$ 2,919,267</u>	<u>\$ 76,215</u>

Compensated absences are typically liquidated by the general and other governmental funds.

**II. Detail Notes on All Funds - (Continued)**

C. Interfund Balances and Activity

*Transfers to/from other funds*

Transfers to/from other funds at June 30, 2020, consist of the following:

	<u>Amount</u>
From State Public School Fund to Child Nutrition Fund for salary and benefits.	<u>\$46,135</u>

D. Fund Balance

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

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

Total fund balance - General Fund	\$5,846,903
Less:	
Appropriated Fund Balance in 2021 Budget	(400,000)
Stabilization by State Statute	(334,496)
Appropriated for Special Revenue	<u>(78,000)</u>
Remaining Fund Balance	<u>\$5,034,407</u>

**III. Summary Disclosure of Significant Contingencies/Commitments**

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.

**IV. Jointly Governed Organization**

The board of trustees of McDowell Technical Community College is comprised of thirteen members. McDowell County Board of Education appoints four trustees, the McDowell County Board of Commissioners appoints four trustees, the governor appoints four trustees, and the president of the student body is an ex-officio non-voting member of the Board.

**V. Subsequent Events**

Management has evaluated subsequent events through November 23, 2020, the date on which the financial statements were available to be issued. During the period from the end of the year and through this date, no circumstances occurred that require recognition or disclosure in these financial statements.

## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

- Schedule of Proportionate Share of Net Pension Liability for Teachers' and State Employee Retirement System
- Schedule of Contributions to Teachers' and State Employee Retirement System
- Schedule of the Board's Proportionate Share of Net OPEB Liability Retiree Health Benefit Fund
- Schedule of Board Contributions Retiree Health Benefit Fund
- Schedule of Proportionate Share of Net OPEB Asset Disability Income Plan of North Carolina
- Schedule of Contributions Disability Income Plan of North Carolina

Note: These schedules are intended to show information for ten years. Additional years' information will be presented as it becomes available.



**McDowell County Board of Education**  
**Schedules of Required Supplementary Information**  
**Schedule of the Board's Proportionate Share of the Net Pension Liability**  
**Teachers State Employees Retirement System**  
**Last Seven Fiscal Years**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Board's proportion of the net pension liability (asset)	0.24380%	0.24934%	0.24949%	0.25729%	0.25832%	0.26000%	0.26000%
Board's proportionate share of the net pension liability (asset)	\$24,272,568	\$24,824,512	\$19,795,637	\$23,647,609	\$ 9,519,603	\$ 3,010,191	\$16,088,200
Board's covered-employee payroll	36,612,713	35,508,006	34,674,581	33,915,060	34,390,208	32,563,820	34,111,882
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	66.52%	69.91%	57.09%	69.73%	27.68%	9.24%	47.16%
Plan fiduciary net position as a percentage of the total pension liability	87.56%	87.61%	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.

**McDowell County Board of Education  
Schedule of Board Contributions  
Teachers State Employees Retirement System  
Last Seven Fiscal Years**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 4,732,761	\$ 4,499,702	\$ 3,827,763	\$ 3,460,523	\$ 3,103,228	\$ 3,146,705	\$ 2,829,796
Contributions in relation to the contractually required contribution	4,732,761	4,499,702	3,827,763	3,460,523	3,103,228	3,146,705	2,829,796
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered-employee payroll	\$36,490,063	\$36,612,713	\$35,508,006	\$34,674,581	\$33,915,060	\$34,390,208	\$32,563,820
Contributions as a percentage of covered-employee payroll	12.97%	12.29%	10.78%	9.98%	9.15%	9.15%	8.69%

**McDowell County Board of Education**  
**Schedules of Required Supplementary Information**  
**Schedule of the Board's Proportionate Share of the Net OPEB Liability**  
**Retiree Health Benefit Fund**  
**Last Four Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability (asset)	0.20999%	0.21907%	0.22400%	0.22260%
Board's proportionate share of the net OPEB liability (asset)	\$ 66,438,762	\$ 62,079,997	\$ 73,452,157	\$ 98,627,378
Board's covered payroll	\$ 36,612,713	\$ 35,508,006	\$ 34,674,581	\$ 33,915,060
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	181.46%	174.83%	211.83%	285.50%
Plan Fiduciary net position as a percentage of the total OPEB liability	4.40%	4.40%	3.52%	2.41%

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

**McDowell County Board of Education**  
**Schedules of Required Supplementary Information**  
**Schedule of the Board Contributions**  
**Retiree Health Benefit Fund**  
**Last Four Fiscal Years**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Contractually required contribution	\$ 2,360,907	\$ 2,295,617	\$ 2,148,234	\$ 2,015,601
Contributions in relation to the contractually required contribution	2,360,907	2,295,617	2,148,234	\$ 2,015,601
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 36,490,063	\$ 36,612,713	\$ 35,508,006	\$ 34,674,581
Contributions as a percentage of the covered payroll	6.47%	6.27%	6.05%	5.81%

**McDowell County Board of Education**  
**Schedules of Required Supplementary Information**  
**Schedule of the Board's Proportionate Share of the Net OPEB Asset**  
**Disability Income Plan of North Carolina**  
**Last Four Fiscal Years**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Board's proportion of the net OPEB asset	0.2128000%	0.2181600%	0.2186800%	0.22843%
Board's proportionate share of the net OPEB asset	\$ 91,823	\$ 66,268	\$ 133,657	\$ 141,855
Board's covered payroll	\$ 36,612,713	\$ 35,508,006	\$ 35,508,006	\$ 33,915,060
Board's proportionate share of the net OPEB asset as a percentage of its covered payroll	0.2510%	0.1860%	0.3850%	0.4180%
Plan Fiduciary net position as a percentage of the total OPEB asset	113.00%	108.47%	116.23%	116.06%

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

**McDowell County Board of Education**  
**Schedules of Required Supplementary Information**  
**Schedule of Contributions**  
**Disability Income Plan of North Carolina**  
**Last Four Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 36,490	\$ 51,258	\$ 49,711	\$ 131,763
Contributions in relation to the contractually required contribution	\$ 36,490	\$ 51,258	\$ 49,711	\$ 131,763
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 36,490,063	\$ 36,612,713	\$ 35,508,006	\$ 34,674,581
Contributions as a percentage of the covered payroll	0.10%	0.14%	0.14%	0.38%

**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND SCHEDULES**

**MCDOWELL COUNTY BOARD OF EDUCATION  
GENERAL FUND  
DETAIL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019)**

<u>REVENUES</u>	Local Current Expenses			2019
	Budget	2020 Actual	Variances	Actual
State of North Carolina:				
School Nurse	\$ 150,000	\$ 150,025	\$ 25	\$ 150,040
Smart Start	133,144	133,144	-	104,142
Community Based Alternatives	46,986	31,325	(15,661)	37,590
Family Resource Program	135,000	134,439	(561)	134,622
N.C. Pre-K Program	1,112,529	1,101,158	(11,371)	869,762
Total State of N.C.	<u>1,577,659</u>	<u>1,550,091</u>	<u>(27,568)</u>	<u>1,296,156</u>
McDowell County - Appropriation		8,699,169		8,493,508
McDowell County - Supplement		336,000		252,000
McDowell County - Penalties		13,759		18,707
McDowell County - Technology		100,000		-
Timber receipts		94,072		100,523
Total McDowell County	<u>9,243,000</u>	<u>9,243,000</u>	<u>-</u>	<u>8,864,738</u>
United States Government:				
ROTC	-	61,992	61,992	60,582
Juvenile Justice Delinquency Prevention	54,801	47,498	(7,303)	20,782
Gear Up	-	13,598	13,598	51,020
Total U.S. Government	<u>54,801</u>	<u>123,088</u>	<u>68,287</u>	<u>132,384</u>
Other:				
Sales Tax	50,000	45,445	(4,555)	52,489
Fines and Forfeitures	250,000	264,440	14,440	234,573
Interest Earned on Investments	20,000	63,154	43,154	62,878
Private Grants and Donations	332,159	89,677	(242,482)	108,862
Miscellaneous local revenue	51,167	114,678	63,511	51,881
Indirect Cost Allocations	375,000	368,500	(6,500)	127,907
Medicaid Reimbursement	473,191	482,753	9,562	568,288
Preschool Tuition	31,600	105,451	73,851	100,775
Total Other	<u>1,583,117</u>	<u>1,534,098</u>	<u>(49,019)</u>	<u>1,307,653</u>
Fund Balance Appropriated	<u>805,047</u>		<u>(805,047)</u>	
Total Revenue	<u>13,263,624</u>	<u>12,450,277</u>	<u>(813,347)</u>	<u>11,600,931</u>
<u>EXPENDITURES</u>				
INSTRUCTIONAL SERVICES:				
Regular:				
Salaries		1,915,766		1,759,896
Employee Benefits		561,809		518,598
Purchased Services		-		96,522
Supplies and Materials		728,264		527,561
Capital Outlay				
Total Regular Instructional Services	<u>3,450,980</u>	<u>3,205,839</u>	<u>245,141</u>	<u>2,902,577</u>



