

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

**BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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

Morganton, North Carolina

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JUNE 30, 2021**

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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, 2021, 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, 2021, 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

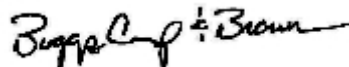
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the McDowell County Board of Education's basic financial statements. The combining and individual fund financial statements and schedules, budgetary schedules and other schedules, as well 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 22, 2021 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 22, 2021
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, 2021. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- During the fiscal year, the state and nation continued to be affected by the spread of a coronavirus (COVID-19). Educational services were provided to students remotely, within the traditional classroom environment or a hybrid method incorporating on-site instruction and remote learning. The Board incurred additional expenses as a result of COVID-19 including: purchase of personal protective equipment, custodial supplies to mitigate risk from transmission, and remote learning education tools. In addition, the Board received grants from the federal government to assist with these additional expenses incurred due to COVID-19.
- The 2020-2021 year proved to be a very challenging one as a result of state economic conditions.
- Student enrollment decreased from the previous year. Decreasing from 5,919 to 5,768.
- The liabilities of the Board exceeded assets at the close of the fiscal year by \$(14,728,675).
- The Board's total net position increased by \$8,547,790 during fiscal year end June 30, 2021.
- As of June 30, 2021, the Board's General Fund reported total fund balance of \$6,632,851 an increase of \$785,948 from the previous year.
- Business Type Activities, the School Food Service and Child Care Funds, reported an increase in net position of \$589,673 for the fiscal year ending June 30, 2021.

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 \$14,728,675 as of June 30, 2021. A significant component of net position is net investment in capital assets of \$79,183,156.

Following is a summary of the Statement of Net Position:

**Figure 1
Condensed Statement of Net Position
as of June 30, 2021**

	Governmental Activities		Business-type Activities		Total Primary Government	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Current assets	\$10,876,598	\$10,181,806	\$1,367,304	\$ 847,065	\$12,243,902	\$ 11,028,871
Capital assets	<u>79,094,243</u>	<u>75,445,340</u>	<u>88,913</u>	<u>110,618</u>	<u>79,183,156</u>	<u>75,555,958</u>
Total assets	<u>89,970,841</u>	<u>85,627,146</u>	<u>1,456,217</u>	<u>957,683</u>	<u>91,427,058</u>	<u>86,584,829</u>
Deferred outflows of resources	16,072,721	15,549,087	514,914	497,442	16,586,915	16,046,529
Current liabilities	4,494,049	4,721,612	134,621	143,649	4,628,670	4,865,261
Long-term liabilities	<u>84,102,866</u>	<u>89,206,561</u>	<u>2,697,948</u>	<u>2,843,052</u>	<u>86,800,814</u>	<u>92,049,613</u>
Total liabilities	<u>88,596,915</u>	<u>93,928,173</u>	<u>2,832,569</u>	<u>2,986,701</u>	<u>91,429,484</u>	<u>96,914,874</u>
Deferred inflows of resources	30,342,456	28,101,986	970,708	890,963	31,313,164	28,992,949
Net investment in capital assets	78,825,653	75,445,340	88,913	110,618	78,914,566	75,555,958
Restricted for:						
Individual schools	954,897	876,237			954,897	876,237
School Capital Outlay	821,779	766,380			821,779	766,380
Stabilization by State						
Statute	65,277	334,496			65,277	334,496
DIPNC OPEB plan	98,384	88,977	3,147	2,847	101,531	91,824
Unrestricted net position (deficit)	<u>(93,661,799)</u>	<u>(98,365,356)</u>	<u>(1,924,926)</u>	<u>(2,536,004)</u>	<u>(95,586,725)</u>	<u>(100,901,360)</u>
Total net position (deficit)	<u>\$(12,895,809)</u>	<u>\$(20,853,926)</u>	<u>\$(1,832,866)</u>	<u>\$(2,422,539)</u>	<u>\$(14,728,675)</u>	<u>\$(23,276,465)</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 and adjustments made to the pension and OPEB accounts. 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, 2021

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Revenues:						
Program revenues:						
Charges for services	\$ 196,464	\$ 388,444	\$ 99,743	\$ 600,543	\$ 296,207	\$ 988,987
Operating grants and contributions	51,306,147	49,891,628	3,567,722	3,036,054	54,873,869	52,927,682
Capital grants and contributions		119,481				119,481
General revenue:						
Other revenues	<u>19,129,680</u>	<u>25,912,980</u>	<u>4,235</u>	<u>1,876</u>	<u>19,133,915</u>	<u>25,914,856</u>
Total revenues	<u>70,632,291</u>	<u>76,312,533</u>	<u>3,671,700</u>	<u>3,638,473</u>	<u>74,303,991</u>	<u>79,951,006</u>
Expenses:						
Governmental activities:						
Instructional services	48,398,435	50,222,203			48,398,435	50,222,203
System-wide support services	9,191,907	10,071,533			9,191,907	10,071,533
Ancillary services	2,175,959	2,493,083			2,175,959	2,493,083
Non-programmed charges	53,951	67,684			53,951	67,684
Unallocated depreciation expense	2,807,927	2,527,688			2,807,927	2,527,688
Business-type activities:						
School food service			3,196,062	3,674,450	3,196,062	3,674,450
Child care			(68,040)	8,901	(68,040)	8,901
Total expenses	<u>62,628,179</u>	<u>65,382,191</u>	<u>3,128,022</u>	<u>3,683,351</u>	<u>65,756,201</u>	<u>69,065,542</u>
Increase (decrease) in net assets before transfers	8,004,112	10,930,342	543,678	(44,878)	8,547,790	10,885,464
Transfers in (out)	<u>(45,995)</u>	<u>(56,135)</u>	<u>45,995</u>	<u>56,135</u>		
Increase in net position	7,958,117	10,874,207	589,673	11,257	8,547,790	10,885,464
Net position, beginning	<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>
Ending net position (deficit)	<u><u>\$(12,895,809)</u></u>	<u><u>\$(20,853,926)</u></u>	<u><u>\$(1,832,866)</u></u>	<u><u>\$(2,422,539)</u></u>	<u><u>\$(14,728,675)</u></u>	<u><u>\$(23,276,465)</u></u>

Total governmental activities generated revenues of \$70,632,291 while expenses in this category totaled \$62,628,179. Comparatively, revenues were \$76,312,533 and expenses totaled \$65,382,191 for the year ended June 30, 2020. The increase in net position stands at \$7,958,117 at June 30, 2021 compared to an increase in net position of \$10,874,207 for fiscal year end June 30, 2020. Instructional service expenses comprised 72.3% of total governmental-type expenses as compared to 76.8% in fiscal year 2020. System-wide support services made up 14.7% of those expenses for 2021 and 15.4% for 2020. County funding comprised 15.5% of total government revenue for fiscal year end June 30, 2021 as compared to 12.1% in fiscal year end June 30, 2020, while unrestricted State funding added another 10.2% and 15.1% for fiscal years ending June 30, 2021 and 2020 respectively. Much of the remaining 74.3% of total governmental revenue consists of restricted State and Federal funding. Business-type activities generated revenue of \$367,120 and had expenses of \$3,128,022 as compared to revenues of \$3,638,473 and expenses of \$3,683,351 for the period ending June 30, 2020. Net position increased in the business-type activities by \$589,673 after transfers in from governmental activities of \$45,995 as compared to an increase in net position of \$11,257 after transfers in of \$56,135 for the period ending June 30, 2020.

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 \$8,648,460 a \$929,438 increase from last year. Fund balance of governmental funds decreased by \$47,135 during fiscal 2020. The General Fund reported an increase in fund balance of \$785,948 as compared to a decrease of \$129,453 in fiscal year end 2020.

Proprietary funds: The Board's Business-type Funds had an increase in net position of \$589,673 as compared to an increase of \$11,257 in fiscal year end 2020. The School Food Service Fund had an increase in net position of \$521,633 for fiscal year June 30, 2021 as compared to an increase of \$10,158 in fiscal 2020, and the Child Care Fund had an increase in net position of \$68,040 as compared to an increase of \$1,099 in fiscal 2020.

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 \$3,627,198 (or 4.8%) from the previous year. Depreciation for the total primary government totaled \$3,090,576 while additions from capital expenditures totaled \$6,717,773. 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, 2021**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Land	\$ 2,679,789	\$ 2,679,789	\$	\$	\$ 2,679,789	\$ 2,679,789
Construction in progress	648,725	15,759,545			648,725	15,759,545
Buildings	73,450,670	54,950,188			73,450,670	54,950,188
Equipment and furniture	609,569	678,215	66,081	83,981	675,650	762,196
Vehicles	<u>1,705,490</u>	<u>1,377,603</u>	<u>22,832</u>	<u>26,637</u>	<u>1,728,322</u>	<u>1,404,240</u>
Total	<u>\$79,094,243</u>	<u>\$75,445,340</u>	<u>\$ 88,913</u>	<u>\$110,618</u>	<u>\$79,183,156</u>	<u>\$75,555,958</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 increased by \$268,590 due to installment financed purchase of 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 2021 was 4.7 %. The State rate was 4.6 %.

