

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

**BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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

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Morganton, North Carolina

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JUNE 30, 2023**

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**Independent Auditor's Report**

To the Board of Education  
McDowell County, North Carolina

Report on the Audit of Financial Statements

***Opinions***

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

In our opinion, based upon our audit, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the McDowell County Board of Education as of June 30, 2023, and the respective changes in financial position, and cash flows where applicable thereof and the respective budgetary comparison for the General Fund, 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.

***Basis for Opinions***

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

***Responsibilities of Management for the Audit of the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Governmental Auditing Standards* we

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

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

### ***Required Supplementary Information***

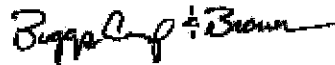
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 12 and the schedules of the proportionate share of the net pension and OPEB liabilities and the Schedules of Board Contributions on pages 54 through 59 be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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 consist of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the McDowell County Board of Education's basic financial statements. The combining and individual fund financial statements, 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 for Federal Awards and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedules of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2023 in our consideration of the McDowell County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the McDowell County Board of Education's internal control over financial reporting and compliance.



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

November 21, 2023  
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, 2023. 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). 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 2022-2023 year proved to be a very challenging one as a result of state economic conditions.
- Student enrollment decreased from the previous year. Decreasing from 5,727 to 5,569 .
- The assets of the Board exceeded liabilities at the close of the fiscal year by \$ 6,928,618.
- The Board's total net position increased by \$ 11,084,032 during fiscal year end June 30, 2023.
- As of June 30, 2023, the Board's General Fund reported total fund balance of \$ 8,154,121 an increase of \$ 712,356 from the previous year.
- Business Type Activities and the School Food Service reported an increase in net position of \$176,326 for the fiscal year ending June 30, 2023.

### ***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. Assets exceeded Liability by \$ 6,928,618 as of June 30, 2023. A significant component of net position is net investment in capital assets of \$77,751,779.

Following is a summary of the Statement of Net Position:

**Figure 1**  
**Condensed Statement of Net Position**  
**as of June 30, 2023**

	Governmental Activities		Business-type Activities		Total Primary Government	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Current and other assets	\$ 11,426,929	\$ 10,808,219	\$ 1,874,367	\$ 1,983,958	\$ 13,301,296	\$ 12,792,177
Capital assets	77,954,820	77,534,896	126,535	144,283	78,081,355	77,679,179
Total assets	89,381,749	88,343,115	2,000,902	2,128,241	91,382,651	90,471,356
Deferred outflows of resources	29,695,087	18,638,418	949,998	596,174	30,645,085	19,234,592
Current liabilities	3,449,697	3,705,148	143,956	113,205	3,593,653	3,818,353
Long-term liabilities	81,028,344	70,110,054	2,550,328	2,235,417	83,578,672	72,345,471
Total liabilities	84,478,041	73,815,202	2,694,284	2,348,622	87,172,325	76,163,824
Deferred inflows of resources	27,061,062	36,536,304	865,731	1,161,234	27,926,793	37,697,538
Net investments in capital assets	77,625,244	76,942,360	126,535	144,283	77,751,779	77,086,643
Restricted net position:						
Individual Schools	1,043,446	953,222	-	-	1,043,446	953,222
School Capital Outlay	934,933	877,395	-	-	934,933	877,395
Stabilization by State Statute	133,184	165,507	-	-	133,184	165,507
DIPNC OPEB Plan	-	31,521	-	1,008	-	32,529
Unrestricted net position (deficit)	(72,199,074)	(82,339,978)	(735,650)	(930,732)	(72,934,724)	(83,270,710)
Total net position (deficit)	\$ 7,537,733	\$ (3,369,973)	\$ (609,115)	\$ (785,441)	\$ 6,928,618	\$ (4,155,414)

Note that net position increased during the year indicating an improvement in the financial condition of the Board. The increase in governmental activities net position was due largely to an increase in current assets and adjustments made to the pension and OPEB accounts. Net position increased in the business type activities due to an increase in current assets and capital assets of the Board. Also, 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, 2023**

	Governmental Activities		Business-type Activities		Total Primary Government	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 470,746	\$ 508,921	\$ 746,390	\$ 380,150	\$ 1,217,136	\$ 889,071
Operating grants and contributions	62,533,892	61,015,974	3,382,792	4,405,658	65,916,684	65,421,632
Capital grants and contributions	-	7,025	-	-	-	7,025
<b>General revenues:</b>						
Other Revenue	16,230,229	14,676,286	182,902	13,989	16,413,131	14,690,275
<b>Total revenues</b>	<b>79,234,867</b>	<b>76,208,206</b>	<b>4,312,084</b>	<b>4,799,797</b>	<b>83,546,951</b>	<b>81,008,003</b>
<b>Expenses:</b>						
<b>Governmental activities:</b>						
Instructional services	52,350,397	51,591,177	-	-	52,350,397	51,591,177
System-wide support	-	-	-	-	-	-
Services	10,727,465	9,606,761	-	-	10,727,465	9,606,761
Ancillary services	1,914,047	1,890,423	-	-	1,914,047	1,890,423
Non-programmed charges	80,028	78,999	-	-	80,028	78,999
Interest on long-term debt	31,024	37,923	-	-	31,024	37,923
Unallocated depreciation expense	3,170,855	3,403,747	-	-	3,170,855	3,403,747
<b>Business-type activities:</b>						
School food service	-	-	4,189,103	3,818,149	4,189,103	3,818,149
Child care	-	-	-	7,563	-	7,563
<b>Total expenses</b>	<b>68,273,816</b>	<b>66,609,030</b>	<b>4,189,103</b>	<b>3,825,712</b>	<b>72,462,919</b>	<b>70,434,742</b>
Increase (decrease) in net position before transfers	10,961,051	9,599,176	122,981	974,085	11,084,032	10,573,261
Transfers in (out)	(53,345)	(73,340)	53,345	73,340	-	-
Increase (decrease) in net position	10,907,706	9,525,836	176,326	1,047,425	11,084,032	10,573,261
Net position, beginning	(3,369,973)	(12,895,809)	(785,441)	(1,832,866)	(4,155,414)	(14,728,675)
Ending net position (deficit)	\$ 7,537,733	\$ (3,369,973)	\$ (609,115)	\$ (785,441)	\$ 6,928,618	\$ (4,155,414)

Total governmental activities generated revenues of \$ 79,234,867 while expenses in this category totaled \$ 68,273,816. Comparatively, revenues were \$76,208,206 and expenses totaled \$66,609,030 for the year ended June 30, 2022. The increase in net position stands at \$ 10,907,706 at June 30, 2023 compared to an increase in net position of \$9,525,836 for fiscal year end June 30, 2022. Instructional service expenses comprised 76.7 % of total governmental-type expenses as compared to 77.5% in fiscal year 2022. System-wide support services made up 15.7% of those expenses for 2023 and 14.4% for 2022. County funding comprised 15.9% of total government revenue for fiscal year end June 30, 2023 as compared to 14% in fiscal year end June 30, 2022, while unrestricted State funding added another 3.3% and 3.5% for fiscal years ending June 30, 2023 and 2022 respectively. Much of the remaining 80.8% of total governmental revenue consists of restricted State and Federal funding. Business-type activities generated revenue of \$ 4,312,084 and had expenses of \$ 4,189,103 as compared to revenues of \$4,799,797 and expenses of \$3,825,712 for the period ending June 30, 2022. Net position increased in the business-type activities by \$ 176,326 after transfers in from governmental activities of \$ 53,345 as compared to an increase in net position of \$1,047,425 after transfers in of \$73,340 for the period ending June 30, 2022.

### **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 \$ 10,393,447 a \$ 888,851 increase from last year. Fund balance of governmental funds increased by \$ 856,136 during fiscal 2022. The General Fund reported an increase in fund balance of \$ 712,356 as compared to a increase of \$808,914 in fiscal year end 2022.

*Proprietary funds:* The Board's Business-type Funds had an increase in net position of \$176,326 as compared to an increase of \$1,047,425 in fiscal year end 2022.