	Local Current Expenses			2019
	Budget	2020 Actual	Variances	Actual
Instructional Programs (Cont'd):				
Special Populations:				
Salaries	\$	\$ 292,620	\$	\$ 283,893
Employee Benefits		115,415		103,240
Purchased Services		358,557		253,549
Supplies and Materials		5,884		1,569
Total Special Populations Services	781,899	772,476	9,423	642,251
Alternative Programs and Services:				
Salaries		962,500		840,125
Employee Benefits		376,796		309,624
Purchased Services		355,890		239,011
Supplies and Materials		118,466		103,942
Total Alternative Programs and Services	1,979,563	1,813,652	165,911	1,492,702
School Leadership Services:				
Salaries		601,497		625,767
Employee Benefits		222,809		223,153
Purchased Services		29,013		12,462
Supplies and Materials		41,981		24,771
Total School Leadership Services	904,144	895,300	8,844	886,153
Co-Curricular Services:				
Salaries		133,341		117,576
Employee Benefits		31,321		27,311
Purchased Services		4,757		1,025
Supplies and Materials		104,223		101,968
Capital Outlay				
Total Co-Curricular Services	279,238	273,642	5,596	247,880
School-Based Support Services:				
Salaries		448,510		427,725
Employee Benefits		173,909		149,092
Purchased Services		34,245		5,012
Supplies and Materials		61,687		39,399
Total School-Based Support Services	729,232	718,351	10,881	621,228
Total Instructional Programs	8,125,056	7,679,260	445,796	6,792,791
SYSTEM-WIDE SUPPORT SERVICES				
Support and Development Services:				
Salaries		50,611		17,066
Employee Benefits		17,070		5,997
Purchased Services		61,313		46,515
Supplies and Materials		14,191		16,710
Total Support and Development Services	156,500	143,185	13,315	86,288
Special Population Support and Development Services:				
Salaries		794		635
Employee Benefits		179		1,156
Purchased Services		-		-
Total Special Population Support And Development Services	1,000	973	27	1,791

Support Services (Continued):	Local Current Expenses			2019
	Budget	2020 Actual	Variances	Actual
Alternative Programs and Services				
Support and Development Services:				
Salaries	\$	\$ 180,184	\$	\$ 154,003
Employee Benefits		63,986		50,309
Purchased Services		1,106		408
Supplies and Materials		35		1,999
Total Alternative Programs and Services	251,794	245,311	6,483	206,719
Technology Support Services:				
Salaries		-		93,659
Employee Benefits		-		33,344
Purchased Services		19,836		12,100
Supplies and Materials		95,332		38,803
Total Technology Support Services	183,300	115,168	68,132	177,906
Operational Support Services:				
Salaries		690,887		664,696
Employee Benefits		276,158		258,236
Purchased Services		1,336,962		1,353,510
Supplies and Materials		705,191		989,338
Capital Outlay		230,768		218,889
Total Operational Support Services	3,280,747	3,239,966	40,781	3,484,669
Financial and Human Resource Services:				
Salaries		59,214		41,802
Employee Benefits		146,191		170,307
Purchased Services		269,420		227,789
Supplies and Materials		26,968		16,887
Total Financial and Human Resource Services	570,000	501,793	68,207	456,785
Accountability Services:				
Salaries		8,778		47,287
Employee Benefits		3,019		15,790
Purchased Services		3,258		3,689
Supplies and Materials		13		2,067
Total Accountability Services	25,000	15,068	9,932	68,833
System-wide Pupil Support Services:				
Purchased Services		2,651		11,721
Total System-wide Pupil Support Services	10,000	2,651	7,349	11,721
Policy, Leadership and Public Relations Services:				
Salaries		283,341		55,150
Employee Benefits		27,029		5,913
Purchased Services		188,751		193,007
Supplies and Materials		60,537		54,208
Capital Outlay		-		-
Total Policy, Leadership and Public Relations Services	560,000	559,658	342	308,278
Total Supporting Services	5,038,341	4,823,773	214,568	4,802,990

	Local Current Expenses			2019
	Budget	2020 Actual	Variances	Actual
<b>ANCILLARY SERVICES:</b>				
Community Services:				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee Benefits				-
Supplies and Materials				-
Capital Outlay				-
<b>Total Community Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Nutrition Services:				
Salaries		180		162
Employee Benefits		(1,168)		26
<b>Total Nutrition Services</b>	<b>227</b>	<b>(988)</b>	<b>1,215</b>	<b>188</b>
<b>Total Ancillary Services</b>	<b>227</b>	<b>(988)</b>	<b>1,215</b>	<b>188</b>
Non-Programmed Charges:				
Payments to Charter Schools		67,685		69,366
<b>Total Non-Programmed Charges</b>	<b>90,000</b>	<b>67,685</b>	<b>22,315</b>	<b>69,366</b>
<b>Total Expenditures</b>	<b>13,253,624</b>	<b>12,569,730</b>	<b>683,894</b>	<b>11,665,335</b>
Excess of Revenue Over (Under) Expenditures	10,000	(119,453)	(129,453)	(64,404)
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers (Out)	(10,000)	(10,000)	-	-
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	(129,453)	\$ (129,453)	(64,404)
Fund Balance - July 1, 2019		5,976,356		6,040,760
Fund Balance - June 30, 2020		\$ 5,846,903		\$ 5,976,356

**MCDOWELL COUNTY BOARD OF EDUCATION  
STATE PUBLIC SCHOOL FUND  
DETAIL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2019)**

	2020			2019
	Budget	Actual	Variance	Actual
<b>REVENUES:</b>				
State of North Carolina	\$ 43,382,356	\$ 42,057,939	\$ (1,324,417)	\$ 42,224,638
U.S. Government		355,733	\$ 355,733	
<b>Total Revenues</b>	<b>43,382,356</b>	<b>42,413,672</b>	<b>(968,684)</b>	<b>42,224,638</b>
<b>EXPENDITURES:</b>				
<b>INSTRUCTIONAL SERVICES:</b>				
Regular:				
Salaries		17,443,357		17,606,787
Employee Benefits		6,762,695		6,571,402
Purchased Services		408,009		414,484
Supplies and Materials		434,153		806,099
<b>Total Regular Instructional Services</b>	<b>25,310,665</b>	<b>25,048,214</b>	<b>262,451</b>	<b>25,398,772</b>
Special Populations:				
Salaries		3,318,490		3,295,176
Employee Benefits		1,289,660		1,230,669
Purchased Services		87,507		110,616
Supplies and Materials		3,176		14,808
<b>Total Special Populations Services</b>	<b>4,708,740</b>	<b>4,698,833</b>	<b>9,907</b>	<b>4,651,269</b>
Alternative Programs and Services:				
Salaries		670,455		877,358
Employee Benefits		243,409		313,439
Purchased Services		4,592		23,100
Supplies and Materials		22,486		31,303
Capital Outlay		-		-
<b>Total Alternative Programs and Services</b>	<b>1,055,523</b>	<b>940,942</b>	<b>114,581</b>	<b>1,245,200</b>
School Leadership Services:				
Salaries		2,030,401		2,040,878
Employee Benefits		756,431		736,880
Supplies and Materials		10,808		991
<b>Total School Leadership Services</b>	<b>2,810,540</b>	<b>2,797,640</b>	<b>12,900</b>	<b>2,778,749</b>
School-Based Support Services:				
Salaries		2,154,129		2,170,562
Employee Benefits		837,403		820,017
Purchased Services		290,896		149,105
Supplies and Materials		38,463		4,173
<b>Total School-Based Support Services</b>	<b>3,621,178</b>	<b>3,320,891</b>	<b>300,287</b>	<b>3,143,857</b>
<b>Total Instructional Services</b>	<b>37,506,646</b>	<b>36,806,520</b>	<b>700,126</b>	<b>37,217,847</b>