Impact of Coronavirus on School

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

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, 2021

	Primary Government		Total
	Governmental Activities	Business- type Activities	
ASSETS			
Cash and cash equivalents	\$ 9,230,789	\$ 1,168,654	\$ 10,399,443
Due from other governments	1,534,549	103,729	1,638,278
Receivables - Net	12,876	1,730	14,606
Net OPEB asset	98,384	3,147	101,531
Inventories		90,044	90,044
Total current assets	10,876,598	1,367,304	12,243,902
Capital assets (Note 1):			
Land and construction in progress	3,328,514		3,328,514
Other capital assets, net of depreciation	75,765,729	88,913	75,854,642
Total capital assets	79,094,243	88,913	79,183,156
Total assets	89,970,841	1,456,217	91,427,058
DEFERRED OUTFLOWS OF RESOURCES	16,072,721	514,194	16,586,915
LIABILITIES			
Accounts payable and accrued expenses	82,262	-	82,262
Accrued salaries and wages payable	1,657,525	36,507	1,694,032
Due to other governments	285,131	-	285,131
Unearned revenue	104,836	44,114	148,950
Liabilities due within one year	2,364,295	54,000	2,418,295
Total current liabilities	4,494,049	134,621	4,628,670
Long-term liabilities:			
Net pension liability	27,931,646	893,582	28,825,228
Net OPEB liability	55,345,438	1,770,597	57,116,035
Due in more than one year	825,782	33,769	859,551
Total liabilities	88,596,915	2,832,569	91,429,484
DEFERRED INFLOWS OF RESOURCES	30,342,456	970,708	31,313,164
NET POSITION			
Net investment in capital assets	78,825,653	88,913	78,914,566
Restricted for:			
Individual schools	954,897		954,897
School Capital Outlay	821,779		821,779
Stabilization by State Statute	65,277		65,277
DIPNC OPEB plan	98,384	3,147	101,531
Unrestricted	(93,661,799)	(1,924,926)	(95,586,725)
Total net position	\$ (12,895,809)	\$ (1,832,866)	\$ (14,728,675)

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, 2021**

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	
Primary government:							
Governmental Activities:							
Instructional services:							
Regular Instructional	\$ 27,724,742	\$ -	\$ 25,996,773	\$ -	\$ (1,727,969)	\$ -	\$ (1,727,969)
Special Populations	6,450,128		5,808,710		(641,418)		(641,418)
Alternative Programs	4,666,431	92,158	4,640,406		66,133		66,133
School Leadership	3,535,378		2,925,166		(610,212)		(610,212)
Co-Curricular	1,627,391	104,306	1,189,390		(333,695)		(333,695)
School-Based Support	4,394,365		3,471,967		(922,398)		(922,398)
System-wide support services:							
Support and Development	680,390		546,827		(133,563)		(133,563)
Special Population Support and Development	178,137		195,396		17,259		17,259
Alternative Programs and Services Support and Development	370,255		227,993		(142,262)		(142,262)
Technology Support	490,752		62,157		(428,595)		(428,595)
Operational Support	5,719,507		3,228,171		(2,491,336)		(2,491,336)
Financial and Human Resource Accountability	1,102,213		284,464		(817,749)		(817,749)
System-wide Pupil Support	157,589		95,013		(62,576)		(62,576)
Policy, Leadership, and Public Relations	2,758				(2,758)		(2,758)
Ancillary services	490,306		186,436		(303,870)		(303,870)
Non-programmed charges	2,175,959		2,309,095		133,136		133,136
Unallocated depreciation expense**	53,951		138,183		84,232		84,232
Total governmental activities	2,807,927				(2,807,927)		(2,807,927)
	62,628,179	196,464	51,306,147	-	(11,125,568)		(11,125,568)
Business-type activities:							
School food service	3,196,062	99,743	3,567,722			471,403	471,403
Child care	(68,040)	-				68,040	68,040
Total business-type activities	3,128,022	99,743	3,567,722	-		539,443	539,443
Total primary government	\$65,756,201	\$ 296,207	\$ 54,873,869	\$ -	(11,125,568)	539,443	(10,586,125)
General revenues:							
Unrestricted county appropriations - operating					9,243,000		9,243,000
Unrestricted county appropriations - capital					1,701,414		1,701,414
Unrestricted State grants - operating					2,510,406		2,510,406
Unrestricted State grants - capital					4,714,864		4,714,864
Investment earnings, unrestricted					17,243	729	17,972
Miscellaneous, unrestricted					942,753	3,506	946,259
Transfers					(45,995)	45,995	-
Total general revenues					19,083,685	50,230	19,133,915
Changes in net position					7,958,117	589,673	8,547,790
Net position, beginning, previously reported					(20,853,926)	(2,422,539)	(23,276,465)
Net position - ending					\$ (12,895,809)	\$ (1,832,866)	\$ (14,728,675)

** 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, 2021**

	MAJOR FUNDS				Non-major Fund Individual Schools	Total Governmental Funds
	General	State Public School	Capital Outlay	Federal Grants		
ASSETS						
Cash and cash equivalents	\$ 6,974,233	\$ 180,144	\$ 821,779	\$ 299,736	\$ 954,897	\$ 9,230,789
Due from other governments	64,362	1,388,422		81,765		1,534,549
Due from other funds	-					-
Receivables (Net)	915			11,961		12,876
Total assets	\$ 7,039,510	\$ 1,568,566	\$ 821,779	\$ 393,462	\$ 954,897	\$ 10,778,214
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 79,249	\$ -	\$ -	\$ 3,013	\$ -	\$ 82,262
Accrued salaries and benefits payable	188,413	1,388,422		80,690		1,657,525
Unearned Revenue	104,836					-
Due to other funds						-
Due to other governments	34,161	180,144		70,826		285,131
Total liabilities	406,659	1,568,566	-	154,529	-	2,024,918
Fund balances:						
Restricted:						
Stabilization by State Statute	65,277					65,277
School Capital Outlay Individual Schools			821,779		954,897	821,779
Assigned:						954,897
Subsequent years expenditure	200,000					200,000
Special Revenue	-			238,933		238,933
Unassigned	6,367,574					6,367,574
Total fund balances	6,632,851	-	821,779	238,933	954,897	8,648,460
Total liabilities, deferred inflows and fund balances	\$ 7,039,510	\$ 1,568,566	\$ 821,779	\$ 393,462	\$ 954,897	

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

Net OPEB asset	98,384
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	79,094,243
Deferred outflows of resources related to pensions	10,820,123
Deferred outflows of resources related to OPEB	5,252,598
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.	(3,190,077)
Net pension liability	(27,931,646)
Net OPEB liability	(55,345,438)
Deferred inflows of resources related to OPEB	(29,665,431)
Deferred inflows of resources related to pensions	(677,025)
Net position of government activities	\$ (12,895,809)

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, 2021**

	MAJOR FUNDS				Non-major Fund	Total Governmental Funds
	General	State Public School	Capital Outlay	Federal Grants	Individual Schools	
REVENUES						
State of North Carolina	\$ 1,638,863	\$ 42,612,768	\$ 4,714,864	\$ 188,445	\$ -	\$ 49,154,940
McDowell County	9,243,000		1,701,414			10,944,414
U.S. Government	139,951	989,171		6,692,907		7,822,029
Contributions and donations	279,775				1,189,390	1,469,165
Other	1,156,116		2,199	85,284	104,636	1,348,235
Total revenues	12,457,705	43,601,939	6,418,477	6,966,636	1,294,026	70,738,783
EXPENDITURES						
Current:						
Instructional services:						
Regular Instructional	2,755,586	26,020,268		799,611		29,575,465
Special Populations	757,328	4,830,301		1,304,734		6,892,363
Alternative Programs	1,985,005	1,124,363		1,857,923		4,967,291
School Leadership	869,397	2,925,166		-		3,794,563
Co-Curricular	424,832				1,215,366	1,640,198
School-Based Support	644,423	3,821,334		152,205		4,617,962
System-wide support services:						
Support and Development	172,036	290,814		256,013		718,863
Special Population Support and Development	971	158,398		36,998		196,367
Alternative Programs & Services Support and Development	271,240	3,443		111,738		386,421
Technology Support	214,001	304,482		-		518,483
Operational Support	2,573,710	3,175,273		52,898		5,801,881
Financial and Human Resource Accountability	648,682	495,861				1,144,543
	15,626	151,794				167,420
System-wide Pupil Support Policy, Leadership, and Public Relations	263,473	247,557		120		511,150
Community Services	-			2,289,978		2,289,978
Nutrition Services	1,597	9,686				11,283
Non-programmed charges	71,092	(2,796)		94,987		163,283
Debt Service:						
Principal			268,590			268,590
Capital outlay:						
Real property and buildings			6,631,668			6,631,668
Total expenditures	11,671,757	43,555,944	6,900,258	6,957,205	1,215,366	70,300,530
Excess (deficiency) of revenues over expenditures	785,948	45,995	(481,781)	9,431	78,660	438,253
OTHER FINANCING SOURCES (USES)						
Installment purchase obligations issued			537,180			537,180
Transfers (to)from other funds		(45,995)		-		(45,995)
Total other financing sources (uses)	-	(45,995)	537,180	-	-	491,185
Net changes in fund balance	785,948	-	55,399	9,431	78,660	929,438
Fund balances - beginning	5,846,903		766,380	229,502	876,237	7,719,022
Fund balances - ending	\$ 6,632,851	\$ -	\$ 821,779	\$ 238,933	\$ 954,897	\$ 8,648,460

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, 2021**

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

Net changes in fund balances - total governmental funds	\$	929,438
<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>		
		3,648,903
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities</p>		
		5,245,363
<p>Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities</p>		
		2,402,568
<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>		
Issuance of long-term debt		(537,180)
Repayment of long-term debt		268,590
<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		3,625,659
Pension expense		(7,642,020)
Compensated absences		16,796
		16,796
Total changes in net position of governmental activities	\$	7,958,117