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/for 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 \$402,176 (or .52%) from the previous year. Depreciation for the total primary government totaled \$3,540,933 while additions from capital expenditures totaled \$3,943,108. 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, 2023**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Land	\$ 2,679,789	\$ 2,679,789	\$	\$	\$ 2,679,789	\$ 2,679,789
Construction in progress	876,115	331,658			876,115	331,658
Buildings	71,377,377	71,577,755			71,377,376	71,577,755
Equipment and furniture	605,357	541,774	94,460	106,296	699,817	648,070
Vehicles	<u>2,416,182</u>	<u>2,403,920</u>	<u>32,075</u>	<u>37,987</u>	<u>2,448,257</u>	<u>2,441,907</u>
<b>Total</b>	<b><u>\$77,954,820</u></b>	<b><u>\$77,534,896</u></b>	<b><u>\$126,535</u></b>	<b><u>\$144,283</u></b>	<b><u>\$78,081,355</u></b>	<b><u>\$77,679,179</u></b>

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

**Debt Outstanding**

During the year the Board's outstanding debt decreased by \$382,176 due to payment on installment financed purchase of buses and lease obligations. 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 2023 was 3.3%. The State rate was 3.3%.

**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, 2023

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,872,481	\$ 1,611,760	\$ 12,484,241
Due from other governments	132,882	127,653	260,535
Receivables - Net	3,902	7,133	11,035
Inventories	-	127,821	127,821
<b>Total current assets</b>	<b>11,009,265</b>	<b>1,874,367</b>	<b>12,883,632</b>
Capital assets (Note 1):			
Land and construction in progress	3,555,905		3,555,905
Other capital assets, net of depreciation	74,398,915	126,535	74,525,450
<b>Total capital assets</b>	<b>77,954,820</b>	<b>126,535</b>	<b>78,081,355</b>
Right to use leased asset, net of accumulated amortization	417,664		417,664
<b>Total assets</b>	<b>89,381,749</b>	<b>2,000,902</b>	<b>91,382,651</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>29,695,087</b>	<b>949,998</b>	<b>30,645,085</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	41,722	8,849	50,571
Accrued salaries and wages payable	90,794	-	90,794
Due to other governments	274,063	-	274,063
Unearned revenue	209,239	24,301	233,540
Liabilities due within one year	2,833,879	110,806	2,944,685
<b>Total current liabilities</b>	<b>3,449,697</b>	<b>143,956</b>	<b>3,593,653</b>
Long-term liabilities:			
Net pension liability	33,415,438	1,069,018	34,484,456
Net OPEB liability	46,302,879	1,481,310	47,784,189
Due in more than one year	1,310,027		1,310,027
<b>Total liabilities</b>	<b>84,478,041</b>	<b>2,694,284</b>	<b>87,172,325</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>27,061,062</b>	<b>865,731</b>	<b>27,926,793</b>
<b>NET POSITION</b>			
Net investment in capital assets	77,625,244	126,535	77,751,779
Restricted for:			
Individual schools	1,043,446	-	1,043,446
School Capital Outlay	934,933	-	934,933
Stabilization by State Statute	133,184	-	133,184
Unrestricted	(72,199,074)	(735,650)	(72,934,724)
<b>Total net position</b>	<b>\$ 7,537,733</b>	<b>\$ (609,115)</b>	<b>\$ 6,928,618</b>

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

MCDOWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
Instructional services:							
Regular Instructional	\$ 29,184,238	\$ -	\$ 30,720,297	\$ -	\$ 1,536,059	\$ -	\$ 1,536,059
Special Populations	6,363,356	-	7,151,054	-	787,698	-	787,698
Alternative Programs	5,178,650	117,744	5,647,784	-	586,878	-	586,878
School Leadership	3,769,408	-	3,228,803	-	(540,605)	-	(540,605)
Co-Curricular	2,772,177	353,002	2,140,047	-	(278,128)	-	(278,128)
School-Based Support	5,082,568	-	4,122,107	-	(960,461)	-	(960,461)
System-wide support services:							
Support and Development	471,698	-	387,799	-	(83,899)	-	(83,899)
Special Population Support and Development	151,088	-	202,705	-	51,617	-	51,617
Alternative Programs and Services							
Support and Development	336,363	-	228,080	-	(108,283)	-	(108,283)
Technology Support	656,216	-	328,110	-	(328,106)	-	(328,106)
Operational Support	6,936,714	-	4,756,740	-	(2,179,974)	-	(2,179,974)
Financial and Human Resource	1,591,506	-	517,681	-	(1,073,827)	-	(1,073,827)
Accountability	174,089	-	115,264	-	(58,825)	-	(58,825)
System-wide Pupil Support							
Policy, Leadership, and							
Public Relations	409,789	-	39,904	-	(369,885)	-	(369,885)
Ancillary services	1,914,047	-	2,265,057	-	351,010	-	351,010
Non-programmed charges	80,028	-	682,460	-	602,432	-	602,432
Interest on Long Term Debt	31,024	-	-	-	(31,024)	-	(31,024)
Unallocated depreciation expense**	3,170,855	-	-	-	(3,170,855)	-	(3,170,855)
Total governmental activities	68,273,816	470,746	62,533,892	-	(5,269,178)	-	(5,269,178)
<b>Business-type activities:</b>							
School food service	4,189,103	746,390	3,382,792	-	(59,921)	-	(59,921)
Total business-type activities	4,189,103	746,390	3,382,792	-	(59,921)	-	(59,921)
Total primary government	\$72,462,919	\$ 1,217,136	\$ 65,916,684	\$ -	(5,269,178)	-	(5,329,099)
<b>General revenues:</b>							
Unrestricted county appropriations - operating							
Unrestricted county appropriations - capital							
Unrestricted State grants - operating							
Unrestricted State grants - capital							
Investment earnings, unrestricted							
Miscellaneous, unrestricted							
Transfers							
Total general revenues							
Changes in net position							
Net position, beginning, previously reported							
Net position - ending							
	\$ 9,847,000				\$ 9,847,000		\$ 9,847,000
	2,755,672				2,755,672		2,755,672
	2,117,590				2,117,590		2,117,590
	463,872				463,872		463,872
	82,067				82,067		82,067
	964,028				964,028		964,028
	(53,345)				(53,345)		(53,345)
	16,176,884				16,176,884		16,176,884
	10,907,706				10,907,706		10,907,706
	(3,369,973)				(3,369,973)		(3,369,973)
	7,537,733				7,537,733		7,537,733
	\$ -				\$ -		\$ -

\*\* 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, 2023**

	MAJOR FUNDS				Non-major Fund Individual Schools	Total Governmental Funds
	General	State Public School	Capital Outlay	Federal Grants		
<b>ASSETS</b>						
Cash and cash equivalents	\$ 8,389,221	\$ 180,017	\$ 934,933	\$ 324,864	\$ 1,043,446	\$ 10,872,481
Due from other governments	132,882	-	-	-	-	132,882
Receivables (Net)	302	-	-	3,600	-	3,902
<b>Total assets</b>	<b>\$ 8,522,405</b>	<b>\$ 180,017</b>	<b>\$ 934,933</b>	<b>\$ 328,464</b>	<b>\$ 1,043,446</b>	<b>\$ 11,009,265</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 40,702	\$ -	\$ -	\$ 1,020	\$ -	\$ 41,722
Accrued salaries and benefits payable	88,439	-	-	2,355	-	90,794
Unearned Revenue	209,239	-	-	-	-	209,239
Due to other governments	29,904	180,017	-	64,142	-	274,063
<b>Total liabilities</b>	<b>368,284</b>	<b>180,017</b>	<b>-</b>	<b>67,517</b>	<b>-</b>	<b>615,818</b>
<b>Fund balances:</b>						
<b>Restricted:</b>						
Stabilization by State Statute	133,184	-	-	-	-	133,184
School Capital Outlay Individual Schools	-	-	934,933	-	-	934,933
Assigned:					1,043,446	1,043,446
Subsequent years expenditure	-	-	-	-	-	-
Special Revenue	400,000	-	-	-	-	400,000
Unassigned	7,620,937	-	-	260,947	-	260,947
<b>Total fund balances</b>	<b>8,154,121</b>	<b>-</b>	<b>934,933</b>	<b>260,947</b>	<b>1,043,446</b>	<b>10,393,447</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 8,522,405</b>	<b>\$ 180,017</b>	<b>\$ 934,933</b>	<b>\$ 328,464</b>	<b>\$ 1,043,446</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	77,954,820
Right to use assets used in governmental activities are not financial resources and therefore are not reported in the funds	417,664
Deferred outflows of resources related to pensions	20,866,427
Deferred outflows of resources related to OPEB	8,828,660
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.	(4,143,906)
Net pension liability	(33,415,438)
Net OPEB liability	(46,302,879)
Deferred inflows of resources related to OPEB	(26,025,233)
Deferred inflows of resources related to pensions	(1,035,829)
<b>Net position of government activities</b>	<b>\$ 7,537,733</b>