	2020			2019
	Budget	Actual	Variance	Actual
<b>EXPENDITURES - (Cont'd):</b>				
<b>SYSTEM-WIDE SUPPORT SERVICES</b>				
Support and Development Services:				
Salaries	\$	\$ 239,443	\$	\$ 297,445
Employee Benefits		84,075		102,685
Purchased Services		9,897		9,712
Supplies and Materials		822		652
<b>Total Support and Development Services</b>	<b>335,295</b>	<b>334,237</b>	<b>1,058</b>	<b>410,494</b>
Special Population Support and Development Services:				
Salaries		119,787		114,374
Employee Benefits		45,035		42,250
Purchased Services		-		341
<b>Total Special Population Support And Development Services</b>	<b>209,996</b>	<b>164,822</b>	<b>45,174</b>	<b>156,965</b>
Alternative Programs and Services Support and Development Services:				
Salaries		38,565		3,366
Employee Benefits		15,271		892
Purchased Services		230		114
<b>Total Alternative Programs and Services Support and Development Services</b>	<b>75,000</b>	<b>54,066</b>	<b>20,934</b>	<b>4,372</b>
Technology Support Services:				
Salaries		217,742		190,954
Employee Benefits		90,344		77,074
Purchased Services		9,877		4,251
Supplies and Materials		99,594		42,232
<b>Total Technology Support Services</b>	<b>501,658</b>	<b>417,557</b>	<b>84,101</b>	<b>314,511</b>
Operational Support Services:				
Salaries		2,134,290		2,158,486
Employee Benefits		828,808		807,512
Purchased Services		8,272		7,223
Supplies and Materials		306,228		185,195
Capital Outlay		427		99
<b>Total Operational Support Services</b>	<b>3,293,348</b>	<b>3,278,025</b>	<b>15,323</b>	<b>3,158,515</b>
Financial and Human Resource Services:				
Salaries		401,970		411,134
Employee Benefits		149,933		151,142
<b>Total Financial and Human Resource Services</b>	<b>575,119</b>	<b>551,903</b>	<b>23,216</b>	<b>562,276</b>
Accountability Services:				
Salaries		105,240		66,169
Employee Benefits		40,519		25,967
<b>Total Accountability Services</b>	<b>150,000</b>	<b>145,759</b>	<b>4,241</b>	<b>92,136</b>

	<b>2020</b>		<b>2019</b>
<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Actual</b>
<b>EXPENDITURES - (Cont'd):</b>			
SYSTEM-WIDE SUPPORT SERVICES - (Cont'd)			
Policy, Leadership and Public Relations Services:			
Salaries	\$ 175,775	\$	\$ 183,035
Employee Benefits	66,470		67,474
<hr/>			
Total Policy, Leadership and Public Relations Services	306,063	242,245	63,818
<hr/>			
Total System-Wide Support Services	5,446,479	5,188,614	257,865
<hr/>			
Nutrition Services:			
Salaries	323,115		
Employee Benefits	49,287		
<hr/>			
Total Nutrition Services	383,095	372,402	10,693
<hr/>			
Non-Programmed Charges:			
Other	-	-	198
<hr/>			
Total Non-Programmed Charges	-	-	198
<hr/>			
Total Expenditures	43,336,220	42,367,536	968,684
<hr/>			
Excess of Revenue Over (Under) Expenditures	46,136	46,136	-
<hr/>			
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer to Child Nutrition Fund	(46,136)	(46,136)	-
<hr/>			
Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-	-
<hr/>			
Fund Balance:			
Beginning of Year	-	-	-
<hr/>			
End of Year	\$ -	\$ -	\$ -
<hr/> <hr/>			

**MCDOWELL COUNTY BOARD OF EDUCATION  
CAPITAL OUTLAY FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<b>Budget</b>	<b>2020 Actual</b>	<b>Variance</b>	<b>2019 Actual</b>
<b>Revenues:</b>				
State of North Carolina:				
Public School Building Capital Fund - Lottery	\$ 308,599	\$ 231,450	\$ (77,149)	\$ -
Public School Building Capital Fund - Needs Based Lottery	15,000,000	8,791,674	(6,208,326)	1,918,425
State appropriations - buses	119,481	119,481	-	241,265
N.C Department of Public Instruction - Other Vehicle Appropriation		61,855	61,855	26,763
McDowell County:				
Restricted portion of sales tax	6,247,569	4,100,881	(2,146,688)	2,044,740
General County revenues	-	53,200	53,200	151,891
Interest earned on investments		1,829	1,829	1,967
<b>Total Revenues</b>	<b>21,675,649</b>	<b>13,360,370</b>	<b>(8,315,279)</b>	<b>4,385,051</b>
<b>Expenditures:</b>				
Capital Outlay:				
Instructional Services	-	-	-	147,309
System-Wide Support Services	21,756,168	13,185,860	8,570,308	3,658,270
Debt Service:				
Principal	119,481	119,481		241,265
<b>Total expenditures</b>	<b>21,875,649</b>	<b>13,305,341</b>	<b>8,570,308</b>	<b>4,046,844</b>
Excess of revenues over (under) expenditures before other financing sources	(200,000)	55,029	255,029	338,207
Other financing sources:				
Installment purchase obligations issued	\$ -	-	-	-
Fund Balance Appropriated	200,000		(200,000)	
Excess of revenues and other sources over (under) expenditures	\$ -	55,029	\$ 55,029	338,207
Fund balance, beginning of year		711,351		373,144
Fund balance, end of year		\$ 766,380		\$ 711,351

**MCDOWELL COUNTY BOARD OF EDUCATION  
COMBINING STATEMENT - FEDERAL GRANT FUND AND HEAD START PROGRAM  
DETAIL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<b>Federal Grants Fund</b>	<b>Head Start Program</b>	<b>Combined Totals</b>
<b>REVENUES</b>			
State of North Carolina	\$ -	\$ 173,062	\$ 173,062
U.S. Government	4,117,114	1,842,626	5,959,740
Other		121,204	121,204
	<hr/>	<hr/>	<hr/>
Total revenues	4,117,114	2,136,892	6,254,006
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Current:			
Instructional services:			
Regular Instructional	243,356		243,356
Special Populations	1,313,500		1,313,500
Alternative Programs	2,011,990		2,011,990
School Leadership	274		274
School-Based Support	86,311		86,311
System-wide support services:			
Support and Development	94,630		94,630
Special Population Support and Development	37,174		37,174
Alternative Programs and Services Support and Development	110,749		110,749
Technology Support			-
Operational Support	86,499		86,499
Financial and Human Resource Policy, Leadership, and Public Relations	1,038		1,038
Ancillary services		2,129,983	2,129,983
Non-programmed charges	131,593		131,593
	<hr/>	<hr/>	<hr/>
Total expenditures	4,117,114	2,129,983	6,247,097
	<hr/>	<hr/>	<hr/>
Revenues (under) expenditures	-	6,909	6,909
	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year		222,593	222,593
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	\$ -	\$ 229,502	\$ 229,502
	<hr/>	<hr/>	<hr/>