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, 2021**

	General Fund			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
State of North Carolina	\$ -	\$ 1,631,408	\$ 1,638,863	\$ 7,455
McDowell County	9,243,000	9,243,000	9,243,000	-
U.S. Government		144,137	139,951	(4,186)
Other	165,552	1,321,714	1,435,891	114,177
Total Revenues	9,408,552	12,340,259	12,457,705	117,446
Expenditures:				
Current:				
Instructional services:				
Regular Instructional	6,044,064	3,079,261	2,755,586	323,675
Special Populations	15,107	763,989	757,328	6,661
Alternative Programs	17,328	1,992,453	1,985,005	7,448
School Leadership	65,774	874,539	869,397	5,142
Co-Curricular	306,750	429,050	424,832	4,218
School-Based Support	64,625	649,895	644,423	5,472
System-wide support services:				
Support and Development	2,700	211,700	172,036	39,664
Special Population Support and Development		1,000	971	29
Alternative Programs and Services Support and Development	1,106	277,843	271,240	6,603
Technology Support	4,584	219,584	214,001	5,583
Operational Support	3,282,915	3,284,053	2,573,710	710,343
Financial and Human Resource Accountability	1,867 711	687,867 15,711	648,682 15,626	39,185 85
System-wide Pupil Support Services Policy, Leadership, and Public Relations	1,021	3,000 276,022	2,758 263,473	242 12,549
Ancillary services	-	2,000	1,597	403
Non-programmed charges	-	80,000	71,092	8,908
Total expenditures	9,808,552	12,847,967	11,671,757	1,176,210
Revenues over (under) expenditures	(400,000)	(507,708)	785,948	1,293,656
Other financing sources (uses):				
Transfers to other funds		-	-	-
Total other financing sources (uses)	-	-	-	-
Revenues and other sources over (under) expenditures	(400,000)	(507,708)	785,948	1,293,656
Fund balances, beginning of year	400,000	507,708	5,846,903	5,339,195
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,632,851</u>	<u>\$ 6,632,851</u>

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, 2021**

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)
\$ 40,248,940	\$ 42,981,666	\$ 42,612,768	\$ (368,898)	\$ 175,500	\$ 175,500	\$ 188,445	\$ 12,945
191,495	1,382,985	989,171	-	5,852,570	14,326,994	6,692,907	(7,634,087)
				30,000	30,000	85,284	55,284
40,440,435	44,364,651	43,601,939	(762,712)	6,058,070	14,532,494	6,966,636	(7,565,858)
30,772,565	26,644,859	26,020,268	624,591	161,453	2,019,533	799,611	1,219,922
4,505,958	4,840,750	4,830,301	10,449	1,204,807	1,462,349	1,304,734	157,615
1,245,460	1,206,115	1,124,363	81,752	1,715,916	5,000,655	1,857,923	3,142,732
1,993,986	2,930,719	2,925,166	5,553				
					135,000		135,000
-	3,825,317	3,821,334	3,983	58,111	403,300	152,205	251,095
796,848	300,537	290,814	9,723	101,847	257,708	256,013	1,695
	161,508	158,398	3,110	35,112	37,375	36,998	377
	5,000	3,443	1,557	159,006	159,006	111,738	47,268
-	306,768	304,482	2,286				
1,125,618	3,184,875	3,175,273	9,602	107,589	2,407,829	52,898	2,354,931
-	500,000	495,861	4,139				
-	155,000	151,794	3,206				
-	250,000	247,557	2,443	5,000	5,000	120	4,880
-	10,004	9,686	318	2,414,049	2,433,407	2,289,978	143,429
	(2,796)	(2,796)	-	95,180	211,332	94,987	116,345
40,440,435	44,318,656	43,555,944	762,712	6,058,070	14,532,494	6,957,205	7,575,289
-	45,995	45,995	-	-	-	9,431	9,431
	(45,995)	(45,995)	-				
-	(45,995)	(45,995)	-	-	-	-	-
-	-	-	-	-	-	9,431	9,431
						229,502	229,502
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 238,933	\$ 238,933

**MCDOWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021**

	Enterprise Fund		Total
	Major Fund	Non-Major	
	School Food Service	Fund Child Care	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,161,091	\$ 7,563	\$ 1,168,654
Due From Other Governments	103,729		103,729
Inventories	90,044		90,044
OPEB asset	3,147		3,147
Accounts Receivable	1,730	-	1,730
Total current assets	1,359,741	7,563	1,367,304
Noncurrent assets:			
Capital assets:			
Furniture and equipment, net	88,913		88,913
Total noncurrent assets	88,913		88,913
Total assets	\$ 1,448,654	\$ 7,563	\$ 1,456,217
DEFERRED OUTFLOWS OF RESOURCES	\$ 514,194		\$ 514,194
LIABILITIES			
Current liabilities:			
Accounts Payable			-
Accrued Salaries and Benefits	36,507		36,507
Due to other funds	-	-	-
Compensated absences	54,000		54,000
Unearned Revenue	44,114		44,114
Total current liabilities	134,621	-	134,621
Noncurrent liabilities:			
Net pension liability	893,582		893,582
Net OPEB liability	1,770,597		1,770,597
Compensated absences	33,769		33,769
Total noncurrent liabilities	2,697,948	-	2,697,948
Total liabilities	2,832,569	-	2,832,569
DEFERRED INFLOWS OF RESOURCES	970,708		970,708
NET POSITION			
Net investment in capital assets	88,913		88,913
DIPNC OPEB plan	3,147	-	3,147
Unrestricted	(1,932,489)	7,563	(1,924,926)
Total net position	\$ (1,840,429)	\$ 7,563	\$ (1,832,866)

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, 2021**

	Enterprise Fund		
	Major Fund	Non-Major	Total
	School Food Service	Fund Child Care	
OPERATING REVENUES			
Food sales	\$ 99,743	\$ -	\$ 99,743
Child care fees		-	-
Total operating revenues	99,743	-	99,743
OPERATING EXPENSES			
Food cost:			
Purchase of food	970,503		970,503
Donated commodities	303,887		303,887
Salaries and benefits	1,614,835	(68,040)	1,546,795
Indirect costs	188,772		188,772
Materials and supplies	29,371	-	29,371
Repairs and maintenance	36,084		36,084
Depreciation	21,705		21,705
Noncapital Equipment	3,597		3,597
Purchased services	23,112		23,112
Gas/Fuel	4,196		4,196
Total operating expenses	3,196,062	(68,040)	3,128,022
Operating (loss)	(3,096,319)	68,040	(3,028,279)
NONOPERATING REVENUES (EXPENSES)			
Federal Reimbursements	2,885,368		2,885,368
hyj	303,887		303,887
Federal fresh fruit & vegetables	189,695		189,695
Sales tax	3,506		3,506
Interest earned	729		729
Indirect costs not paid	188,772		188,772
Total nonoperating revenue	3,571,957	-	3,571,957
Income (Loss) before transfers	475,638	68,040	(3,028,279)
Transfers (to) from other funds	45,995		45,995
Change in net position	521,633	68,040	589,673
Total net position, beginning	(2,362,062)	(60,477)	(2,422,539)
Total net position - ending	\$ (1,840,429)	\$ 7,563	\$ (1,832,866)

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, 2021

	Enterprise Fund		Total
	Major Fund School Food Service	Non-Major Fund Child Care	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 116,529	\$ -	\$ 116,529
Cash paid for goods and services	(1,220,251)	-	(1,220,251)
Cash paid to employees for services	(1,590,146)	-	(1,590,146)
Net cash used by operating activities	(2,693,868)	-	(2,693,868)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Sales Tax	3,506	-	3,506
Federal and state reimbursements	3,179,023	-	3,179,023
Net cash provided by noncapital financing activities	3,182,529	-	3,182,529
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	-	-	-
Net cash (used) by capital and related financing activities	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	729	-	729
Net increase (decrease) in cash and cash equivalents	489,390	-	489,390
Cash - beginning of year	671,701	7,563	679,264
Cash - end of year	\$ 1,161,091	\$ 7,563	\$ 1,168,654
Reconciliation of operating income (loss) to net cash used by operating activities			
Operating income (loss)	\$ (3,096,319)	\$ 68,040	\$ (3,028,279)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	21,705	-	21,705
Donated commodities consumed	303,887	-	303,887
Salaries paid by special revenue fund	45,995	-	45,995
Indirect costs not paid	188,772	-	188,772
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	18,879	-	18,879
(Increase) decrease in inventory	83,518	-	83,518
(Increase) decrease in due from other governments	-	-	-
(Increase) decrease in net OPEB asset	(357)	57	(300)
Increase (decrease) in net OPEB liability	(247,813)	(41,192)	(289,005)
Increase(decrease) in pension liability	125,801	(15,669)	110,132
Increase(decrease) in due to other funds	(236,906)	-	(236,906)
(Increase)decrease in deferred outflows	(26,701)	9,949	(16,752)
Increase(Decrease) in deferred inflows	97,564	(17,819)	79,745
Increase (decrease) in unearned revenue	(2,093)	-	(2,093)
Increase (decrease) in accrued salaries	15,280	-	15,280
Increase (decrease) in long-term liabilities	14,920	(3,366)	11,554
Total adjustments	402,451	(68,040)	334,411
Net cash (used) by operating activities	\$ (2,693,868)	\$ -	\$ (2,693,868)

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, 2021**

Noncash investing, capital and financing activities:

The State Public School Fund paid salaries and benefits of \$45,995 to administrative personnel of the School Food Service Fund during the fiscal year. This payment is reflected by a transfer in and an operating expense on Exhibit 7.

The School Food Service Fund received donated commodities with a value of \$303,887 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The Fund recorded the consumption of \$303,887 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, 2021**

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 - 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, 2021. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board's liability for accumulated earned vacation and the salary-related payments as of June 30, 2021 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years' records, of the current portion of compensated absences.

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 \$(21,544,269) 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)	\$158,373,349
Less Accumulated Depreciation	<u>(79,279,106)</u>
Net capital assets	79,094,243
Net OPEB asset	98,384
Pension related deferred outflows of resources	10,820,123
OPEB related deferral outflows of resources	5,252,598
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:	(268,590)
Net OPEB liability	\$(55,345,438)
Net pension liability	(27,931,646)
Deferred inflows of resources related to pensions	(677,025)
Deferred inflows of resources related to OPEB	(29,665,431)
Compensated absences	<u>(2,921,487)</u>
Total adjustment	<u>\$(21,544,269)</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 \$7,028,679 as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities	\$ 6,717,773
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	(3,068,870)

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)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position:

Repayment of long-term debt	\$ 268,590
Issuance of long-term debt	(537,180)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	5,245,363
Contributions to the OPEB plans in current fiscal year are not included on the Statement of Activities.	2,402,568
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	(7,642,020)
OPEB Expense	3,625,659
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	<u>16,796</u>
Total adjustment	<u>\$ 7,028,679</u>

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, 2021, the Board had deposits with banks with a carrying amount of \$6,465,910 and with the State Treasurer of \$244,286. The bank balances with the financial institutions and the State Treasurer were \$6,885,489 and \$904,108 respectively. Of these balances, \$280,191 was covered by federal depository insurance and \$7,509,406 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2021, the Board of Education had \$3,689,247 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2021. The Board has no policy for managing interest rate risk or credit risk.