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

**MCDOWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	MAJOR FUNDS				Non-major Fund Individual Schools	Total Governmental Funds
	General	State Public School	Capital Outlay	Federal Grants		
<b>REVENUES</b>						
State of North Carolina	\$ 1,807,525	\$ 47,281,252	\$ 463,872	\$ 196,140	\$ -	\$ 49,748,789
McDowell County	9,847,000	-	2,755,872	-	-	12,602,672
U.S. Government	568,448	-	-	12,384,399	-	12,952,847
Contributions and donations	349,232	-	-	-	2,064,486	2,413,718
Other	1,796,569	-	2,739	9,849	355,652	2,164,809
<b>Total revenues</b>	<b>14,368,774</b>	<b>47,281,252</b>	<b>3,222,283</b>	<b>12,590,388</b>	<b>2,420,138</b>	<b>79,882,835</b>
<b>EXPENDITURES</b>						
Current:						
Instructional services:						
Regular Instructional	2,277,182	28,574,189	-	3,103,145	-	33,954,516
Special Populations	350,809	5,189,130	-	1,961,924	-	7,501,863
Alternative Programs	2,158,594	1,175,148	-	2,560,810	-	5,894,552
School Leadership	1,070,027	3,311,329	-	7,724	-	4,389,080
Co-Curricular	512,494	-	-	61,946	2,329,914	2,904,354
School-Based Support	1,542,238	3,941,657	-	236,294	-	5,720,189
System-wide support services:						
Support and Development	160,732	181,963	-	205,836	-	548,531
Special Population Support and Development	1,764	200,718	-	1,987	-	204,469
Alternative Programs & Services						
Support and Development	236,527	3,404	-	146,834	-	386,765
Technology Support	337,889	257,956	-	134,608	-	730,453
Operational Support	3,496,677	3,548,144	-	1,208,566	-	8,253,417
Financial and Human Resource	1,001,471	613,981	-	56,663	-	1,672,115
Accountability	56,634	143,889	-	-	-	200,523
System-wide Pupil Support	16,937	-	-	-	-	16,937
Policy, Leadership, and Public Relations	334,031	86,399	-	-	-	420,430
Community Services	3,171	-	-	2,235,423	-	2,238,594
Nutrition Services	360	-	-	10,750	-	11,110
Non-programmed charges	98,881	-	-	629,115	-	727,996
Debt Service:						
Principal	-	-	463,872	-	-	463,872
Capital outlay:						
Real property and buildings	-	-	2,901,785	-	-	2,901,785
<b>Total expenditures</b>	<b>13,656,418</b>	<b>47,227,907</b>	<b>3,365,657</b>	<b>12,561,655</b>	<b>2,329,914</b>	<b>79,141,551</b>
Excess (deficiency) of revenues over expenditures	712,356	53,345	(143,374)	28,733	90,224	741,284
<b>OTHER FINANCING SOURCES (USES)</b>						
Installment purchase obligations issued	-	-	200,912	-	-	200,912
Lease Liability Issued	-	-	-	-	-	-
Transfers (to)/from other funds	-	(53,345)	-	-	-	(53,345)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(53,345)</b>	<b>200,912</b>	<b>-</b>	<b>-</b>	<b>147,567</b>
<b>Net changes in fund balance</b>	<b>712,356</b>	<b>-</b>	<b>57,538</b>	<b>28,733</b>	<b>90,224</b>	<b>888,851</b>
Fund balances - beginning	7,441,765	-	877,395	232,214	953,222	9,504,596
Fund balances - ending	\$ 8,154,121	\$ -	\$ 934,933	\$ 260,947	\$ 1,043,446	\$ 10,393,447

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, 2023**

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

Net changes in fund balances - total governmental funds	\$ 888,851
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and amortization exceeded capital outlays in the current period.	291,413
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	6,770,607
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	2,723,047
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:	
Issuance of long-term debt	(200,912)
Repayment of long-term debt	583,088
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.	
OPEB expense	6,855,953
Pension expense	(6,624,548)
Compensated absences	(379,793)
Total changes in net position of governmental activities	<u>\$ 10,907,706</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, 2023

General Fund					
	Original	Final	Actual Amounts	Variance With Final Budget - Positive (Negative)	Original
<b>Revenues:</b>					
State of North Carolina	\$ -	\$ 1,982,983	\$ 1,807,525	\$ (175,458)	\$ 42,867,443
McDowell County	9,847,000	9,847,000	9,847,000	-	-
U.S. Government	-	633,639	568,448	(65,191)	-
Other	168,000	1,784,569	2,145,801	361,232	-
<b>Total Revenues</b>	<b>10,015,000</b>	<b>14,248,191</b>	<b>14,368,774</b>	<b>120,583</b>	<b>42,867,443</b>
<b>Expenditures:</b>					
Current:					
Instructional services:					
Regular Instructional	9,893,500	2,552,099	2,277,182	274,917	27,261,370
Special Populations	-	861,345	350,809	510,536	5,256,509
Alternative Programs	-	2,375,015	2,158,594	216,421	147,851
School Leadership	22,000	1,070,527	1,070,027	500	3,891,132
Co-Curricular	299,500	558,490	512,494	45,996	-
School-Based Support	-	1,555,203	1,542,238	12,965	2,039,102
System-wide support services:					
Support and Development	-	161,245	160,732	513	439,628
Special Population Support and Development	-	1,783	1,764	19	-
Alternative Programs and Services Support and Development	-	275,210	236,527	38,683	-
Technology Support	-	417,925	337,889	80,036	59,762
Operational Support	200,000	3,542,861	3,496,677	46,184	3,134,722
Financial and Human Resource Accountability	-	1,001,515	1,001,471	44	310,230
System-wide Pupil Support Services	-	60,130	56,634	3,496	85,975
Policy, Leadership, and Public Relations	-	17,000	16,937	63	-
Ancillary services	-	334,121	334,031	90	184,517
Non-programmed charges	-	5,360	3,531	1,829	56,645
	-	114,592	98,881	15,711	-
<b>Total expenditures</b>	<b>10,415,000</b>	<b>14,904,421</b>	<b>13,656,418</b>	<b>1,248,003</b>	<b>42,867,443</b>
Revenues over (under) expenditures	(400,000)	(656,230)	712,356	1,368,586	-
<b>Other financing sources (uses):</b>					
Transfers to other funds	-	-	-	-	-
Lease Liability Issued	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenues and other sources over (under) expenditures	(400,000)	(656,230)	712,356	1,368,586	-
Fund balances, beginning of year	400,000	656,230	7,441,765	6,785,535	-
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,154,121</b>	<b>\$ 8,154,121</b>	<b>\$ -</b>