**MCDOWELL COUNTY BOARD OF EDUCATION  
 DETAIL STATEMENT OF REVENUE AND EXPENDITURE  
 BUDGET AND ACTUAL  
 HEAD START PROGRAM  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019)**

	<b>2020</b>		<b>Variance Positive (Negative)</b>	<b>2019 Actual</b>
	<b>Budget</b>	<b>Actual</b>		
<b>REVENUE:</b>				
Head Start Grants	\$ 1,941,037	\$ 1,842,626	\$ (98,411)	\$ 1,849,310
NC Pre K	175,500	173,062	(2,438)	174,036
Other Local Grants/Reimbursements	-	-	-	-
Local match	46,120	46,120	-	87,969
Paid Day Care	72,168	60,184	(11,984)	56,827
Paid Day Care - Parents	-	14,880	14,880	17,438
Appropriated Fund Balance	-	-	-	-
Interest Income	-	20	20	20
<b>Total Revenue</b>	<b>2,234,825</b>	<b>2,136,892</b>	<b>(97,933)</b>	<b>2,185,600</b>
<b>EXPENDITURES:</b>				
Head Start (PA22):				
Salaries	622,729	621,109	1,620	628,788
Fringe benefits	271,859	266,831	5,028	272,988
Occupancy	72,498	70,606	1,892	19,403
Staff travel	5,745	5,600	145	4,572
Seminars and Training	-	-	-	526
Nutrition and food	30,906	16,264	14,642	21,987
Administrative and Supplies	35,117	30,258	4,859	48,316
Other child services	44,243	31,139	13,104	31,968
Other parent services	13,687	13,176	511	3,749
<b>Total</b>	<b>1,096,784</b>	<b>1,054,983</b>	<b>41,801</b>	<b>1,032,297</b>
Head Start (PA25) - Federal:				
Parent Child Center				
Salaries	494,076	478,284	15,792	491,062
Fringe benefits	231,219	208,166	23,053	215,285
Occupancy	17,060	17,041	19	15,390
Staff travel	2,578	2,519	59	745
Seminars and Training	-	-	-	-
Nutrition and food	19,740	13,463	6,277	17,985
Administrative and Supplies	20,331	20,277	54	29,526
Other child services	14,077	9,403	4,674	11,320
Other parent services	8,138	6,773	1,365	1,846
<b>Total</b>	<b>807,219</b>	<b>755,926</b>	<b>51,293</b>	<b>783,159</b>
Head Start (PA21) - Federal				
Seminars and Training	18,264	12,946	5,318	14,713
Other	-	-	-	371
<b>Total</b>	<b>18,264</b>	<b>12,946</b>	<b>5,318</b>	<b>15,084</b>
Head Start Training Technical Assistance (PA20):				
Seminars and Training	18,770	18,770	-	18,742
Other	-	-	-	28
<b>Total</b>	<b>18,770</b>	<b>18,770</b>	<b>-</b>	<b>18,770</b>

	2020		Variance Positive (Negative)	2019 Actual
	Budget	Actual		
Paid Day Care:				
Salaries	\$ 172,919	\$ 171,648	\$ 1,271	\$ 162,951
Fringe benefits	57,884	53,782	4,102	52,750
Occupancy	4,542	3,326	1,216	3,957
Contingencies	-	-	-	-
Staff travel	270	150	120	17
Nutrition and food	6,200	4,254	1,946	4,129
Administrative and Supplies	3,403	6,097	(2,694)	4,562
Other child services	-	-	-	123
Other parent services	1,800	1,367	433	-
Training	650	614	36	3,019
<b>Total</b>	<b>247,668</b>	<b>241,238</b>	<b>6,430</b>	<b>231,508</b>
In-Kind:				
Volunteers	34,959	34,959	-	79,124
Contributions	11,161	11,161	-	8,845
<b>Total</b>	<b>46,120</b>	<b>46,120</b>	<b>-</b>	<b>87,969</b>
<b>Total expenditures</b>	<b>2,234,825</b>	<b>2,129,983</b>	<b>104,842</b>	<b>2,168,787</b>
Excess of revenue over (under) expenditures	\$ -	\$ 6,909	\$ 6,909	\$ 16,813

**MCDOWELL COUNTY BOARD OF EDUCATION  
SCHOOL FOOD SERVICE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2019)**

	<u>Budget</u>	<u>2020 Actual</u>	<u>Variance</u>	<u>2019 Actual</u>
<b>Operating Revenues:</b>				
Food sales	\$ 646,900	\$ 600,543	\$ (46,357)	\$ 797,794
Other				
Total operating revenues	<u>646,900</u>	<u>600,543</u>	<u>(46,357)</u>	<u>797,794</u>
<b>Operating Expenses:</b>				
Business Support Services:				
Purchase of food		1,323,637		1,363,244
Donated commodities		296,640		237,786
Salaries and benefits		1,751,726		1,954,789
Materials and supplies		28,491		118,353
Repairs and maintenance		31,624		28,294
Capital Outlay		-		-
Noncapital Equipment		5,068		23,915
Purchased services		28,457		26,358
Gas/Fuel		5,239		4,951
Total business support services	<u>3,974,300</u>	<u>3,470,882</u>	<u>503,418</u>	<u>3,757,690</u>
Indirect Costs	<u>307,000</u>	<u>236,906</u>	<u>70,094</u>	<u>258,971</u>
Total operating expenses	<u>4,281,300</u>	<u>3,707,788</u>	<u>573,512</u>	<u>4,016,661</u>
Operating (Loss)	<u>(3,634,400)</u>	<u>(3,107,245)</u>	<u>(619,869)</u>	<u>(3,218,867)</u>
<b>Nonoperating Revenues:</b>				
Federal reimbursements	3,101,900	2,731,083	(370,817)	2,714,309
State Reimbursements	1,000	8,331	7,331	14,022
Federal commodities	235,000	296,640	61,640	237,786
Indirect costs not paid	220,000	-	(220,000)	258,971
Interest earned	1,500	1,876	376	2,014
Total nonoperating revenues	<u>3,559,400</u>	<u>3,037,930</u>	<u>(521,470)</u>	<u>3,227,102</u>
Excess of revenues over (under) expenditures before other financing sources	<u>(75,000)</u>	<u>(69,315)</u>	<u>5,685</u>	<u>8,235</u>
Other financing sources:				
Transfer from other funds	75,000	46,135	(28,865)	56,815
Fund Balance Appropriated			-	
Excess of revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>(23,180)</u>	<u>\$ (23,180)</u>	<u>65,050</u>
<b>Reconciliation of Modified Accrual to Full Accrual Basis:</b>				
Reconciling Items:				
Depreciation		(22,746)		(23,857)
Net OPEB asset		777		(2,047)
Deferred outflows		(14,978)		113,244
Deferred inflows		156,910		(215,258)
Net OPEB liability		(122,455)		335,522
Net pension liability		(13,612)		(152,777)
Capital Outlay		-		-
(Increase) decrease in accrued vacation pay		8,853		(4,237)
Increase (decrease) in inventory		40,589		27,568
Net Income (Loss) (Full Accrual)		<u>\$ 10,158</u>		<u>\$ 143,208</u>

**MCDOWELL COUNTY BOARD OF EDUCATION  
CHILD CARE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2019)**

	<u>Budget</u>	<u>2020 Actual</u>	<u>Variance</u>	<u>2019 Actual</u>
<b>Revenues:</b>				
Child care fees	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Operating Expenditures:</b>				
Regular community service:				
Salaries and benefits		9,083		2,606
Purchased services		-		-
Materials and supplies		-		-
Total operating expenditures	<u>10,000</u>	<u>9,083</u>	<u>917</u>	<u>2,606</u>
Excess of revenues over (under) expenditures before other financing sources	<u>(10,000)</u>	<u>(9,083)</u>	<u>917</u>	<u>(2,606)</u>
<b>Other Financing Sources:</b>				
Operating transfers - in	10,000	10,000	-	-
Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>917</u>	<u>\$ 917</u>	<u>(2,606)</u>
<b>Reconciliation of Modified Accrual to Full Accrual Basis:</b>				
Reconciling Items:				
Net OPEB asset		16		(42)
Deferred outflows		(321)		2,310
Deferred inflows		3,264		(4,454)
Net OPEB liability		(2,499)		6,847
Net pension liability		(278)		(3,118)
(Increase) decrease in Accrued Vacation Pay		<u>-</u>		<u>-</u>
Net Income (Full Accrual)		<u>\$ 1,099</u>		<u>\$ (1,063)</u>

## **COMPLIANCE SECTION**

# Boggs, Crump & Brown, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

205 East Union Street  
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## 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 Auditor's Report

To the Board of Education  
McDowell County Board of Education  
Marion, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the McDowell County Board of Education, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises the McDowell County Board of Education's basic financial statements, and have issued our report thereon dated November 23, 2020.