II. Detail Notes on All Funds - (Continued)

A. Assets - (Continued)

3. Receivables

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

	<u>Due from other governments</u>	<u>Other</u>
Governmental activities:		
General Fund	\$ 64,362	\$ 915
Other governmental	<u>1,470,187</u>	<u>11,961</u>
Total governmental activities	<u>\$1,534,549</u>	<u>\$ 12,876</u>
Business-type activities:		
School Food Service	\$ 103,729	\$ 1,730
Total Business-Type activities	<u>\$ 103,729</u>	<u>\$ 1,730</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 21,531	McDowell County Various State and Federal Grant funds Operating funds from DPI Federal grant funds
	42,831	
State Public School Fund	1,388,422	
Federal Grant Fund	<u>81,765</u>	
Total	<u>\$1,534,549</u>	
Business Activities		
School Food Service	\$ <u>103,729</u>	Federal funds
Total	<u>\$ 103,729</u>	

II. Detail Notes on All Funds - (Continued)

A. Assets - (Continued)

4. Capital Assets

Capital asset activity for the year ended June 30, 2021, 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>15,759,545</u>	<u>(15,686,115)</u>	<u>575,295</u>	<u> </u>	<u>648,725</u>
Total capital assets not being depreciated	<u>18,439,334</u>	<u>\$(15,686,115)</u>	<u>\$ 575,295</u>	<u>\$ </u>	<u>3,328,514</u>
Capital assets being depreciated:					
Buildings and improvements	123,402,394	\$ 15,686,115	\$ 5,537,202	\$	144,625,711
Equipment and furniture	2,915,370		16,446	(309,123)	2,622,693
Vehicles	<u>8,628,607</u>	<u> </u>	<u>588,830</u>	<u>(1,421,006)</u>	<u>7,796,431</u>
Total capital assets being depreciated	<u>134,946,371</u>	<u>\$ 15,686,115</u>	<u>\$ 6,142,478</u>	<u>\$ (1,730,129)</u>	<u>155,044,835</u>
Less accumulated depreciation for:					
Buildings and improvements	68,452,206		\$ 2,722,835	\$	71,175,041
Equipment and furniture	2,237,155		85,092	(309,123)	2,013,124
Vehicles	<u>7,251,004</u>		<u>260,943</u>	<u>(1,421,006)</u>	<u>6,090,941</u>
Total accumulated depreciation	<u>77,940,365</u>		<u>\$ 3,068,870</u>	<u>\$ (1,730,129)</u>	<u>79,279,106</u>
Total capital assets being depreciated, net	<u>57,006,006</u>				<u>75,765,729</u>
Governmental activity capital assets, net	<u>\$ 75,445,340</u>				<u>\$ 79,094,243</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	868,249		\$ 17,901	\$	\$ 886,150
Vehicles	<u>119,608</u>		<u>3,805</u>	<u> </u>	<u>123,413</u>
Total accumulated depreciation	<u>987,857</u>		<u>\$ 21,706</u>	<u>\$ </u>	<u>1,009,563</u>
Total capital assets being depreciated, net	<u>110,619</u>				<u>88,913</u>
Business-type activities capital assets, net	<u>\$ 110,619</u>				<u>\$ 88,913</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	\$2,807,927
Operational support services	<u>260,943</u>
Total	<u>\$3,068,870</u>

Construction Commitments

McDowell County has active construction projects as of June 30, 2021 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>
WMES Wastewater upgrade	\$ 117,868
Marion Elementary School grading	17,489
West Marion Culvert project	<u>12,700</u>
Total	<u>\$ 148,057</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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for TSERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at 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.

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, 2021, was 14.78% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$5,413,171 for the year ended June 30, 2021.

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

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, 2021, the Board reported a liability of \$28,825,228 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2020 and at June 30, 2019, the Board's proportion was .2386% and .2438%.

For the year ended June 30, 2021, the Board recognized pension expense of \$7,886,502. At June 30, 2021, 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	\$ 1,588,425	\$
Changes of assumptions	976,806	
Net difference between projected and actual earnings on pension plan investments	3,187,775	
Changes in proportion and differences between Board contributors and proportionate share of contributions		698,684
Board contributions subsequent to the measurement date	<u>5,413,171</u>	<u> </u>
	<u>\$11,166,177</u>	<u>\$ 698,684</u>

\$5,413,171 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$1,687,739
2023	1,288,236
2024	1,128,682
2025	949,665
	<u>\$5,054,322</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, 2019 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, 2019 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 2016 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	\$51,878,641	\$28,825,228	\$9,488,186

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued ACFR 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 in Chapter 135, Article 1 of the General Statutes. It is a cost-sharing, multiple- employer, defined benefit healthcare plan, exclusively for the benefit of former employees of the State, the University of North Carolina System, and community colleges. In addition, LEAs, charter schools, and some select local governments also participate.

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

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

Benefits provided. Plan benefits received by retired employees and disabled employees from RHBF are OPEB. The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees. The plan options change when former employees become eligible for Medicare. Medicare retirees have the option of 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 6.68% of covered payroll which amounted to \$2,446,548.

At June 30, 2021, Board reported liability of \$57,116,035 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. The total OPEB liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2020 and June 30, 2019, the Board's proportion was .20589% and .2099% respectively.

\$2,446,548 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2022	\$ 9,322,018
2023	9,315,746
2024	4,722,724
2025	2,217,190
2026	2,160,511
	<u>\$27,738,189</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)

1. Healthcare Benefits - (Continued)

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

Inflation	3% 3.50-8.10%, including 3.5% inflation and productivity factor
Salary Increases based on service	3.50-8.10%, including inflation and productivity factor
Investment rate of return	7%
Healthcare cost trend rates	
Medical	6.50% grading down to 5.00% by 2024 for non-MA and MA coverage
Prescription drug	9.50% grading down to 5.00% by 2028
Administrative costs	3%
Post-Retirement Mortality	RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for Collar for some Participants, further adjusted with scaling factors varying before and after age 78, and projected for mortality improvement using Scale MP-2015

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 2.21% at June 30, 2020 compared to 3.5% at June 30, 2019. 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 2.21% was used as the discount rate used to measure the total OPEB liability and is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2020.

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

	1% decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Net OPEB liability	\$67,736,003	\$57,116,035	\$48,559,880

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

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)

	<u>Healthcare Trend Rates</u>		
	<u>1% Decrease</u> (Medical- 4.00-5.50%, Pharmacy- 4.00-8.5%, Medicare Advantage- 4.0-5.5%, Administrative- 2.00%)	(Medical- 5.00- 6.50%, Pharmacy- 5.0-9.5%, Medicare Advantage- 5.0-6.5%, Administrative- 3.00%)	<u>1% increase</u> (Medical- 6.00-7.50%, Pharmacy- 6.00- 10.5%, Medicare Advantage- 6.0-7.5%, Administrative- 4.00%)
Net OPEB liability	\$46,045,852	\$57,116,035	\$71,912,826

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

2. Disability Benefits

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

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

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

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.

For employees who had five or more years of membership service as of July 31, 2007, during the first 36 months of the long-term disability period, the monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one-twelfth of the annual longevity payment and local supplements to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of \$3,900 per month reduced by any primary Social Security disability benefits and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled, but the benefits payable shall be no less than \$10 a month. After the first 36 months of the long-term disability, the long-term benefit is calculated in the same manner as described above except the monthly benefit is reduced by an amount equal to a monthly primary Social Security disability benefit to which the participant or beneficiary might be entitled had Social Security disability benefits been awarded. When an employee qualifies for an unreduced service retirement allowance from the TSERS, the benefits payable from DIPNC will cease, and the employee will commence retirement under the Teachers' and State Employees' Retirement System or the University Employees' Optional Retirement Program.

For employees who had less than five years of membership service as of July 31, 2007, and meet the requirements for long-term disability on or after August 1, 2007, during the first 36 months of the long-term disability period, the monthly long-term benefit shall be reduced by an amount equal to the monthly primary Social Security retirement benefit to which the employee might be entitled should the employee become age 62 during the first 36 months. This reduction becomes

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)

effective as of the first day of the month following the month of initial entitlement to Social Security benefits. After the first 36 months of the long-term disability, no further benefits are payable under the terms of this section unless the employee has been approved and is in receipt of primary Social Security disability benefits.

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2021, employers made a statutory contribution of .09% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$32,962 for the year ended June 30, 2021.

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, 2021, Board reported an asset of \$101,531 for its proportionate share of the net DIPNC OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019. The total OPEB asset was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB asset was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2020 and June 30, 2019, the Board's proportion was .20639% and .2128% respectively.

\$32,962 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30	
2022	\$ 21,715
2023	14,809
2024	7,788
2025	12,260
2026	2,204
Thereafter	<u>6,227</u>
Total	<u>\$ 65,003</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)

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 (2.75%)</u>	<u>Discount Rate (3.75%)</u>	<u>1% Increase (4.75%)</u>
Net OPEB asset	\$87,686	\$101,531	\$114,973

Common actuarial assumptions for both OPEB plans. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2019 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

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

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

DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2020. The long-term expected rate of return was determined based on the combination of expected future real rates of return and expected inflation. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2020 is 1.2%.