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, 2023

State Public School Fund			Federal Grant Fund			
Final	Actual Amounts	Variance With Final Budget - Positive (Negative)	Original	Final	Actual Amounts	Variance With Final Budget - Positive (Negative)
\$ 48,450,995	\$ 47,281,252	\$ (1,169,743)	\$ -	\$ -	\$ 196,140	\$ 196,140
-	-	-	6,324,962	21,691,564	12,384,399	(9,307,165)
-	-	-	-	-	9,849	9,849
48,450,995	47,281,252	(1,169,743)	6,324,962	21,691,564	12,590,388	(9,101,176)
28,933,606	28,574,189	359,417	249,810	5,096,151	3,103,145	1,993,006
5,192,728	5,189,130	3,598	1,213,100	2,541,765	1,961,924	579,841
1,181,913	1,175,148	6,765	2,039,286	4,062,538	2,560,810	1,501,728
3,631,324	3,311,329	319,995	-	15,075	7,724	7,351
-	-	-	-	93,463	61,946	31,517
3,942,255	3,941,657	598	75,378	850,680	236,294	614,386
467,323	181,963	285,360	-	757,820	205,836	551,984
203,508	200,718	2,790	1,550	4,475	1,987	2,488
5,000	3,404	1,596	41,367	147,290	146,834	456
258,863	257,956	907	-	137,782	134,608	3,174
3,627,114	3,548,144	78,970	127,764	4,309,238	1,208,596	3,100,642
620,230	613,981	6,249	10,000	127,896	56,663	71,233
145,975	143,889	2,086	10,000	-	-	-
-	-	-	-	-	-	-
184,515	86,399	98,116	-	-	-	-
-	-	-	2,412,727	2,555,368	2,246,173	309,195
-	-	-	143,980	992,023	629,115	362,908
48,394,354	47,227,907	1,166,447	6,324,962	21,691,564	12,561,655	9,129,909
56,641	53,345	(3,296)	-	-	28,733	28,733
(56,641)	(53,345)	3,296	-	-	-	-
(56,641)	(53,345)	3,296	-	-	-	-
-	-	-	-	-	28,733	28,733
-	-	-	-	-	232,214	232,214
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 260,947	\$ 260,947

MCDOWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2023

	<u>Enterprise Fund</u>
	<u>Major Fund</u>
	<u>School Food</u>
	<u>Service</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	
Due From Other Governments	\$ 1,611,760
Inventories	127,653
Accounts Receivable	127,821
	<u>7,133</u>
Total current assets	<u>1,874,367</u>
Noncurrent assets:	
Capital assets:	
Furniture and equipment, net	<u>126,535</u>
Total noncurrent assets	<u>126,535</u>
Total assets	<u>2,000,902</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>949,998</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts Payable	8,849
Compensated absences	110,806
Unearned Revenue	<u>24,301</u>
Total current liabilities	<u>143,956</u>
Noncurrent liabilities:	
Net pension liability	1,069,018
Net OPEB liability	<u>1,481,310</u>
Total noncurrent liabilities	<u>2,550,328</u>
Total liabilities	<u>2,694,284</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	865,731
<b>NET POSITION</b>	
Net investment in capital assets	126,535
Unrestricted	<u>(735,650)</u>
Total net position (deficit)	<u>\$ (609,115)</u>

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



**MCDOWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>Enterprise Fund</b>
	<b>Major Fund</b>
	<b>School Food Service</b>
<b>OPERATING REVENUES</b>	
Food sales	\$ 746,390
Total operating revenues	746,390
<b>OPERATING EXPENSES</b>	
Food cost:	
Purchase of food	1,497,156
Donated commodities	275,502
Salaries and benefits	2,076,552
Indirect costs	169,977
Materials and supplies	38,636
Repairs and maintenance	38,154
Depreciation	25,605
Noncapital Equipment	31,036
Purchased services	29,350
Gas/Fuel	7,135
Total operating expenses	4,189,103
Operating (loss)	(3,442,713)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Federal Reimbursements	2,923,943
Federal Commodities	275,502
Federal fresh fruit & vegetables	168,600
State reimbursement	14,747
Miscellaneous revenue	5,414
Sales tax	3,421
Interest earned	4,090
Indirect costs not paid	169,977
Total nonoperating revenue	3,565,694
Income before transfers	122,981
Transfers from other funds	53,345
Change in net position	176,326
Total net position, beginning	(785,441)
Total net position (deficit) - ending	\$ (609,115)

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, 2023**

	<b>Enterprise Fund</b>
	<b>Major Fund</b>
	<b>School Food Service</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 770,390
Cash paid for goods and services	(1,760,327)
Cash paid to employees for services	(2,387,777)
	<u>(3,377,714)</u>
Net cash used by operating activities	<u>(3,377,714)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Sales Tax	3,421
Federal and state reimbursements	3,107,290
	<u>3,110,711</u>
Net cash provided by noncapital financing activities	<u>3,110,711</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of capital assets	(7,857)
	<u>(7,857)</u>
Net cash (used) by capital and related financing activities	<u>(7,857)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	4,090
	<u>4,090</u>
Net increase (decrease) in cash and cash equivalents	(270,770)
Cash - beginning of year	1,882,530
Cash - end of year	<u>\$ 1,611,760</u>
Reconciliation of operating income (loss) to net cash used by operating activities	
Operating income (loss)	\$ (3,442,713)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	25,605
Donated commodities consumed	275,502
Salaries paid by special revenue fund	53,345
Miscellaneous revenue	5,414
Indirect costs not paid	169,977
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(4,319)
(Increase) decrease in inventory	(23,571)
(Increase) decrease in due from other governments	26,415
(Increase) decrease in net OPEB asset	1,008
Increase (decrease) in net OPEB liability	(399,477)
Increase(decrease) in pension liability	736,571
Increase(decrease) in due to other funds	(160,712)
(Increase)decrease in deferred outflows	(353,824)
Increase(Decrease) in deferred inflows	(295,503)
Increase (decrease) in unearned revenue	(1,904)
Increase (decrease) in vacation pay	1,623
Increase (decrease) in accounts payable	8,849
	<u>64,999</u>
Total adjustments	<u>64,999</u>
Net cash (used) by operating activities	<u>\$ (3,377,714)</u>

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, 2023**

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

The State Public School Fund paid salaries and benefits of \$53,345 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 \$275,502 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The Fund recorded the consumption of \$275,502 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, 2023**

**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. Right to use assets

The Board has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

6. 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.

7. 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.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

8. Compensated Absences

The Board follows the State's policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Board, the current portion of the accumulated vacation pay is not considered to be material.



I. Summary of Significant Accounting Policies - (Continued)

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

8. Compensated Absences-(Continued):

The Board's liability for accumulated earned vacation and the salary-related payments as of June 30, 2023 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years' records, of the current portion of compensated absences. The sick leave policy of the Board provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the board has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

9. 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)

9. 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.

10. 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 \$( 2,855,714) consists of several elements as follows:

I. Summary of Significant Accounting Policies - (Continued)

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

10. 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)	\$ 162,917,963
Less Accumulated Depreciation	( 89,963,145)
Net capital assets	77,954,820
Right to use assets in governmental activities are not financial resources and are not reported in the funds	674,688
Less Accumulated Depreciation	( 257,024)
Net right to use asset	417,664
Pension related deferred outflows of resources	20,866,427
OPEB related deferral outflows of resources	8,828,660
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:	(769,919)
Net OPEB liability	\$( 46,302,879)
Net pension liability	( 33,415,438)
Deferred inflows of resources related to pensions	( 1,035,829)
Deferred inflows of resources related to OPEB	( 26,025,233)
Compensated absences	( 3,373,987)
Total adjustment	<u>\$ ( 2,855,714)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balance - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$ 10,018,956 as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities	\$ 3,935,251
Depreciation and amortization expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	( 3,643,838)

I. Summary of Significant Accounting Policies - (Continued)

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

10. 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	\$ 583,088
Issuance of long-term debt	( 200,912)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	6,770,607
Contributions to the OPEB plans in current fiscal year are not included on the Statement of Activities.	2,723,047
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	( 6,624,447)
OPEB Expense	6,855,953
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	<u>(379,793)</u>
Total adjustment	<u>\$ 10,018,956</u>