### Internal Control Over Financial Reporting

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

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

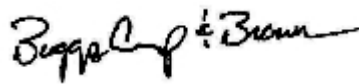
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the McDowell County Board of Education's financial statements are free from material misstatement, we performed test 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 disclose 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.

A handwritten signature in black ink, appearing to read "Boggs, Crump & Brown". The signature is written in a cursive, flowing style.

Boggs, Crump & Brown, P.A.  
Certified Public Accountants

November 23, 2020  
Morganton, North Carolina

# Boggs, Crump & Brown, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

205 East Union Street  
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## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

### Independent Auditor's Report

To the Board of Education  
McDowell County Board of Education  
Marion, North Carolina

### Report on Compliance for Each Major Federal Program

We have audited the McDowell County Board of Education, North Carolina, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the McDowell County Board of Education's major federal programs for the year ended June 30, 2020. McDowell 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.

### Management's Responsibility

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

### Auditor's Responsibility

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

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



Opinion on Each Major Federal Program

In our opinion, the McDowell 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, 2020.

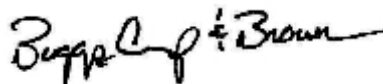
Report on Internal Control Over Compliance

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

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

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

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



Boggs, Crump & Brown, P.A.  
Certified Public Accountants

November 23, 2020  
Morganton, North Carolina

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH APPLICABLE SECTIONS OF OMB UNIFORM GUIDANCE  
AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

Independent Auditor's Report

To the Board of Education  
McDowell County Board of Education  
Marion, North Carolina

Report on Compliance for Each Major State Program

We have audited the McDowell County Board of Education, North Carolina, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the McDowell County Board of Education's major state programs for the year ended June 30, 2020. McDowell County Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the McDowell 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, 2020.

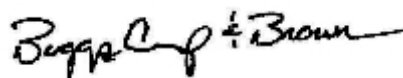
Report on Internal Control Over Compliance

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

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

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

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



Boggs, Crump & Brown, P.A.  
Certified Public Accountants

November 23, 2020  
Morganton, North Carolina



**MCDOWELL COUNTY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

Dollar threshold used to distinguish between  
Type A and Type B Programs

\$750,000

Auditee qualified as low-risk auditee?

x yes      \_\_\_ no

**State Awards**

Internal control over major State programs:

\* Material weakness(es) identified?

\_\_\_ yes      x no

\* Significant deficiency(s) identified  
that are not considered to be  
material weaknesses

\_\_\_ yes      x none reported

Noncompliance material to State awards

\_\_\_ yes      x no

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

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

\_\_\_ yes      x no

Identification of major State programs:

Program Name

State Public School Fund  
Vocational Education - State Months of Employment

**Section II. Financial Statement Findings:**

None

**Section III. Federal Awards Findings and Questioned Costs:**

None

**Section IV. State Awards Findings and Questioned Costs:**

None

**MCDOWELL COUNTY BOARD OF EDUCATION  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Section II. Financial Statement Findings:**

None

**Section III. Federal Awards Findings and Questioned Costs:**

None

**Section IV. State Awards Findings and Questioned Costs:**

None

**MCDOWELL COUNTY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Federal - State Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
<b>FEDERAL GRANTS:</b>			
<u>U.S. Department of Education</u>			
<u>Office of Elementary and Secondary Education</u>			
<u>Passed through N.C. Department of Public Instruction:</u>			
Title I, Grants to Local Education Agencies - Educationally Deprived Children	84.010	\$ 1,830,086	
Education for Homeless Children and Youth	84.196	87,972	
Comprehensive Support and Improvement Funding	84.010A	116,345	
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	212,015	
Language Acquisition	84.229	43,318	
Rural Education Initiative	84.358-1	76,800	
Student Support and Academic Enrichment Program	84.424	156,515	
<u>Office of Special Education and Rehabilitation Services</u>			
<u>Passed through N.C. Department of Public Instruction:</u>			
Special Education Cluster:			
Individual With Disabilities Education Act			
Special Education- Grants to States (IDEA Part B)- Education of Handicapped	84.027	1,366,259	
Special Education- Preschool Grants ((IDEA Preschool)-Preschool Handicapped	84.027	44,474	
Special Education- Risk Pool	84.027A	13,562	
Special Education-Special Needs Targeted Assistance	84.027A	271	
Special Education-Preschool Targeted Assistance	84.173	35,764	
Total Special Education Cluster		<u>1,460,330</u>	
Special Education - State Improvement	84.323	7,396	
Total Office of Special Education and Rehabilitation Services		<u>1,467,726</u>	
<u>Office of Vocation and Adult Education</u>			
<u>Passed through N.C. Department of Public Instruction:</u>			
Carl D. Perkins Vocational and Applied Technology: Education Act Amendments of 1990			
Basic Grants to States Program Development	84.048	110,950	
<u>Passed through University of North Carolina</u>			
Gaining Early Awareness and Readiness for Undergraduate Programs (Gear-Up)	84.334S	13,598	
Total U.S. Department of Education		<u>4,115,325</u>	
<u>U.S. Department of Agriculture</u>			
<u>Passed through N.C. Department of Public Instruction:</u>			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities)			
Passed-through the N.C. Department of Agriculture:			
National School Lunch Program	10.555	296,640	
Total Non-Cash Assistance		296,640	
Cash Assistance			
Passed-through the N.C. Department of Public Instruction:			
School Breakfast Program	10.553	569,360	
National School Lunch Program	10.555	1,168,569	
Summer Food Service Program for Children	10.559	894,195	
Total Cash Assistance		<u>2,632,124</u>	
Total Child Nutrition Cluster		2,928,764	
Fresh Fruits & Vegetables	10.582	98,959	
Total U.S. Department of Agriculture		<u>3,027,723</u>	