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)

<u>Asset Class</u>	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:

	RHBFB	DIPNC	Total
OPEB Expense	2,841,807	(78,629)	2,763,178
OPEB Liability (Asset)	57,116,035	(101,531)	57,014,504
Proportionate share of the net OPEB liability (asset)	.20589%	.20639%	
Deferred of Outflows of Resources:			
Differences between expected and actual experience	51,743	73,551	125,294
Changes of Assumptions	2,504,864	7,894	2,512,758
Net difference between projected and actual earnings on plan investments	120,321		120,321
Changes in proportion and differences between Board contributions and proportionate share of contributions	173,694	9,223	182,917
Board contributions subsequent to the measurement date	2,446,548	32,962	2,479,510
Deferred of Inflows of Resources:			
Differences between expected and actual experience	2,234,450	-	2,234,450
Changes of assumptions	23,178,589	7,996	23,186,585
Changes in proportion and differences between Board contributions and proportionate share of contributions	5,175,774	471	5,176,245
Difference between projected and actual investment earnings		17,201	17,201

II. Detail Notes on All Funds - (Continued)

B. Liabilities - (Continued)

2. Accounts Payable

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

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Due To Other Governments</u>
Governmental Activities:			
General	\$ 79,249	\$ 188,413	\$ 34,161
Other Governmental	3,013	1,469,112	250,970
Total governmental activities	<u>\$ 82,262</u>	<u>\$ 1,657,525</u>	<u>\$ 285,131</u>
Business-Type Activities:			
School Service Fund	\$ -	\$ 36,507	\$ -
Total Business-Type activities	<u>\$ -</u>	<u>\$ 36,507</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	\$ 182,917	\$ 5,874,929
Net difference between projected and actual earnings on plan investments	3,308,096	
Difference between expected and actual experience	1,713,719	2,234,450
Net difference between projected and actual earnings on plan investments		17,201
Changes in Assumptions Board Contributions subsequent to the measurement date	3,489,502	23,186,584
	<u>7,892,681</u>	<u> </u>
Total	<u>\$16,586,915</u>	<u>\$31,313,164</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)	\$ 44,114
Grant Revenue (General Fund)	<u>104,836</u>
	<u>\$148,950</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 Insurance. 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, 2021, the Board was not a defendant to any lawsuits.

7. Long-Term Obligations

a. Direct Placement Installment Purchase

The Board is authorized to finance the purchase of school buses under G.S. 115C-47(28). Session Law 2003-284, Section 7.25 authorized the State Board of Education to allot monies for the payments on financing contracts entered into pursuant to G.S. 115C-528. The State has accepted the bid to purchase Thomas Built Buses through a special third-party financing arrangement by Banc of America Public Capital Corp at total payments less than the purchase price. During fiscal year end June 30, 2021, the Board entered into a direct placement installment purchase contract to finance the purchase of six school buses. The buses are pledged as collateral for the debt while the debt is outstanding. The financing contract requires only principal payments of \$134,295 due at the beginning of each contract year.

The future minimum payments on the installment purchases as of June 30, 2021, including \$ - 0 - of interest, are as follows:

<u>Years Ending</u> <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 134,295	\$
2023	134,295	
Totals	\$ 268,590	\$ - 0 -

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

	<u>Balance</u> <u>(Restated)</u> <u>July 1,</u> <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30,</u> <u>2021</u>	<u>Current</u> <u>Portion</u>
Governmental activities:					
Installment Purchases	\$	\$ 537,180	\$ 268,590	\$ 268,590	\$ 134,295
Compensated absences	2,938,283	2,212,924	2,229,720	2,921,487	2,230,000
Net pension liabilities	24,489,118	3,442,528		27,931,646	
Net OPEB liability	64,379,160		9,033,722	55,345,438	
Total	\$91,806,561	\$ 6,192,632	\$11,532,032	\$86,467,161	\$2,364,295
Business-type activities:					
Compensated absences	\$ 76,215	\$ 65,399	\$ 53,845	\$ 87,769	\$ 54,000
Net pension liabilities	783,450	110,132		893,582	
Net OPEB liability	2,059,602		289,005	1,770,597	
Total	\$ 2,919,267	\$ 175,531	\$ 342,850	\$ 2,751,948	\$ 54,000

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, 2021, consist of the following:

	<u>Amount</u>
From State Public School Fund to Child Nutrition Fund for salary and benefits.	<u>\$45,995</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	\$6,632,851
Less:	
Appropriated Fund Balance in 2022 Budget	(200,000)
Stabilization by State Statute	<u>(65,277)</u>
Remaining Fund Balance	<u>\$6,367,574</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 22, 2021, 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 Eight Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014
Board's proportion of the net pension liability (asset)	0.23858%	0.24380%	0.24934%	0.24949%	0.25729%	0.25832%	0.26000%	0.26000%
Board's proportionate share of the net pension liability (asset)	\$28,825,228	\$25,272,568	\$24,824,512	\$19,795,637	\$23,647,609	\$ 9,519,603	\$ 3,010,191	\$16,088,200
Board's covered-employee payroll	36,490,063	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	78.99%	69.03%	69.91%	57.09%	69.73%	27.68%	9.24%	47.16%
Plan fiduciary net position as a percentage of the total pension liability	85.98%	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 Eight Fiscal Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 5,413,171	\$ 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	<u>5,413,171</u>	<u>4,732,761</u>	<u>4,499,702</u>	<u>3,827,763</u>	<u>3,460,523</u>	<u>3,103,228</u>	<u>3,146,705</u>	<u>2,829,796</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$36,624,973	\$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	14.78%	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 Five Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability (asset)	0.20589%	0.20999%	0.21907%	0.22400%	0.22260%
Board's proportionate share of the net OPEB liability (asset)	\$ 57,116,035	\$ 66,438,762	\$ 62,079,997	\$ 73,452,157	\$ 98,627,378
Board's covered payroll	\$ 36,490,063	\$ 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	156.52%	181.46%	174.83%	211.83%	285.50%
Plan Fiduciary net position as a percentage of the total OPEB liability	6.92%	4.40%	4.40%	3.52%	2.41%

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 2,446,548	\$ 2,360,907	\$ 2,295,617	\$ 2,148,234	\$ 2,015,601
Contributions in relation to the contractually required contribution	2,446,548	2,360,907	2,295,617	2,148,234	\$ 2,015,601
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 36,624,973	\$ 36,490,063	\$ 36,612,713	\$ 35,508,006	\$ 34,674,581
Contributions as a percentage of the covered payroll	6.68%	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 Five Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB asset	0.20639%	0.21280%	0.21816%	0.21868%	0.22843%
Board's proportionate share of the net OPEB asset	\$ 101,531	\$ 91,823	\$ 66,268	\$ 133,657	\$ 141,855
Board's covered payroll	\$ 36,490,063	\$ 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	0.2782%	0.2510%	0.1860%	0.3850%	0.4180%
Plan Fiduciary net position as a percentage of the total OPEB asset	115.57%	113.00%	108.47%	116.23%	116.06%

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 32,962	\$ 36,490	\$ 51,258	\$ 49,711	\$ 131,763
Contributions in relation to the contractually required contribution	\$ 32,962	\$ 36,490	\$ 51,258	\$ 49,711	\$ 131,763
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 36,624,973	\$ 36,490,063	\$ 36,612,713	\$ 35,508,006	\$ 34,674,581
Contributions as a percentage of the covered payroll	0.09%	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, 2021
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020)**

<u>REVENUES</u>	Local Current Expenses			2020
	Budget	2021 Actual	Variances	Actual
State of North Carolina:				
School Nurse	\$ 150,000	\$ 150,000	\$ -	\$ 150,025
Smart Start	108,924	128,924	20,000	133,144
Community Based Alternatives	46,986	37,590	(9,396)	31,325
Family Resource Program	135,000	133,450	(1,550)	134,439
N.C. Pre-K Program	1,190,498	1,188,899	(1,599)	1,101,158
Total State of N.C.	1,631,408	1,638,863	7,455	1,550,091
McDowell County - Appropriation	8,778,269	8,778,269	-	8,699,169
McDowell County - Supplement	336,000	336,000	-	336,000
McDowell County - Penalties	28,731	28,731	-	13,759
McDowell County - Technology	100,000	100,000	-	100,000
Timber receipts		-		94,072
Total McDowell County	9,243,000	9,243,000	-	9,243,000
United States Government:				
ROTC	64,729	64,729	-	61,992
Juvenile Justice Delinquency Prevention	79,408	75,222	(4,186)	47,498
Gear Up	-	-	-	13,598
Total U.S. Government	144,137	139,951	(4,186)	123,088
Other:				
Sales Tax	50,000	43,503	(6,497)	45,445
Fines and Forfeitures	200,000	342,206	142,206	264,440
Interest Earned on Investments	-	14,714	14,714	63,154
Private Grants and Donations	341,072	279,775	(61,297)	89,677
Miscellaneous local revenue	18,127	23,753	5,626	114,678
Indirect Cost Allocations	100,000	106,492	6,492	368,500
Medicaid Reimbursement	498,339	533,290	34,951	482,753
Preschool Tuition	114,176	92,158	(22,018)	105,451
Total Other	1,321,714	1,435,891	114,177	1,534,098
Fund Balance Appropriated	507,708		(507,708)	
Total Revenue	12,847,967	12,457,705	(390,262)	12,450,277
<u>EXPENDITURES</u>				
INSTRUCTIONAL SERVICES:				
Regular:				
Salaries		1,621,841		1,915,766
Employee Benefits		526,187		561,809
Purchased Services		-		-
Supplies and Materials		607,558		728,264
Capital Outlay				
Total Regular Instructional Services	3,079,261	2,755,586	323,675	3,205,839