11. 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, 2023, the Board had deposits with banks with a carrying amount of \$8,480,479 and with the State Treasurer of \$244,159. The bank balances with the financial institutions and the State Treasurer were \$8,506,115 and \$885,895 respectively. Of these balances, \$293,482 was covered by federal depository insurance and \$9,098,528 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2023, the Board of Education had \$3,759,603 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of .7 years at June 30, 2023. 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, 2023 were as follows:

	Due from other governments	Other
Governmental activities:		
General Fund	\$ 132,882	\$ 302
Other governmental	-	3,600
	<u>                    </u>	<u>                    </u>
Total Governmental activities	<u>\$ 132,882</u>	<u>\$ 3,902</u>
Business-type Activities		
School Food Service	<u>\$ 127,653</u>	<u>\$ 7,133</u>

Due from other governments consists of the following:

Governmental activities:

    General Fund:

	\$ 34,753	McDowell County
	98,129	Various State and Federal Grant Funds
	<u>                    </u>	
Total	<u>\$ 132,882</u>	

Business Activities  
    School Food Service

    Total

<u>\$ 127,653</u>	Federal funds
<u>\$ 127,653</u>	

II. Detail Notes on All Funds - (Continued)

A. Assets - (Continued)

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

4. Capital Assets	Beginning Balances	Reclass- ifications	Increases	Decreases	Ending Balances
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 2,679,789	\$ -	\$ -	\$ -	\$ 2,679,789
Construction in progress	331,658	(331,658)	876,115	-	876,115
Total capital assets not being depreciated	3,011,447	(331,658)	876,115	-	3,555,904
Capital assets being depreciated:					
Buildings and improvements	145,467,356	331,658	2,556,292	-	148,355,306
Equipment and furniture	2,607,622	-	146,110	-	2,753,732
Vehicles	8,414,705	-	356,734	(518,418)	8,253,021
Total capital assets being depreciated	156,489,683	331,658	3,059,136	(518,418)	159,362,059
Less accumulated depreciation for:					
Buildings and improvements	73,889,601		3,088,328	-	76,977,929
Equipment and furniture	2,065,848		82,527	-	2,148,375
Vehicles	6,010,785		344,472	(518,418)	5,836,839
Total accumulated depreciation	81,966,234		\$ 3,515,327	\$ (518,418)	\$ 84,963,143
Total capital assets being depreciated, net	74,523,449				74,398,916
Governmental activity capital assets, net	\$ 77,534,896				\$ 77,954,820
Business-type activities:					
School Food Service Fund:					
Capital assets being depreciated					
Furniture and equipment	\$ 1,015,627		\$ 7,857	\$ -	\$ 1,023,484
Vehicles	167,313		-	-	167,313
Total capital assets being depreciated	1,182,940		\$ 7,857	\$ -	1,190,797
Less accumulated depreciation for:					
Furniture and equipment	909,331		19,693	-	929,024
Vehicles	129,326		5,912	-	135,238
Total accumulated depreciation	1,038,657		\$ 25,605	-	1,064,262
Total capital assets being depreciated, net	144,283				126,535
Business-type activities capital assets, net	\$ 144,283				\$ 126,535

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

A. **Assets - (Continued)**

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

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$3,170,855
Operational support services	344,472
Total	<u>\$3,515,327</u>

**Construction Commitments**

McDowell County has active construction projects as of June 30, 2023 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>
Marion Elementary Roof	\$ 56,456
WMES Wastewater upgrade	40,400
Parking lot repaving projects	202,183
McDowell High Tennis Facility	1,909,709
Total	<u>\$2,208,748</u>

5. **Financing Commitments**

Legislation permits the State Board of Education to finance the purchase of replacement school buses through installment purchases. McDowell County Board of Education has entered into an agreement to purchase 3 buses in this manner. The term of the financing cannot exceed 3 years, and the Board must purchase the buses from vendors approved by the Department of Public Instruction. The Department of Public Instruction will make the payments to the lender on behalf of the County Board of Education out of funds allocated to the County Board of Education. Because future resources will be used to fund the payments under the installment agreement, no encumbrance of fund balance at June 30, 2023 has been recorded.

Total purchase price for the 3 buses totals \$397,659. The payments due in the fiscal year after June 30, 2023 are as follows:

2024	\$132,553
2025	132,553
2026	132,553

6. **Right to Use Leased Assets**

The Board has recorded one right to use leased asset. The asset is a right to use asset for leased copiers. The related lease is discussed in the Leases subsection of the Long-term obligations section of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the Primary Government for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Right to use assets				
Leased copiers	\$674,688	\$	\$	\$674,688
Less accumulated amortization for:				
Leased copiers	<u>128,512</u>	<u>128,512</u>	<u>          </u>	<u>257,024</u>
Right to use assets, net	<u>\$546,176</u>	<u>\$128,512</u>	<u>\$          </u>	<u>\$417,664</u>



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

### 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 - 9 appointed by the Governor, 1 appointed by the State Senate, 1 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](http://www.osc.nc.gov).

*Benefits Provided.* TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service (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, 2023, was 17.38% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$6,987,211 for the year ended June 30, 2023.

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

**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, 2023, the Board reported a liability of \$34,484,456 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2022 and at June 30, 2021 the Board's proportion was .23234% and .22902%.

For the year ended June 30, 2023, the Board recognized pension expense of \$6,836,375. At June 30, 2023, the Board reported deferred outflow of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	\$ 150,147	\$ 470,028
Changes of assumptions	2,720,692	
Net difference between projected and actual earnings on pension plan investments	11,326,078	
Changes in proportion and differences between Board contributors and proportionate share of contributions	349,852	598,939
Board contributions subsequent to the measurement date	<u>6,987,211</u>	
	<u>\$ 21,533,980</u>	<u>\$ 1,068,967</u>

\$6,987,211 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, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$ 3,454,512
2025	3,283,867
2026	1,310,020
2027	<u>5,429,405</u>
	<u>\$13,477,804</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	2.5 percent
Salary increases	3.25 to 8.05 percent including inflation and productivity factor
Investment rate of return	6.5 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, 2021 actuarial valuation are based on the experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29 %	1.4 %
Global Equity	42 %	5.3 %
Real Estate	8 %	4.3 %
Alternatives	8 %	8.9 %
Credit	7 %	6.0 %
Inflation Projection	<u>6 %</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 2021 asset liability and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.50%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 6.5%. 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 6.5%, as well as what the Board's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

	1% Decrease <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
Board's proportionate share of the net pension liability	\$60,970,275	\$34,484,456	\$12,622,530

*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 to 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 6.89 % of covered payroll which amounted to \$2,769,959.

At June 30, 2023, the Board reported liability of \$47,724,452 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. The total OPEB liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2022 and June 30, 2021 the Board's proportion was .20097% and .19625% respectively.

\$2,769,959 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2024	\$ 7,585,834
2025	5,131,103
2026	5,060,231
2027	2,914,704
	<u>\$20,691,872</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	2.50%
Salary Increases based on service	3.25-8.05%, including inflation and productivity factor
Investment rate of return	6.50%
Healthcare cost trend rates	
Medical	5.00% - 6.00%
Prescription drug	5.00%-9.50%
Administrative costs	3%
Post-Retirement Mortality rates	RP-2010 Healthy Annuitant Mortality Table for males and females, adjusted for classification for some Participants, further adjusted with scaling factors by participant group and projected for mortality improvements using scale MP-2019

*Discount rate.* The discount rate used to measure the total OPEB liability for the RHBF was 2.16% at June 30, 2022. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 2.16% 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, 2022.

*Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the Board's proportionate share of the net OPEB liability, as well as, what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage point higher (3.16%) than the current discount rate:

	1% decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Net OPEB liability	\$56,213,906	\$47,724,452	\$40,790,873

*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 in Trend Rates</u>	<u>Current Trend Rates</u> (6.5% Medical, 7.25% Pharmacy, 3.00% Administrative Expenses)	<u>1% Increase in Trend Rates</u>
Net OPEB liability	\$39,284,858	\$47,724,452	\$58,633,833

*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 effective as of the first day of the month following the month of initial entitlement to Social Security

**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. 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, 2023, employers made a statutory contribution of .10% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$40,203 for the year ended June 30, 2023.