**MCDOWELL COUNTY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Federal - State Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
<u>U.S. Department of Health and Human Services:</u>			
<u>Administration for Children and Families</u>			
<u>Direct Program:</u>			
Head Start	93.600	\$ 1,842,626	
 <u>U.S. Department of the Treasury</u>			
<u>Passed-through the N.C. Office of State Management and Budget</u>			
N.C. Pandemic Recovery Office			
Passed-through the N.C. Department of Public Instruction:			
Coronavirus Relief Fund	21.019	371,120	
 <b>OTHER FEDERAL ASSISTANCE:</b>			
 <u>U.S. Department of Justice:</u>			
Passed-through the N.C. Department of Public Safety:			
Juvenile Justice Delinquency Prevention	16.540	47,498	
 <u>U.S. Department of Defense:</u>			
<u>Direct Program:</u>			
N.J.R.O.T.C.	12.000	61,992	
Total Federal Assistance		\$ 9,466,284	
 <b>STATE GRANTS:</b>			
Cash Assistance			
<u>N.C. Department of Public Instruction</u>			
State Public School Fund			\$ 39,424,540
School Technology Fund -SPSF			68,998
Driver Training - SPSF			81,145
Reduced Price Breakfast			8,331
<u>Vocational Education:</u>			
State Months of Employment			1,980,092
Program Support			269,414
COVID-19 Supplemental Funds			233,750
Other Vehicle Appropriation			61,855
Total N.C. Department of Public Instruction			42,128,125
 <u>N.C. Department of Health and Human Resources:</u>			
Division of Child Development - Smart Start			133,144
Division of Child Development - NC Pre-Kindergarten Program			1,274,220
School Nurse Grant			150,025
Community Based Alternatives - Dropout Prevention			31,325
Family Resource Program			134,439
Total N.C. Department of Human Resources			1,723,153
 <u>Office of the Governor</u>			
Passed through McDowell County:			
Public School Building Capital Fund - Lottery			231,450
Public School Building Capital Fund - Needs Based Lottery			8,791,674
 Non-Cash Assistance			
<u>N.C. Department of Public Instruction:</u>			
State appropriations - buses			119,481
Total State Assistance Programs			52,993,883



**MCDOWELL COUNTY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Notes to the Schedule of Expenditures of Federal and State Financial 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 the McDowell County board of Education under the programs of the federal government and the state of North Carolina for the year ended June 30, 2020. 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 McDowell County Schools it is not intended to and does not present the financial position, changes in net position or cash flows of McDowell County Schools.

**Note 2 - Summary of Significant Accounting Policies:**

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

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

**Note 3 - Cluster of Programs:**

The following are clustered by the NC Department of Public Instruction and are treated separately for state audit purposes: School Nutrition Program

**MCDOWELL COUNTY BOARD OF EDUCATION  
GASB 34 CALCULATION OF MAJOR FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Type of Fund</u>	<u>Assets</u>	<u>Computes "X" if Meets</u>		<u>Liabilities</u>	<u>Computes "X" if Meets</u>		<u>Revenue</u>	<u>Computes "X" if Meets</u>		<u>Expenditures/ Expenses</u>	<u>Computes "X" if Meets</u>		<u>Computes "MAJOR" if Fund is Major If a "Category" Has an "X" in Both Columns, Then Fund is a Major Fund</u>
		<u>10% Rule</u>	<u>5% Rule</u>		<u>10% Rule</u>	<u>5% Rule</u>		<u>10% Rule</u>	<u>5% Rule</u>		<u>10% Rule</u>	<u>5% Rule</u>	
General Fund	\$ 6,380,867	x	x	\$ 303,369	x	x	\$ 12,450,277	x	x	\$ 12,569,730	x	x	Always Major
Special Revenue Funds:													
State Public School Fund	1,606,280	x	x	1,606,280	x	x	42,413,672	x	x	42,367,536	x	x	Major
Federal Grants Fund	463,065			211,963			6,254,006		x	6,247,097		x	Major - Discretion of Auditee
Individual Schools	876,237		x	-			2,202,708			2,182,328			
Capital Projects Funds:													
Capital Outlay Fund	766,380		x	-			13,360,370	x	x	13,305,341	x	x	Major
<b>Total Government Funds</b>	<b>\$ 10,092,829</b>			<b>\$ 2,121,612</b>			<b>\$ 76,681,033</b>			<b>\$ 76,672,032</b>			
<b>10% of Total Governmental Funds</b>	<b>\$ 1,009,283</b>			<b>\$ 212,161</b>			<b>\$ 7,668,103</b>			<b>\$ 7,667,203</b>			
Enterprise Funds:													
Child Nutrition Fund	\$ 1,186,969	x	x	\$ 3,163,380	x	x	\$ 3,638,473	x		\$ 3,674,450	x	x	Major
Child Care	7,620			60,227			-			8,901			
<b>Total Enterprise Funds</b>	<b>\$ 1,194,589</b>			<b>\$ 3,223,607</b>			<b>\$ 3,638,473</b>			<b>\$ 3,683,351</b>			
<b>10% of Total Enterprise Funds</b>	<b>\$ 119,459</b>			<b>\$ 322,361</b>			<b>\$ 363,847</b>			<b>\$ 368,335</b>			
<b>Total Governmental and Enterprise Funds</b>	<b>\$ 11,287,418</b>			<b>\$ 5,345,219</b>			<b>\$ 80,319,506</b>			<b>\$ 80,355,383</b>			
<b>5% of Total Governmental and Enterprise Funds</b>	<b>\$ 564,371</b>			<b>\$ 267,261</b>			<b>\$ 4,015,975</b>			<b>\$ 4,017,769</b>			

## **SUPPLEMENTARY INFORMATION**

**MCDOWELL COUNTY BOARD OF EDUCATION  
SPECIAL FUNDS OF INDIVIDUAL SCHOOLS  
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
YEAR ENDED JUNE 30, 2020**

<u>School</u>	<u>Cash Balance June 30, 2019</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash Balance June 30, 2020</u>
Academy for Innovation	\$ 26,207	\$ 23,779	\$ 18,893	\$ 31,093
Early College	53,953	172,130	192,081	34,002
Eastfield Elementary	25,499	67,758	76,332	16,925
East McDowell Middle	58,505	148,762	136,284	70,983
Glenwood Elementary	56,302	111,942	110,153	58,091
Marion Elementary	10,553	39,504	41,433	8,624
McDowell High	353,166	827,688	904,258	276,596
Nebo Elementary	43,638	95,168	95,291	43,515
North Cove Elementary	8,624	45,094	40,050	13,668
Old Fort Elementary	41,662	70,153	62,123	49,692
Pleasant Gardens Elementary	39,486	282,301	226,345	95,442
West Marion Elementary	6,072	71,618	62,867	14,823
West McDowell Middle	132,190	246,812	216,219	162,783
Totals	<u>\$ 855,857</u>	<u>\$ 2,202,708</u>	<u>\$ 2,182,328</u>	<u>\$ 876,237</u>

**EARLY COLLEGE  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
YEAR ENDED JUNE 30, 2020**

<u>Fund</u>	<u>Cash Balance June 30, 2019</u>	<u>Transfers</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash Balance June 30, 2020</u>
General	\$ (10,986)	\$ (474)	\$ 4,038	\$ 14,195	\$ (21,617)
Lock fund	-				-
Postage	(100)		134	553	(519)
Fundraiser	1,152	(1,629)	3,582	1,690	1,415
Graduation	(3,406)	29	72	4,651	(7,956)
Yearbook	2,806	618	8,048	4,936	6,536
Eagle Fund	(1,891)	80	14,811	7,197	5,803
Field Trips	5,912	13,426	64,304	82,788	854
Calculator	5,147	355	1,702	2,241	4,963
Technology	4,437	110	4,680	4,937	4,290
Barbara Snyder Donations	18,749	(560)		400	17,789
Staff Development	42		250	4,453	(4,161)
Student accounts	2,409	1,613	1,123	679	4,466
Furniture and Equipment	(182)		1,657	2,574	(1,099)
Instructional Supplies	311	16	7,661	18,881	(10,893)
Library	56				56
Scholarships	7,459		1,500	3,500	5,459
PSAT/SAT Testing	(495)	754	388	2,117	(1,470)
Summer Bridge	9,953	2,933	18,951	6,939	24,898
Interact Club	1,034	67	2,234	2,039	1,296
Variety Show	3,609	(18,035)	16,970	1,814	730
Prom	(32)		63	722	(691)
Key Club	1,757	170	2,603	2,505	2,025
Other programs	6,212	527	17,359	22,270	1,828
<b>Totals</b>	<b>\$ 53,953</b>	<b>\$ 0</b>	<b>\$ 172,130</b>	<b>\$ 192,081</b>	<b>\$ 34,002</b>