	Local Current Expenses			2020
	Budget	2021 Actual	Variances	Actual
Instructional Programs (Cont'd):				
Special Populations:				
Salaries	\$	\$ 357,494	\$	\$ 292,620
Employee Benefits		124,098		115,415
Purchased Services		271,773		358,557
Supplies and Materials		3,963		5,884
Total Special Populations Services	763,989	757,328	6,661	772,476
Alternative Programs and Services:				
Salaries		979,942		962,500
Employee Benefits		386,689		376,796
Purchased Services		375,452		355,890
Supplies and Materials		237,918		118,466
Capital Outlay		5,004		
Total Alternative Programs and Services	1,992,453	1,985,005	7,448	1,813,652
School Leadership Services:				
Salaries		489,434		601,497
Employee Benefits		325,827		222,809
Purchased Services		23,282		29,013
Supplies and Materials		30,854		41,981
Total School Leadership Services	874,539	869,397	5,142	895,300
Co-Curricular Services:				
Salaries		158,769		133,341
Employee Benefits		42,208		31,321
Purchased Services		1,941		4,757
Supplies and Materials		221,914		104,223
Capital Outlay				
Total Co-Curricular Services	429,050	424,832	4,218	273,642
School-Based Support Services:				
Salaries		396,160		448,510
Employee Benefits		146,306		173,909
Purchased Services		6,714		34,245
Supplies and Materials		95,243		61,687
Total School-Based Support Services	649,895	644,423	5,472	718,351
Total Instructional Programs	7,789,187	7,436,571	352,616	7,679,260
SYSTEM-WIDE SUPPORT SERVICES				
Support and Development Services:				
Salaries		76,393		50,611
Employee Benefits		34,480		17,070
Purchased Services		52,549		61,313
Supplies and Materials		8,614		14,191
Total Support and Development Services	211,700	172,036	39,664	143,185
Special Population Support and Development Services:				
Salaries		747		794
Employee Benefits		224		179
Purchased Services		-		-
Total Special Population Support And Development Services	1,000	971	29	973

Support Services (Continued):	Local Current Expenses			2020
	Budget	2021 Actual	Variances	Actual
Alternative Programs and Services:				
Support and Development Services:				
Salaries	\$	\$ 194,658	\$	\$ 180,184
Employee Benefits		70,946		63,986
Purchased Services		1,127		1,106
Supplies and Materials		4,509		35
Total Alternative Programs and Services	277,843	271,240	6,603	245,311
Technology Support Services:				
Salaries		58,800		-
Employee Benefits		21,524		-
Purchased Services		13,954		19,836
Supplies and Materials		119,723		95,332
Total Technology Support Services	219,584	214,001	5,583	115,168
Operational Support Services:				
Salaries		593,281		690,887
Employee Benefits		254,267		276,158
Purchased Services		1,218,553		1,336,962
Supplies and Materials		442,613		705,191
Capital Outlay		64,996		230,768
Total Operational Support Services	3,284,053	2,573,710	710,343	3,239,966
Financial and Human Resource Services:				
Salaries		125,382		59,214
Employee Benefits		250,411		146,191
Purchased Services		263,588		269,420
Supplies and Materials		9,301		26,968
Total Financial and Human Resource Services	687,867	648,682	39,185	501,793
Accountability Services:				
Salaries		8,869		8,778
Employee Benefits		3,221		3,019
Purchased Services		3,536		3,258
Supplies and Materials		-		13
Total Accountability Services	15,711	15,626	85	15,068
System-wide Pupil Support Services:				
Purchased Services		2,758		2,651
Total System-wide Pupil Support Services	3,000	2,758	242	2,651
Policy, Leadership and Public Relations Services:				
Salaries		69,572		283,341
Employee Benefits		11,409		27,029
Purchased Services		134,832		188,751
Supplies and Materials		47,660		60,537
Capital Outlay		-		-
Total Policy, Leadership and Public Relations Services	276,022	263,473	12,549	559,658
Total Supporting Services	4,976,780	4,162,497	814,283	4,823,773

	Local Current Expenses			2020
	Budget	2021 Actual	Variances	Actual
ANCILLARY SERVICES:				
Community Services:				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee Benefits				
Supplies and Materials				
Capital Outlay				
Total Community Services	-	-	-	-
Nutrition Services:				
Salaries		-		180
Employee Benefits		1,597		(1,168)
Total Nutrition Services	2,000	1,597	403	(988)
Total Ancillary Services	2,000	1,597	403	(988)
Non-Programmed Charges:				
Payments to Charter Schools		71,092		67,685
Total Non-Programmed Charges	80,000	71,092	8,908	67,685
Total Expenditures	12,847,967	11,671,757	1,176,210	12,569,730
Excess of Revenue Over (Under) Expenditures	-	785,948	785,948	(119,453)
OTHER FINANCING SOURCES (USES):				
Operating Transfers (Out)	-		-	(10,000)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	785,948	\$ 785,948	(129,453)
Fund Balance - July 1, 2020		5,846,903		5,976,356
Fund Balance - June 30, 2021		\$ 6,632,851		\$ 5,846,903

**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, 2021
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2020)**

	2021			2020
	Budget	Actual	Variance	Actual
REVENUES:				
State of North Carolina	\$ 42,981,666	\$ 42,612,768	\$ (368,898)	\$ 42,057,939
U.S. Government	1,382,985	989,171	(393,814)	355,733
Total Revenues	44,364,651	43,601,939	(762,712)	42,413,672
EXPENDITURES:				
INSTRUCTIONAL SERVICES:				
Regular:				
Salaries		17,717,497		17,443,357
Employee Benefits		7,163,436		6,762,695
Purchased Services		343,524		408,009
Supplies and Materials		779,293		434,153
Capital Outlay		16,518		
Total Regular Instructional Services	26,644,859	26,020,268	624,591	25,048,214
Special Populations:				
Salaries		3,253,010		3,318,490
Employee Benefits		1,306,578		1,289,660
Purchased Services		232,792		87,507
Supplies and Materials		37,921		3,176
Total Special Populations Services	4,840,750	4,830,301	10,449	4,698,833
Alternative Programs and Services:				
Salaries		657,950		670,455
Employee Benefits		243,524		243,409
Purchased Services		72,451		4,592
Supplies and Materials		150,438		22,486
Capital Outlay		-		-
Total Alternative Programs and Services	1,206,115	1,124,363	81,752	940,942
School Leadership Services:				
Salaries		2,198,466		2,030,401
Employee Benefits		722,827		756,431
Supplies and Materials		3,873		10,808
Total School Leadership Services	2,930,719	2,925,166	5,553	2,797,640
School-Based Support Services:				
Salaries		2,223,577		2,154,129
Employee Benefits		900,421		837,403
Purchased Services		357,077		290,896
Supplies and Materials		340,259		38,463
Total School-Based Support Services	3,825,317	3,821,334	3,983	3,320,891
Total Instructional Services	39,447,760	38,721,432	726,328	36,806,520

	2021			2020
	Budget	Actual	Variance	Actual
EXPENDITURES - (Cont'd):				
SYSTEM-WIDE SUPPORT SERVICES				
Support and Development Services:				
Salaries	\$	\$ 207,754	\$	\$ 239,443
Employee Benefits		68,230		84,075
Purchased Services		14,638		9,897
Supplies and Materials		192		822
Total Support and Development Services	300,537	290,814	9,723	334,237
Special Population Support and Development Services:				
Salaries		112,485		119,787
Employee Benefits		42,737		45,035
Purchased Services		3,176		-
Total Special Population Support And Development Services	161,508	158,398	3,110	164,822
Alternative Programs and Services Support and Development Services:				
Salaries		2,662		38,565
Employee Benefits		781		15,271
Purchased Services		-		230
Total Alternative Programs and Services Support and Development Services	5,000	3,443	1,557	54,066
Technology Support Services:				
Salaries		171,307		217,742
Employee Benefits		76,330		90,344
Purchased Services		56,845		9,877
Supplies and Materials		-		99,594
Total Technology Support Services	306,768	304,482	2,286	417,557
Operational Support Services:				
Salaries		2,047,787		2,134,290
Employee Benefits		831,076		828,808
Purchased Services		30,002		8,272
Supplies and Materials		259,496		306,228
Capital Outlay		6,912		427
Total Operational Support Services	3,184,875	3,175,273	9,602	3,278,025
Financial and Human Resource Services:				
Salaries		364,349		401,970
Employee Benefits		131,512		149,933
Total Financial and Human Resource Services	500,000	495,861	4,139	551,903
Accountability Services:				
Salaries		108,268		105,240
Employee Benefits		43,526		40,519
Total Accountability Services	155,000	151,794	3,206	145,759

	<u>2021</u>		<u>2020</u>
<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
EXPENDITURES - (Cont'd):			
SYSTEM-WIDE SUPPORT SERVICES - (Cont'd)			
Policy, Leadership and Public Relations Services:			
Salaries	\$ 177,783	\$	\$ 175,775
Employee Benefits	69,774		66,470
<hr/>			
Total Policy, Leadership and Public Relations Services	250,000	2,443	242,245
<hr/>			
Total System-Wide Support Services	4,863,688	36,066	5,188,614
<hr/>			
Nutrition Services:			
Salaries	6,630		323,115
Employee Benefits	3,056		49,287
<hr/>			
Total Nutrition Services	10,004	318	372,402
<hr/>			
Non-Programmed Charges:			
Other	(2,796)	-	-
<hr/>			
Total Non-Programmed Charges	(2,796)	-	-
<hr/>			
Total Expenditures	44,318,656	762,712	42,367,536
<hr/>			
Excess of Revenue Over (Under) Expenditures	45,995	-	46,136
<hr/>			
OTHER FINANCING SOURCES (USES):			
Transfer to Child Nutrition Fund	(45,995)	-	(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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Budget</u>	<u>2021 Actual</u>	<u>Variance</u>	<u>2020 Actual</u>
Revenues:				
State of North Carolina:				
Public School Building Capital Fund - Lottery	\$ -	\$ -	\$ -	\$ 231,450
Public School Building Capital Fund	\$ 208,497	156,373	(52,124)	
Public School Building Capital Fund - Needs Based Lottery	3,946,855	4,289,901	343,046	8,791,674
State appropriations - buses	268,590	268,590	-	119,481
N.C Department of Public Instruction - Other Vehicle Appropriation		-	-	61,855
McDowell County:				
Restricted portion of sales tax	3,572,511	1,648,214	(1,924,297)	4,100,881
General County revenues	53,200	53,200	-	53,200
Interest earned on investments		2,199	2,199	1,829
Total Revenues	<u>8,049,653</u>	<u>6,418,477</u>	<u>(1,631,176)</u>	<u>13,360,370</u>
Expenditures:				
Capital Outlay:				
Instructional Services	153,200	-	153,200	-
System-Wide Support Services	8,175,513	6,631,668	1,543,845	13,185,860
Debt Service:				
Principal	268,590	268,590		119,481
Total expenditures	<u>8,597,303</u>	<u>6,900,258</u>	<u>1,697,045</u>	<u>13,305,341</u>
Excess of revenues over (under) expenditures before other financing sources	<u>(547,650)</u>	<u>(481,781)</u>	<u>65,869</u>	<u>55,029</u>
Other financing sources:				
Installment purchase obligations issued	\$ 447,650	537,180	89,530	-
Fund Balance Appropriated	100,000		(100,000)	
Excess of revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>55,399</u>	<u>\$ 55,399</u>	<u>55,029</u>
Fund balance, beginning of year		<u>766,380</u>		<u>711,351</u>
Fund balance, end of year		<u>\$ 821,779</u>		<u>\$ 766,380</u>