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

At June 30, 2023, Board reported a liability of \$59,737 for its proportionate share of the net DIPNC OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. The total OPEB liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Boards present value of future salary, actuarially determined. At June 30, 2022 and June 30, 2021, the Board's proportion was .20081% and .19915% respectively.

\$40,203 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30

2024	\$ 33,033
2025	37,384
2026	27,603
2027	21,822
2028	6,268
Thereafter	<u>8,879</u>
Total	<u>\$134,989</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	2.50%
Salary increase	3.25%-8.05%, include 3.25% inflation and productivity factor
Investment rate of return	3.00%, net of OPEB plan expense, including inflation

*Sensitivity of the Board's proportionate share of the net OPEB 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 (2.00%) or 1-percentage point higher (4.00%) than the current discount rate:

	<u>1% Decrease (2.00%)</u>	<u>Current Discount Rate (3.00%)</u>	<u>1% Increase (4.00%)</u>
Net OPEB liability	\$73,559	\$59,737	\$45,881

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

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

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

DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2022. The long-term expected rate of return was determined based on the combination of expected future real rates of return and expected inflation. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2022 is 1.3%.

**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)**

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

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

	RHBFB	DIPNC	Total
OPEB Expense	(6,798,906)	86,386	(6,712,520)
OPEB Liability	47,724,452	59,737	47,784,189
Proportionate share of the net OPEB liability (asset)	0.20097%	0.20081%	
Deferred Outflows of Resources:			
Differences between expected and actual experience	463,341	66,960	530,301
Changes of Assumptions	3,820,962	3,839	3,824,801
Net difference between projected and actual earnings on plan investments	413,273	63,183	476,456
Changes in proportion and differences between Board contributions and proportionate share of contributions	1,457,076	12,308	1,469,384
Board contributions subsequent to the measurement date	2,769,959	40,203	2,810,162
Deferred Inflows of Resources:			
Differences between expected and actual experience	132,058		132,058
Changes of Assumptions	21,720,522	11,067	21,731,589
Changes in proportion and differences between Board contributions and proportionate share of contributions	4,993,944	235	4,994,179

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

**B. Liabilities - (Continued)**

**2. Accounts Payable**

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Due to Other Governments</u>
Governmental Activities:			
General	\$ 40,702	\$ 88,439	\$ 29,904
Other Governmental	1,020	2,355	244,159
Total Governmental Activities	<u>\$ 41,722</u>	<u>\$ 90,794</u>	<u>\$ 274,063</u>
Business-Type Activities:			
School Service Fund	<u>\$ 8,849</u>	<u>\$ -</u>	<u>\$ 8,849</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 Resources</u>	<u>Deferred Inflows Of Resources</u>
Change in proportion and difference between employer contributions and proportionate share of contributions	\$ 1,819,236	\$ 5,593,118
Difference between expected and actual experience	680,448	602,086
Net difference between projected and actual earnings on plan investments	11,802,534	-
Changes in Assumptions	6,545,494	21,731,589
Board contributions subsequent to the measurement date	9,797,373	-
Unearned grant revenue		-
Total	<u>\$ 30,645,085</u>	<u>\$ 27,926,793</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</u>
	<u>Revenue</u>
Grants (General Fund)	\$209,239
Pre-payments (School Food Service)	<u>24,301</u>
	<u>\$233,540</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. Long-Term Obligations

a. Leases

The Board has entered into an agreement to lease certain equipment. The lease agreement qualifies as other than a short-term lease under GASB 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception.

The agreement was executed in July 2021 to lease copiers and requires 21 quarterly payments. The initial lease payment is \$38,292 per quarter. This lease payment can vary from quarter to quarter based on the current Average Daily Membership. The lease liability is measured at a discount rate of 6.00%. As a result of the lease, the Board has recorded a right to use asset with a net book value of \$674,688 at June 30, 2022. The right to use asset is discussed in more detail in the right to use asset section of this note.

The expected future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u> <u>Payments</u>	<u>Interest</u> <u>Payments</u>	<u>Total</u>
2024	\$126,531	\$23,609	\$150,140
2025	134,296	15,844	150,140
2026	142,537	7,603	150,140
2027	<u>36,979</u>	<u>555</u>	<u>37,534</u>
Totals	<u>\$440,343</u>	<u>\$47,611</u>	<u>\$487,954</u>

b. 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, 2023 the Board entered into a direct placement installment purchase contract to finance the purchase of 2 school buses. During fiscal year end June 30, 2022, the Board entered into direct placement installment purchase contract to finance the purchase of ten school buses. The buses are pledged as collateral for the debt while the debt is outstanding. The financing contracts require only principal payments of \$279,348 due at the beginning of each contract year.

The future minimum payments on the installment purchases as of June 30, 2023, 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>
2024	\$ 279,348	\$
2025	<u>50,228</u>	<u>          </u>
Totals	<u>\$329,576</u>	<u>\$ - 0 -</u>

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

**B. Liabilities - (Continued)**

**6. Long-Term Obligations - (Continued)**

**b. Direct Placement Installment Purchase - (Continued)**

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2023:

	Balance (Restated) July 1, 2022	Increases	Decreases	Balance June 30, 2023	Current Portion
<b>Governmental Activities:</b>					
Installment purchases	\$ 592,536	\$ 200,912	\$ 463,872	\$ 329,576	\$ 279,348
Leases	559,559	-	119,216	440,343	126,531
Compensated absences	2,994,194	2,807,867	2,428,074	3,373,987	2,428,000
Net pension liabilities	10,391,646	23,023,792	-	33,415,438	-
Net OPEB liability	58,789,751	-	12,486,872	46,302,879	-
<b>Total Governmental Activities</b>	<b>\$73,327,686</b>	<b>\$26,032,571</b>	<b>\$15,498,034</b>	<b>\$83,862,223</b>	<b>\$ 2,833,879</b>
<b>Business-Type Activities:</b>					
Compensated absences	\$ 109,183	\$ 114,071	\$ 112,448	\$ 110,806	\$ 110,806
Net pension liabilities	332,447	736,571	-	1,069,018	-
Net OPEB liability	1,880,787	-	399,477	1,481,310	-
<b>Total Business-Type Activities</b>	<b>\$ 2,322,417</b>	<b>\$ 850,642</b>	<b>\$ 511,925</b>	<b>\$ 2,661,134</b>	<b>\$ 110,806</b>

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

**C. Interfund Balances and Activity**

*Transfers to/from other funds*

Transfers to/from other funds at June 30, 2023 consist of the following:

	Amount
From State Public School Fund to Child Nutrition Fund for salary and benefits	<u>\$ 53,345</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.