**MCDOWELL ACADEMY FOR INNOVATION  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
YEAR ENDED JUNE 30, 2020**

<u>Fund</u>	<u>Cash Balance June 30, 2019</u>	<u>Transfers</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash Balance June 30, 2020</u>
Parking Permits	\$ 345	\$ -	\$ 470	\$ -	\$ 815
General	2,334		16,758	15,362	3,730
Furniture and Fixtures	-				-
Grants	10,575				10,575
Food Pantry	602				602
Vocational	5,140				5,140
Principal's Discretion/other	74				74
MTCC	-				-
Chromebooks	2,650		2,137		4,787
Field Trips	686				686
Saturday School	58				58
FBLA	148				148
Students	362				362
Other programs	3,233		4,414	3,531	4,116
	<u>3,233</u>		<u>4,414</u>	<u>3,531</u>	<u>4,116</u>
Totals	<u>\$ 26,207</u>	<u>\$ -</u>	<u>\$ 23,779</u>	<u>\$ 18,893</u>	<u>\$ 31,093</u>

**EASTFIELD ELEMENTARY SCHOOL  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
YEAR ENDED JUNE 30, 2020**

<u>Fund</u>	<u>Cash Balance June 30, 2019</u>	<u>Transfers</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash Balance June 30, 2020</u>
General	\$ 3,103	\$ 15,197	\$ 39,447	\$ 53,954	\$ 3,793
Maintenance	-				-
Paper, pencils and copies	69		412	382	99
Bright Ideas Grant	41				41
Lowes Grant	748	(748)			-
Lottery proceeds	10,000	(10,000)			-
Library/media	(235)	137	5,814	5,210	506
Yearbook	1,320		144	587	877
LIS	843	200	20	609	454
Counselor	56			38	18
Staff development	379			100	279
Classrooms	3,390	(1,845)	15,474	13,674	3,345
Afterschool	-				-
Hispanic festival	40		103	114	29
EF needs fund	3,480	(57)	541	695	3,269
Field Trips	1,488	(2,812)	5,758	598	3,836
Other programs	777	(72)	45	371	379
Totals	<u>\$ 25,499</u>	<u>\$ -</u>	<u>\$ 67,758</u>	<u>\$ 76,332</u>	<u>\$ 16,925</u>

**EAST MCDOWELL MIDDLE SCHOOL  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
YEAR ENDED JUNE 30, 2020**

<b>Fund</b>	<b>Cash Balance June 30, 2019</b>	<b>Transfers</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Cash Balance June 30, 2020</b>
General	\$ 4,351	\$ 1,325	\$ 11,666	\$ 11,396	\$ 5,946
Athletics	6,808		35,156	20,731	21,233
Student Council	-				-
Auditorium fund	-				-
Chromebooks	7,240		8,717	15,722	235
Maintenance	739	342	187	875	393
Chorus	53				53
TMH Club	15	(45)	30		-
Transportation	1,005			153	852
Earbuds	1,038		1,711	1,801	948
Cheerleaders	3,747		4,472	6,840	1,379
Academic competition	-				-
Local instructional supplies	5,121	1,241	18,805	20,027	5,140
Local capital outlay	-				-
Classrooms	-				-
Text book damage fees	-				-
Friendship fund	2,332		470	156	2,646
Yearbook	6,622		3,439	6,379	3,682
Principal Discretionary fund	-				-
Fundraiser	4,799	(2,843)	36,080	31,106	6,931
Athletic Concessions	4,127		7,550	7,070	4,607
High performance	-				-
Field Trips	-				-
Band	459		2,814	2,611	662
Guitar	-		2,111	590	1,521
Energy savings	-				-
Other programs	10,049	(21)	15,554	10,827	14,756
<b>Totals</b>	<b>\$ 58,505</b>	<b>\$ -</b>	<b>\$ 148,762</b>	<b>\$ 136,284</b>	<b>\$ 70,983</b>



**GLENWOOD ELEMENTARY SCHOOL  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
YEAR ENDED JUNE 30, 2020**

<u>Fund</u>	<u>Cash Balance June 30, 2019</u>	<u>Transfers</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash Balance June 30, 2020</u>
General	\$ 2,867	\$ (15)	\$ 33,400	\$ 31,838	\$ 4,414
Library	8,239		9,955	9,583	8,611
Paper, pencils and copies	116				116
Local instructional supplies	-				-
Maintenance	-				-
Telephone	274			34	240
Yearbook	3,679		3,185	4,208	2,656
Postage	1				1
PE	797		100		897
Ruritan	169	(40)	300		429
Beautification	12				12
Student Council	1,728				1,728
Principal's Discretion	14			14	-
Music	-		315	305	10
Variety show	18,730				18,730
Classrooms	621	40	15,448	14,012	2,097
Field Trip	-		11,145	10,163	982
Box Tops	298		547	145	700
Preschool/Afterschool	5,598		29,597	35,195	-
Parent involvement	-				-
PE/Cardiac pack	116				116
Field Day Shirts			360	269	91
Playground	7,555				7,555
Technology	24			24	-
Glenwood Alumni	1,500				1,500
Giving Tree	1,527		770	1,544	753
Relay/American Heart	-		104		104
WNC Children Fund	-		3,000	844	2,156
Other Programs	2,437	15	3,716	1,975	4,193
	<u>\$ 56,302</u>	<u>\$ -</u>	<u>\$ 111,942</u>	<u>\$ 110,153</u>	<u>\$ 58,091</u>
Totals	<u>\$ 56,302</u>	<u>\$ -</u>	<u>\$ 111,942</u>	<u>\$ 110,153</u>	<u>\$ 58,091</u>

**MARION ELEMENARY SCHOOL  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
YEAR ENDED JUNE 30, 2020**

<u>Fund</u>	<u>Cash Balance June 30, 2019</u>	<u>Transfers</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash Balance June 30, 2020</u>
General	\$ 1,855	\$ -	\$ 21,632	\$ 21,455	\$ 2,032
Library	384	500	36	589	331
Non-Fixed assets	-				-
Local instructional supplies	-				-
Music	-				-
PE	-				-
Faculty fund	434		540	578	396
Teacher activity	3,925	47	9,339	10,911	2,400
Maintenance	-				-
Book fair	-	(500)	4,442	3,942	-
Jump Rope	139				139
Counselor's fund	471	(30)	1,100	1,199	342
AIG	167				167
Telephone	115				115
Yearbook	296		1,620	1,417	499
Student Council	-				-
PBIS	996		552	949	599
Afterschool program	-				-
Relay for Life	105		223	40	288
Lowes Grant	1,336			316	1,020
Other programs	330	(17)	20	37	296
Totals	<u>\$ 10,553</u>	<u>\$ -</u>	<u>\$ 39,504</u>	<u>\$ 41,433</u>	<u>\$ 8,624</u>

**MCDOWELL HIGH SCHOOL  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
YEAR ENDED JUNE 30, 2020**

<b>Fund</b>	<b>Cash Balance June 30, 2019</b>	<b>Transfers</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Cash Balance June 30, 2020</b>
General	\$ 85,147	\$ (5,005)	\$ 181,926	\$ 182,294	\$ 79,774
Athletics	7,840	(1,140)	260,483	288,917	(21,734)
Academic instructional	7,826	1,032	7,413	7,664	8,607
Occupational instructional	77,994	(260)	102,284	82,813	97,205
Art department	73,215		50,114	121,561	1,768
Newspaper/yearbook	4,613		15,839	18,196	2,256
Library	476		4,382	4,056	802
Clubs	76,794	(45)	110,282	105,033	81,998
Other programs	19,261	5,418	94,965	93,724	25,920
Totals	<u>\$ 353,166</u>	<u>\$ -</u>	<u>\$ 827,688</u>	<u>\$ 904,258</u>	<u>\$ 276,596</u>