**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, 2021**

	Federal Grants Fund	Head Start Program	Combined Totals
REVENUES			
State of North Carolina	\$ -	\$ 188,445	\$ 188,445
U.S. Government	4,667,227	2,025,680	6,692,907
Other		85,284	85,284
	<hr/>	<hr/>	<hr/>
Total revenues	4,667,227	2,299,409	6,966,636
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
Instructional services:			
Regular Instructional	799,611		799,611
Special Populations	1,304,734		1,304,734
Alternative Programs	1,857,923		1,857,923
School Leadership	-		-
School-Based Support	152,205		152,205
System-wide support services:			
Support and Development	256,013		256,013
Special Population Support and Development	36,998		36,998
Alternative Programs and Services Support and Development	111,738		111,738
Technology Support	-		-
Operational Support	52,898		52,898
Financial and Human Resource Policy, Leadership, and Public Relations	120		120
Ancillary services		2,289,978	2,289,978
Non-programmed charges	94,987		94,987
	<hr/>	<hr/>	<hr/>
Total expenditures	4,667,227	2,289,978	6,957,205
	<hr/>	<hr/>	<hr/>
Revenues (under) expenditures	-	9,431	9,431
	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year		229,502	229,502
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	\$ -	\$ 238,933	\$ 238,933
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**MCDOWELL COUNTY BOARD OF EDUCATION
 DETAIL STATEMENT OF REVENUE AND EXPENDITURE
 BUDGET AND ACTUAL
 HEAD START PROGRAM
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020)**

	2021		Variance (Negative)	Actual
	Budget	Actual		
REVENUE:				
Head Start Grants	\$ 2,192,302	\$ 2,025,680	\$ (166,622)	\$ 1,842,626
NC Pre K	175,500	188,445	12,945	173,062
Local match	16,247	16,247	-	46,120
Paid Day Care	-	69,029	69,029	60,184
Paid Day Care - Parents	-	-	-	14,880
Appropriated Fund Balance	30,000	-	(30,000)	-
Interest Income	-	8	8	20
Total Revenue	2,414,049	2,299,409	(114,640)	2,136,892
EXPENDITURES:				
Head Start (PA22) - Federal:				
Salaries	687,957	645,764	42,193	621,109
Fringe benefits	311,041	287,879	23,162	266,831
Occupancy	19,886	17,630	2,256	70,606
Child travel	-	-	-	-
Transportation and staff travel	3,085	1,054	2,031	5,600
Seminars and Training	8,379	8,179	200	-
Nutrition and food	32,855	21,515	11,340	16,264
Administrative and Supplies	26,164	20,700	5,464	30,258
Other child services	51,469	43,970	7,499	31,139
Other parent services	10,468	10,224	244	13,176
Total	1,151,304	1,056,915	94,389	1,054,983
Head Start (PA25) - Federal:				
Salaries	514,948	486,476	28,472	478,284
Fringe benefits	247,489	220,597	26,892	208,166
Occupancy	23,029	23,407	(378)	17,041
Child travel	-	-	-	-
Transportation and staff travel	1,620	379	1,241	2,519
Seminars and Training	1,927	1,917	10	-
Nutrition and food	18,841	12,811	6,030	13,463
Administrative and Supplies	15,375	13,744	1,631	20,277
Other child services	16,170	12,023	4,147	9,403
Other parent services	6,380	5,662	718	6,773
Total	845,779	777,016	68,763	755,926
Head Start (PA21) - Federal:				
Seminars and Training	18,264	18,264	-	12,946
Other	-	-	-	-
Total	18,264	18,264	-	12,946
Head Start Training Technical Assistance (PA20):				
Seminars and Training	18,770	18,770	-	18,770
Other	-	-	-	-
Total	18,770	18,770	-	18,770

**MCDOWELL COUNTY BOARD OF EDUCATION
 DETAIL STATEMENT OF REVENUE AND EXPENDITURE
 BUDGET AND ACTUAL
 HEAD START PROGRAM
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020)**

	2021		Variance Positive (Negative)	Actual
	Budget	Actual		
CARES Act - Covid Grant (C3) - Federal:				
Salaries	\$ 7,200	\$ 7,121	\$ 79	\$ -
Fringe benefits	1,852	1,805	47	-
Occupancy	7,400	1,165	6,235	-
Contingencies	-	-	-	-
Transportation and staff travel	-	-	-	-
Nutrition and food	200	107	93	-
Administrative and Supplies	12,650	15,765	(3,115)	-
Other child services	116,690	114,185	2,505	-
Other parent services	8,193	14,567	(6,374)	-
Training	4,000	-	4,000	-
Total	158,185	154,715	3,470	-
Paid Day Care:				
Salaries	120,627	164,280	(43,653)	171,648
Fringe benefits	46,221	54,576	(8,355)	53,782
Occupancy	1,970	1,623	347	3,326
Contingencies	7,100	-	7,100	-
Transportation and staff travel	23,045	21,521	1,524	150
Nutrition and food	3,508	3,627	(119)	4,254
Administrative and Supplies	2,219	508	1,711	6,097
Other child services	260	1,373	(1,113)	-
Other parent services	500	493	7	1,367
Training	50	50	-	614
Total	205,500	248,051	(42,551)	241,238
In-Kind:				
Volunteers	11,411	11,411	-	34,959
Contributions	4,836	4,836	-	11,161
Total	16,247	16,247	-	46,120
Total expenditures	2,414,049	2,289,978	124,071	2,129,983
Excess of revenue over (under) expenditures	\$ -	\$ 9,431	\$ 9,431	\$ 6,909

**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, 2021
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2020)**

	<u>Budget</u>	<u>2021 Actual</u>	<u>Variance</u>	<u>2020 Actual</u>
Operating Revenues:				
Food sales	\$ 200,000	\$ 99,743	\$ (100,257)	\$ 600,543
Other				
Total operating revenues	<u>200,000</u>	<u>99,743</u>	<u>(100,257)</u>	<u>600,543</u>
Operating Expenses:				
Business Support Services:				
Purchase of food		886,985		1,323,637
Donated commodities		303,887		296,640
Salaries and benefits		1,651,421		1,751,726
Materials and supplies		29,371		28,491
Repairs and maintenance		36,084		31,624
Noncapital Equipment		3,597		5,068
Purchased services		23,112		28,457
Gas/Fuel		4,196		5,239
Total business support services	<u>3,362,337</u>	<u>2,938,653</u>	<u>423,684</u>	<u>3,470,882</u>
Indirect Costs	<u>282,000</u>	<u>188,772</u>	<u>93,228</u>	<u>236,906</u>
Total operating expenses	<u>3,644,337</u>	<u>3,127,425</u>	<u>516,912</u>	<u>3,707,788</u>
Operating (Loss)	<u>(3,444,337)</u>	<u>(3,027,682)</u>	<u>(617,169)</u>	<u>(3,107,245)</u>
Nonoperating Revenues:				
Federal reimbursements	2,907,337	3,075,063	167,726	2,731,083
State Reimbursements	-	-	-	8,331
Federal commodities	235,000	303,887	68,887	296,640
Sales tax	2,000	3,506	1,506	
Miscellaneous Revenue	5,000		(5,000)	
Indirect costs not paid	220,000	188,772	(31,228)	-
Interest earned	-	729	729	1,876
Total nonoperating revenues	<u>3,369,337</u>	<u>3,571,957</u>	<u>202,620</u>	<u>3,037,930</u>
Excess of revenues over (under) expenditures before other financing sources	<u>(75,000)</u>	<u>544,275</u>	<u>619,275</u>	<u>(69,315)</u>
Other financing sources:				
Transfer from other funds	75,000	45,995	(29,005)	46,135
Fund Balance Appropriated			-	
Excess of revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>590,270</u>	<u>\$ 590,270</u>	<u>(23,180)</u>
Reconciliation of Modified Accrual to Full Accrual Basis:				
Reconciling Items:				
Depreciation		(21,705)		(22,746)
Net OPEB asset		357		777
Deferred outflows		26,701		(14,978)
Deferred inflows		(97,564)		156,910
Net OPEB liability		247,813		(122,455)
Net pension liability		(125,801)		(13,612)
Capital Outlay		-		-
(Increase) decrease in accrued vacation pay		(14,920)		8,853
Increase (decrease) in inventory		(83,518)		40,589
Net Income (Loss) (Full Accrual)		<u>\$ 521,633</u>		<u>\$ 10,158</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, 2021
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2020)**

	Budget	2021 Actual	Variance	2020 Actual
Revenues:				
Child care fees	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Operating Expenditures:				
Regular community service:				
Salaries and benefits		-		9,083
Purchased services		-		-
Materials and supplies		-		-
Total operating expenditures	-	-	-	9,083
Excess of revenues over (under) expenditures before other financing sources	-	-	-	(9,083)
Other Financing Sources:				
Operating transfers - in	-	-	-	10,000
Fund Balance Appropriated	-	-	-	-
Revenues and other financing sources over (under) expenditures	\$ -	-	\$ -	917
Reconciliation of Modified Accrual to Full Accrual Basis:				
Reconciling Items:				
Net OPEB asset		(57)		16
Deferred outflows		(9,949)		(321)
Deferred inflows		17,819		3,264
Net OPEB liability		41,192		(2,499)
Net pension liability		15,669		(278)
(Increase) decrease in Accrued Vacation Pay		3,366		-
Net Income (Full Accrual)		\$ 68,040		\$ 1,099

COMPLIANCE SECTION

Boggs, Crump & Brown, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2021, 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 22, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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.