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

**D. Fund Balance - (Continued)**

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	\$8,154,121
Less:	
Appropriated Fund Balance in 2023 Budget	(400,000)
Stabilization by State Statute	<u>(133,184)</u>
Remaining Fund Balance	<u>\$7,620,937</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 21, 2023, 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 Ten Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Board's proportion of the net pension liability (asset)	0.23234%	0.22902%	0.23658%	0.24380%	0.24934%	0.24949%	0.25729%	0.25832%	0.26000%	0.26000%
Board's proportionate share of the net pension liability (asset)	\$34,484,456	\$10,724,093	\$28,825,226	\$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 as a percentage of its covered-employee payroll	39,966,549	36,624,973	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	86.28%	29.28%	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	84.14%	94.86%	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 Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 6,987,211	\$ 6,546,521	\$ 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	6,987,211	6,546,521	5,413,171	4,732,761	4,499,702	3,827,763	3,460,523	3,103,228	3,146,705	2,829,796
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered-employee payroll	\$40,202,587	\$39,966,549	\$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	17.38%	16.38%	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 Seven Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017
Board's proportion of the net OPEB liability (asset)	0.20097%	0.19625%	0.20589%	0.20999%	0.21907%	0.22400%	0.22260%
Board's proportionate share of the net OPEB liability (asset)	\$ 47,724,452	\$ 60,670,538	\$ 57,116,035	\$ 66,438,762	\$ 62,079,997	\$ 73,452,157	\$ 98,627,378
Board's covered payroll	\$ 39,966,549	\$ 36,624,973	\$ 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	119.41%	165.65%	156.52%	181.46%	174.83%	211.83%	285.50%
Plan Fiduciary net position as a percentage of the total OPEB liability	10.58%	7.72%	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 Seven Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 2,769,959	\$ 2,513,896	\$ 2,446,548	\$ 2,360,907	\$ 2,295,617	\$ 2,148,234	\$ 2,015,601
Contributions in relation to the contractually required contribution	2,769,959	2,513,896	2,446,548	2,360,907	2,295,617	2,148,234	2,015,601
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 40,202,597	\$ 39,966,549	\$ 36,624,973	\$ 36,490,063	\$ 36,612,713	\$ 35,508,006	\$ 34,674,581
Contributions as a percentage of the covered payroll	6.89%	6.29%	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 Seven Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017
Board's proportion of the net OPEB asset	0.20081%	0.19915%	0.20639%	0.21280%	0.21816%	0.21868%	0.22843%
Board's proportionate share of the net OPEB (liability) asset	\$ (59,737)	\$ 32,529	\$ 101,531	\$ 91,823	\$ 66,268	\$ 133,657	\$ 141,855
Board's covered payroll	\$ 39,966,549	\$ 36,624,973	\$ 36,490,063	\$ 36,612,713	\$ 35,508,006	\$ 35,508,006	\$ 33,915,060
Board's proportionate share of the net OPEB asset / liability as a percentage of its covered payroll	0.1495%	0.0890%	0.2782%	0.2510%	0.1860%	0.3850%	0.4180%
Plan Fiduciary net position as a percentage of the total OPEB asset	90.34%	105.18%	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 Seven Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017
Contractually required contributions	\$ 40,203	\$ 35,970	\$ 32,962	\$ 36,490	\$ 51,258	\$ 49,711	\$ 131,763
Contributions in relation to the contractually required contribution	40,203	35,970	32,962	36,490	51,258	49,711	131,763
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 40,202,597	\$ 39,966,549	\$ 36,624,973	\$ 36,490,063	\$ 36,612,713	\$ 35,508,006	\$ 34,674,581
Contributions as a percentage of the covered payroll	0.10%	0.09%	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, 2023  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022)**

<b>REVENUES</b>	<b>Local Current Expenses</b>			<b>2022 Actual</b>
	<b>Budget</b>	<b>2023 Actual</b>	<b>Variances</b>	
State of North Carolina:				
School Nurse	\$ 150,000	\$ 150,000	\$ -	\$ 150,000
Smart Start	262,125	254,977	(7,148)	105,902
Community Based Alternatives	46,986	-	(46,986)	28,924
Family Resource Program	151,500	143,920	(7,580)	137,729
Athletics Facility Grant	112,993	13,615	(99,378)	
N.C. Pre-K Program	1,259,379	1,245,013	(14,366)	1,194,763
<b>Total State of N.C.</b>	<b>1,982,983</b>	<b>1,807,525</b>	<b>(175,458)</b>	<b>1,617,318</b>
McDowell County - Appropriation	9,847,000	9,393,367	(453,633)	9,117,134
McDowell County - Supplement	-	336,000	336,000	336,000
McDowell County - Penalties	-	26,444	26,444	19,866
McDowell County - In Lieu of Payment	-	91,189	91,189	
McDowell County - Technology	-	-	-	100,000
<b>Total McDowell County</b>	<b>9,847,000</b>	<b>9,847,000</b>	<b>-</b>	<b>9,573,000</b>
United States Government:				
ROTC	65,773	65,945	172	66,384
ELC Covid Testing	489,592	424,661	(64,931)	109,953
Juvenile Justice Delinquency Prevention	78,274	77,842	(432)	77,989
<b>Total U.S. Government</b>	<b>633,639</b>	<b>568,448</b>	<b>(65,191)</b>	<b>254,326</b>
Other:				
Sales Tax	50,000	42,020	(7,980)	43,916
Fines and Forfeitures	-	293,363	293,363	362,502
Interest Earned on Investments	-	76,672	76,672	7,561
Private Grants and Donations	435,318	349,232	(86,086)	127,720
Miscellaneous local revenue	18,000	36,248	18,248	121,419
Disposal of Fixed Assets	-	-	-	7,025
Indirect Cost Allocations	600,000	647,968	47,968	960,016
Medicaid Reimbursement	500,000	582,554	82,554	678,143
Preschool Tuition	181,251	117,744	(63,507)	158,519
<b>Total Other</b>	<b>1,784,569</b>	<b>2,145,801</b>	<b>361,232</b>	<b>2,466,821</b>
Fund Balance Appropriated	656,230		(656,230)	
<b>Total Revenue</b>	<b>14,904,421</b>	<b>14,368,774</b>	<b>(535,647)</b>	<b>13,911,465</b>
<b>EXPENDITURES</b>				
<b>INSTRUCTIONAL SERVICES:</b>				
Regular:				
Salaries		1,335,094		1,786,451
Employee Benefits		394,189		547,994
Purchased Services		41,072		27,608
Supplies and Materials		506,827		421,635
Capital Outlay		-		607,192
<b>Total Regular Instructional Services</b>		<b>2,277,182</b>		<b>3,390,880</b>

Local Current Expenses			
	2023		2022
	Budget	Actual	Actual
<b>Instructional Programs (Cont'd):</b>			
<b>Special Populations:</b>			
Salaries	\$	170,325	\$ 247,951
Employee Benefits		53,756	108,036
Purchased Services		116,317	140,893
Supplies and Materials		10,411	2,096
<b>Total Special Populations Services</b>		<b>350,809</b>	<b>498,976</b>
<b>Alternative Programs and Services:</b>			
Salaries		1,248,852	1,040,043
Employee Benefits		461,210	389,085
Purchased Services		367,882	426,314
Supplies and Materials		80,650	71,100
<b>Total Alternative Programs and Services</b>		<b>2,158,594</b>	<b>1,926,542</b>
<b>School Leadership Services:</b>			
Salaries		705,891	564,531
Employee Benefits		303,965	242,581
Purchased Services		26,225	24,595
Supplies and Materials		33,946	26,552
<b>Total School Leadership Services</b>		<b>1,070,027</b>	<b>858,259</b>
<b>Co-Curricular Services:</b>			
Salaries		195,661	177,973
Employee Benefits		64,648	55,916
Purchased Services		96	6,968
Supplies and Materials		143,016	136,158
Capital Outlay		109,073	
<b>Total Co-Curricular Services</b>		<b>512,494</b>	<b>377,015</b>
<b>School-Based Support Services:</b>			
Salaries		834,585	579,302
Employee Benefits		345,693	231,615
Purchased Services		47,916	119,254
Supplies and Materials		314,044	84,296
<b>Total School-Based Support Services</b>		<b>1,542,238</b>	<b>1,014,467</b>
<b>Total Instructional Programs</b>	<b>8,972,679</b>	<b>7,911,344</b>	<b>1,061,335</b>
<b>8,066,139</b>			
<b>SYSTEM-WIDE SUPPORT SERVICES</b>			
<b>Support and Development Services:</b>			
Salaries		78,926	144,790
Employee Benefits		32,965	56,157
Purchased Services		42,730	44,007
Supplies and Materials		6,111	10,206
<b>Total Support and Development Services</b>		<b>160,732</b>	<b>255,160</b>
<b>Special Population Support and Development Services:</b>			
Purchased Services		814	1,345
Supplies and Materials		950	4,340
<b>Total Special Population Support And Development Services</b>		<b>1,764</b>	<b>5,685</b>