**NEBO ELEMENTARY SCHOOL  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
YEAR ENDED JUNE 30, 2020**

<b>Fund</b>	<b>Cash Balance June 30, 2019</b>	<b>Transfers</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Cash Balance June 30, 2020</b>
General	\$ 2,754	\$ -	\$ 34,323	\$ 35,006	\$ 2,071
Telephone	-				-
Postage	-				-
Library	497		7,907	6,405	1,999
Yearbook	1,029		1,627	1,945	711
Facebook grant	163				163
Local instructional supplies	-		900		900
Teacher Help Fund	-				-
Interest	-				-
Beautification	-				-
Endowment Fund	15,107	(3,000)	20,180	20,004	12,283
Paper and pencils	449			177	272
Hospitality	1,182	90	978	1,459	791
Chromebooks	-				-
Nebo Family Connection	-				-
Maintenance	39			27	12
S.H.I.N.E	274				274
Student assistance	693				693
Fundraisers	5	(90)	2,820	1,154	1,581
Furniture and Equipment	163				163
Principal's grant	-				-
Art Tutor	-				-
Golf Tournament	3,800		650	111	4,339
Music	-				-
PRIDE	15,195		10,025	11,573	13,647
Field trips	790	(532)	11,256	10,806	708
Tutors	-				-
Athletic supplies	51				51
Other programs	1,447	3,532	4,502	6,624	2,857
Totals	<u>\$ 43,638</u>	<u>\$ -</u>	<u>\$ 95,168</u>	<u>\$ 95,291</u>	<u>\$ 43,515</u>

**NORTH COVE ELEMENTARY SCHOOL  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
YEAR ENDED JUNE 30, 2020**

<u>Fund</u>	<u>Cash Balance June 30, 2019</u>	<u>Transfers</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash Balance June 30, 2020</u>
General	\$ 752	\$ 1,439	\$ 22,171	\$ 20,361	\$ 4,001
Library	161		6,384	6,524	21
Maintenance	-				-
Local instructional supplies	-				-
Furniture and Equipment	-				-
Gardening grant	515				515
Notebook/pencils	100		101		201
Principal's Discretionary	-		1,200	265	935
Telephone	-				-
Postage	-				-
Yearbook	3,301	(1,300)	1,491	153	3,339
Fundraiser	-				-
Teacher Activity	817	(133)	5,830	5,990	524
NCE 5K	790	(25)	272		1,037
SOS Fund	264		114	206	172
Lion's Pride Travels	-				-
NCFC	-				-
Box Tops	5	(5)	53		53
Other programs	1,919	24	7,478	6,551	2,870
Totals	<u>\$ 8,624</u>	<u>\$ -</u>	<u>\$ 45,094</u>	<u>\$ 40,050</u>	<u>\$ 13,668</u>

**OLD FORT ELEMENTARY SCHOOL  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
YEAR ENDED JUNE 30, 2020**

<u>Fund</u>	<u>Cash Balance June 30, 2019</u>	<u>Transfers</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash Balance June 30, 2020</u>
General	\$ (46)	\$ -	\$ -	\$ -	\$ (46)
Library	1,392		1,421		2,813
Reading summer camp	318				318
Teacher/student activity	(6)		18,027	18,009	12
Science scholarship	3,500				3,500
Postage	-				-
Facebook grant	1,803		14,615		16,418
Local instructional supplies	1				1
Preschool/Afterschool	4,544		11,545	16,075	14
Family food bank	1,433		1,200	650	1,983
Furniture and equipment	4				4
Assistance Fund	4,946		4,385	3,206	6,125
Preschool playground	980				980
Clubs	663				663
Technology	350				350
Field trips	2,612		5,611	5,094	3,129
Annual	7,789				7,789
Fitness program	326		528	237	617
Variety show	6,177		4,400	10,577	-
Other programs	4,876		8,421	8,275	5,022
<b>Totals</b>	<b>\$ 41,662</b>	<b>\$ -</b>	<b>\$ 70,153</b>	<b>\$ 62,123</b>	<b>\$ 49,692</b>

**PLEASANT GARDENS ELEMENTARY SCHOOL  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
YEAR ENDED JUNE 30, 2020**

<b>Fund</b>	<b>Cash Balance June 30, 2019</b>	<b>Transfers</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Cash Balance June 30, 2020</b>
General	\$ 18,866	\$ -	\$ 57,143	\$ 69,290	\$ 6,719
Muddy sneakers	2,093		2,494	2,164	2,423
Science lab	559				559
PTA - Tech funds	4,725	3,824	12,063	16,950	3,662
Student needs	1,418	(1,418)			-
Library	1,646	(278)	8,495	9,453	410
PE	419			260	159
Teacher Activity	908		789	498	1,199
Fundraiser	3,887	335	1,725		5,947
Field trips	109	(57)	49,872	46,696	3,228
Donations	-		66,000		66,000
School fundraiser	-				-
Beautification	126		500	149	477
Before/After School	-				-
Yearbook	424		947	599	772
Variety show	824	(824)			-
Donation	-		73,254	72,955	299
Food pantry	185	1,418	2,031	1,846	1,788
Other Programs	3,297	(3,000)	6,988	5,485	1,800
Totals	<u>\$ 39,486</u>	<u>\$ (0)</u>	<u>\$ 282,301</u>	<u>\$ 226,345</u>	<u>\$ 95,442</u>

**WEST MARION ELEMENTARY SCHOOL  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
YEAR ENDED JUNE 30, 2020**

<b>Fund</b>	<b>Cash Balance June 30, 2019</b>	<b>Transfers</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Cash Balance June 30, 2020</b>
General	\$ 64	\$ 3,165	\$ 38,972	\$ 40,996	\$ 1,205
Library	320	(320)	8,259	6,083	2,176
Maintenance	(2,108)	1,037	1,071		-
Sound to Sea	1,626	(1,626)			-
Yearbook	353	(1,692)	4,701	382	2,980
Local instructional supplies	-				-
Athletics	-				-
Box Tops	356	(356)			-
Principal Discretion	(5,435)	6,417		982	-
Afterschool	-				-
WME Family resource	-				-
Music	63	(63)			-
Gardening club	2,611		2,396	443	4,564
Field trips	3,508	(3,551)	8,107	6,497	1,567
Benevolent Fund	357		3,100	1,665	1,792
Other	4,357	(3,011)	5,012	5,819	539
	<u>4,357</u>	<u>(3,011)</u>	<u>5,012</u>	<u>5,819</u>	<u>539</u>
Totals	<u>\$ 6,072</u>	<u>\$ -</u>	<u>\$ 71,618</u>	<u>\$ 62,867</u>	<u>\$ 14,823</u>



**WEST MCDOWELL MIDDLE SCHOOL  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
YEAR ENDED JUNE 30, 2020**

<u>Fund</u>	<u>Cash Balance June 30, 2019</u>	<u>Transfers</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash Balance June 30, 2020</u>
General	\$ 4,703	\$ 1,155	\$ 24,003	\$ 24,265	\$ 5,596
Athletics	22,823	(205)	42,567	31,384	33,801
Athletic Fundraising	3,872			2,168	1,704
Beautification	991			547	444
Instruction supplies	24,646		3,103	9,083	18,666
Student Council	7,299	(60)		2,398	4,841
Science Olympiad	94				94
PBIS	1,480				1,480
Postage	987			156	831
Yearbook	6,461		2,867	80	9,248
Men of Honor	252				252
Foothills Community School	10,196		28,327	27,451	11,072
Spartan cards	(59)		13,150	7,180	5,911
Music	9,342	60	2,021	3,328	8,095
FCA	361				361
Local capital outlay	2,485	(1,155)		1,283	47
Field trips	3,698		82,390	69,164	16,924
Cheerleaders	7,365	205	13,382	20,950	2
Hospitality	202				202
Classrooms	3,585				3,585
Grants	32		4,750		4,782
Drama	42				42
Chromebooks	2,866		8,857	8,489	3,234
Memorials	14,428		2,700		17,128
Other programs	4,039		18,695	8,293	14,441
<b>Totals</b>	<b>\$ 132,190</b>	<b>\$ -</b>	<b>\$ 246,812</b>	<b>\$ 216,219</b>	<b>\$ 162,783</b>