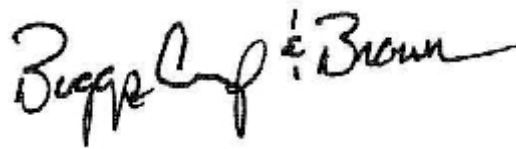
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 that reads "Boggs Crump & Brown". The signature is written in a cursive, flowing style.

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

November 22, 2022
Morganton, North Carolina

Boggs, Crump & Brown, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2021. 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, 2021.

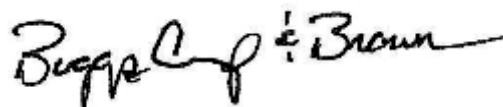
Report on Internal Control Over Compliance

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 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

February 17, 2022
Morganton, North Carolina

Boggs, Crump & Brown, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

205 East Union Street
P.O. Box 2070
Morganton, NC 28680
Telephone (828) 437-1361
Fax (828) 437-6114

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, 2021. 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, 2021.

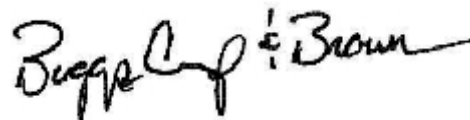
Report on Internal Control Over Compliance

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.

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

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

**MCDOWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Section I. Summary of Auditor's Results:

Financial Statements

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

Internal control over financial reporting:

- | | | |
|--|---------|-------------------|
| * 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 financial statements noted | ___ yes | _x_ no |

Federal Awards

Internal control over major federal 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 federal awards | ___ yes | _x_ no |

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

- | | | |
|---|---------|--------|
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) | ___ yes | _x_ no |
|---|---------|--------|

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
10.559	Child Nutrition Cluster:
10.555	Summer Food Service Program for Children
	National School Lunch Commodities(Non-Cash Assistance)
84.367	Supporting Effective Instruction State Grants
84.325	COVID-19 Education Stabilization Fund
21.019	Coronavirus Relief Fund

**MCDOWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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?

yes no

State Awards

Internal control over major State programs:

* Material weakness(es) identified?

yes no

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

yes none reported

Noncompliance material to State awards

yes 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 no

Identification of major State programs:

Program Name

State Public School Fund
N.C. Pre-Kindergarten Program

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, 2021**

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, 2021**

<u>Federal - State Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
FEDERAL GRANTS:			
<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	\$ 1,664,327	
Education for Homeless Children and Youth	84.196	45,603	
Comprehensive Support and Improvement Funding	84.010A	13,160	
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	250,220	
Language Acquisition	84.229	41,849	
Rural Education Initiative	84.358-1	215,750	
Student Support and Academic Enrichment Program	84.424	138,620	
<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	1,333,681	
Special Education - Coordinated Early Intervening Services	84.027	306	
Special Education- Risk Pool	84.027A	5,889	
Special Education-Special Needs Targeted Assistance	84.027A	310	
Special Education-Preschool Targeted Assistance	84.173	35,766	
Total Special Education Cluster		1,375,952	
Special Education - State Improvement	84.323	8,093	
Total Office of Special Education and Rehabilitation Services		1,384,045	
<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	103,738	
COVID- 19 Education Stabilization Fund	84.425		
CARES Act K12 Emergency Relief Fund		681,913	
Digital Curricula		41,324	
Learning Management System		7,480	
Exceptional Children Grants		6,401	
Specialized Instructional Support for Covid-19		33,344	
GEER Supplemental Instruction		8,046	
Supplemental K12 Emergency Relief Fund		31,407	
Total Coronavirus Relief Fund	84.425	809,915	
Total U.S. Department of Education		4,667,227	
<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	303,887	
Total Non-Cash Assistance		303,887	
Cash Assistance			
Passed-through the N.C. Department of Public Instruction:			
Summer Food Service Program for Children	10.559	2,885,368	
Total Cash Assistance		2,885,368	
Total Child Nutrition Cluster		3,189,255	
Fresh Fruits & Vegetables	10.582	189,695	
Total U.S. Department of Agriculture		3,378,950	

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

Federal - State Grantor/Program Title	Federal CFDA Number	Federal Expenditures	State Expenditures
<u>U.S. Department of the Treasurer</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		
Summer Learning Program		292,918	
School Health Support Personnel		37,807	
Remote Instructional		12,179	
Student Computers and Devices		127,662	
Learning Management System		5,700	
Personnel Computers and Devices		5,609	
Textbook and Digital Resources		24,084	
Exceptional Children		109,434	
Low Wealth Counties Supplemental Funding		169,304	
Cybersecurity		13,940	
Personal Protective Equipment		190,534	
Total Coronavirus Relief Fund	21.019	989,171	
 <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	\$ 2,025,680	
 OTHER FEDERAL ASSISTANCE:			
 <u>U.S. Department of Justice:</u>			
Passed-through the N.C. Department of Public Safety:			
Juvenile Justice Delinquency Prevention	16.540	75,222	
 <u>U.S. Department of Defense:</u>			
<u>Direct Program:</u>			
N.J.R.O.T.C.	12.000	64,729	
Total Federal Assistance		\$11,200,979	
 STATE GRANTS:			
Cash Assistance			
<u>N.C. Department of Public Instruction</u>			
State Public School Fund			\$ 40,202,349
School Technology Fund -SPSF			107
Driver Training - SPSF			91,782
Vocational Education:			
State Months of Employment			2,080,057
Program Support			238,473
Total N.C. Department of Public Instruction			42,612,768
 <u>N.C. Department of Health and Human Resources:</u>			
Division of Child Development - Smart Start			128,924
Division of Child Development - NC Pre-Kindergarten Program			1,188,899
School Nurse Grant			150,000
Community Based Alternatives - Dropout Prevention			37,590
Family Resource Program			133,450
Total N.C. Department of Human Resources			1,638,863

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

<u>Federal - State Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
STATE GRANTS : (continued)			
<u>Office of the Governor</u>			
Passed through McDowell County:			
Public School Building Capital Fund			156,373
Public School Building Capital Fund - Needs Based Lottery			4,289,901
			4,446,274
Non-Cash Assistance			
<u>N.C. Department of Public Instruction:</u>			
State appropriations - buses			268,590
Total State Assistance Programs			48,966,495

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, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of 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, 2021**

<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	\$ 7,039,510	x	x	\$ 406,659	x	x	\$ 12,457,705	x	x	\$ 11,671,757	x	x	Always Major
Special Revenue Funds:													
State Public School Fund	1,568,566	x	x	1,568,566	x	x	43,601,939	x	x	43,555,944	x	x	Major
Federal Grants Fund	393,462			154,529			6,966,636		x	6,957,205		x	Major - Discretion of Auditee
Individual Schools	954,897		x	-			1,294,026			1,215,366			
Capital Projects Funds:													
Capital Outlay Fund	<u>821,779</u>		x	<u>-</u>			<u>6,418,477</u>	x	x	<u>6,900,258</u>		x	Major
Total Government Funds	<u>\$ 10,778,214</u>			<u>\$ 2,129,754</u>			<u>\$ 70,738,783</u>			<u>\$ 70,300,530</u>			
10% of Total Governmental Funds	<u>\$ 1,077,821</u>			<u>\$ 212,975</u>			<u>\$ 7,073,878</u>			<u>\$ 7,030,053</u>			
Enterprise Funds:													
Child Nutrition Fund	\$ 1,448,654	x	x	\$ 2,832,569	x	x	\$ 3,671,700	x		\$ 3,196,062	x		Major
Child Care	<u>7,563</u>			<u>-</u>			<u>-</u>			<u>(68,040)</u>			
Total Enterprise Funds	<u>\$ 1,456,217</u>			<u>\$ 2,832,569</u>			<u>\$ 3,671,700</u>			<u>\$ 3,128,022</u>			
10% of Total Enterprise Funds	<u>\$ 145,622</u>			<u>\$ 283,257</u>			<u>\$ 367,170</u>			<u>\$ 312,802</u>			
Total Governmental and Enterprise Funds	<u>\$ 12,234,431</u>			<u>\$ 4,962,323</u>			<u>\$ 74,410,483</u>			<u>\$ 73,428,552</u>			
5% of Total Governmental and Enterprise Funds	<u>\$ 611,722</u>			<u>\$ 248,116</u>			<u>\$ 3,720,524</u>			<u>\$ 3,671,428</u>			

SUPPLEMENTARY INFORMATION

**MCDOWELL COUNTY BOARD OF EDUCATION
SPECIAL FUNDS OF INDIVIDUAL SCHOOLS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2021**

<u>School</u>	<u>Cash Balance June 30, 2020</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash Balance June 30, 2021</u>
Academy for Innovation	\$ 31,093	\$ 15,367	\$ 14,839	\$ 31,621
Early College	34,002	71,040	75,675	29,367
Eastfield Elementary	16,925	33,816	33,964	16,777
East McDowell Middle	70,983	56,970	66,204	61,749
Glenwood Elementary	58,091	34,448	37,487	55,052
Marion Elementary	8,624	31,460	31,438	8,646
McDowell High	276,596	662,321	509,956	428,961
Nebo Elementary	43,515	62,057	57,417	48,155
North Cove Elementary	13,668	19,492	21,653	11,507
Old Fort Elementary	49,692	48,532	69,930	28,294
Pleasant Gardens Elementary	95,442	98,121	134,914	58,649
West Marion Elementary	14,823	76,720	58,804	32,739
West McDowell Middle	162,783	83,682	103,085	143,380
Totals	<u>\$ 876,237</u>	<u>\$ 1,294,026</u>	<u>\$ 1,215,366</u>	<u>\$ 954,897</u>