	Local Current Expenses			2022 Actual
	Budget	2023 Actual	Variances	
Support Services (Continued):				
Alternative Programs and Services				
Support and Development Services:				
Salaries	\$	\$ 170,747	\$	\$ 183,068
Employee Benefits		63,317		64,219
Purchased Services		1,271		2,007
Supplies and Materials		1,192		11,813
<b>Total Alternative Programs and Services</b>		<b>236,527</b>		<b>261,107</b>
Technology Support Services:				
Salaries		134,998		158,418
Employee Benefits		59,163		70,069
Purchased Services		27,440		20,702
Supplies and Materials		116,288		-
Capital Outlay		-		11,035
<b>Total Technology Support Services</b>		<b>337,889</b>		<b>260,224</b>
Operational Support Services:				
Salaries		666,011		641,776
Employee Benefits		292,707		289,323
Purchased Services		1,420,901		1,347,132
Supplies and Materials		1,020,462		1,032,144
Capital Outlay		96,596		177,855
<b>Total Operational Support Services</b>		<b>3,496,677</b>		<b>3,488,230</b>
Financial and Human Resource Services:				
Salaries		280,222		222,149
Employee Benefits		334,342		298,938
Purchased Services		360,145		300,460
Supplies and Materials		26,762		18,736
<b>Total Financial and Human Resource Services</b>		<b>1,001,471</b>		<b>840,283</b>
Accountability Services:				
Salaries		35,474		74,176
Employee Benefits		15,780		30,948
Purchased Services		4,259		3,520
Supplies and Materials		1,121		222
<b>Total Accountability Services</b>		<b>56,634</b>		<b>108,866</b>
System-wide Pupil Support Services:				
Purchased Services		16,937		2,869
<b>Total System-wide Pupil Support Services</b>		<b>16,937</b>		<b>2,869</b>
Policy, Leadership and Public Relations Services:				
Salaries		81,277		112,694
Employee Benefits		17,069		32,955
Purchased Services		172,245		171,329
Supplies and Materials		63,440		67,510
<b>Total Policy, Leadership and Public Relations Services</b>		<b>334,031</b>		<b>384,488</b>
<b>Total Supporting Services</b>	<b>5,811,790</b>	<b>5,642,662</b>	<b>169,128</b>	<b>5,606,912</b>

	Local Current Expenses			2022 Actual
	2023 Budget	2023 Actual	Variances	
<b>ANCILLARY SERVICES:</b>				
Community Services:				
Salaries	\$ -	\$ 2,400	\$ -	\$ -
Employee Benefits		771		
Total Community Services		3,171		
Nutrition Services:				
Salaries		272		1,993
Employee Benefits		88		621
Total Nutrition Services	-	360		2,614
Total Ancillary Services	5,360	3,531	1,829	2,614
Non-Programmed Charges:				
Purchased Services		6,054		2,893
Payments to Charter Schools		92,827		98,681
Total Non-Programmed Charges	114,592	98,881	15,711	101,574
Total Expenditures	14,904,421	13,656,418	1,248,003	13,777,239
Excess of Revenue Over Expenditures	-	712,356	712,356	134,226
<b>OTHER FINANCING SOURCES (USES):</b>				
Lease Liability Issued	-	-	-	674,688
Revenues and Other Sources Over Expenditures and Other Uses	\$ -	712,356	\$ 712,356	808,914
Fund Balance - July 1, 2022		7,441,765		6,632,851
Fund Balance - June 30, 2023		\$ 8,154,121		\$ 7,441,765

**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, 2023  
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2022)**

	2023			2022
	Budget	Actual	Variance	Actual
<b>REVENUES:</b>				
State of North Carolina	\$ 48,450,996	\$ 47,281,252	\$ -	\$ 45,101,436
U.S. Government	-	-		1,590,189
Total Revenues	48,450,996	47,281,252	(1,169,744)	46,691,625
<b>EXPENDITURES:</b>				
<b>INSTRUCTIONAL SERVICES:</b>				
Regular:				
Salaries		19,254,814		19,056,801
Employee Benefits		8,375,473		7,861,401
Purchased Services		393,021		534,717
Supplies and Materials		550,881		656,684
Total Regular Instructional Services		28,574,189		28,109,603
Special Populations:				
Salaries		3,516,490		3,308,919
Employee Benefits		1,528,859		1,365,662
Purchased Services		130,112		341,417
Supplies and Materials		13,669		30,981
Total Special Populations Services		5,189,130		5,046,979
Alternative Programs and Services:				
Salaries		812,362		996,600
Employee Benefits		339,209		285,340
Purchased Services		9,479		31,232
Supplies and Materials		14,098		34,428
Total Alternative Programs and Services		1,175,148		1,347,600
School Leadership Services:				
Salaries		2,331,457		2,379,256
Employee Benefits		978,019		947,352
Supplies and Materials		1,853		5,255
Total School Leadership Services		3,311,329		3,331,863
Co-Curricular:				
Salaries		-		1,500
Employee Benefits		-		115
Total Co-Curricular		-		1,615
School-Based Support Services:				
Salaries		2,180,935		2,449,642
Employee Benefits		977,576		1,001,276
Purchased Services		571,391		297,497
Supplies and Materials		211,755		111,595
Total School-Based Support Services		3,941,657		3,860,010
Total Instructional Services	42,881,826	42,191,453	690,373	41,697,670

EXPENDITURES - (Cont'd):	2023			2022
	Budget	Actual	Variance	Actual
<b>SYSTEM-WIDE SUPPORT SERVICES</b>				
Support and Development Services:				
Salaries	\$	\$ 125,660	\$	\$ 156,931
Employee Benefits		48,509		61,077
Purchased Services		6,732		5,915
Supplies and Materials		1,062		101
<b>Total Support and Development Services</b>		<b>181,963</b>		<b>224,024</b>
Special Population Support and Development Services:				
Salaries		144,522		123,904
Employee Benefits		53,675		44,077
Purchased Services		2,521		287
Supplies and Materials		-		4,236
<b>Total Special Population Support And Development Services</b>		<b>200,718</b>		<b>172,504</b>
Alternative Programs and Services Support and Development Services:				
Salaries		2,576		8,596
Employee Benefits		828		1,202
<b>Total Alternative Programs and Services Support and Development Services</b>		<b>3,404</b>		<b>9,798</b>
Technology Support Services:				
Salaries		119,397		103,264
Employee Benefits		56,416		41,615
Purchased Services				124,144
Supplies and Materials		82,143		-
<b>Total Technology Support Services</b>		<b>257,956</b>		<b>269,023</b>
Operational Support Services:				
Salaries		2,285,054		2,338,121
Employee Benefits		993,590		939,676
Purchased Services		13,337		8,840
Supplies and Materials		256,163		162,615
Capital Outlay				60
<b>Total Operational Support Services</b>		<b>3,548,144</b>		<b>3,449,312</b>
Financial and Human Resource Services:				
Salaries		432,506		333,929
Employee Benefits		181,475		121,214
<b>Total Financial and Human Resource Services</b>		<b>613,981</b>		<b>455,143</b>
Accountability Services:				
Salaries		101,163		59,629
Employee Benefits		42,726		22,575
<b>Total Accountability Services</b>		<b>143,889</b>		<b>82,204</b>

	Budget	2023 Actual	Variance	2022 Actual
<b>EXPENDITURES - (Cont'd):</b>				
<b>SYSTEM-WIDE SUPPORT SERVICES - (Cont'd)</b>				
Policy, Leadership and Public Relations Services:				
Salaries	\$	\$ 62,144	\$	\$ 146,437
Employee Benefits		24,255		51,684
Supplies and Materials		-		1,107
<b>Total Policy, Leadership and Public Relations Services</b>		<b>86,399</b>		<b>199,228</b>
<b>Total System-Wide Support Services</b>	<b>5,512,529</b>	<b>5,036,454</b>	<b>476,075</b>	<b>4,861,236</b>
Nutrition Services:				
Salaries				57,388
Employee Benefits				21,349
<b>Total Nutrition Services</b>		<b>-</b>	<b>-</b>	<b>78,737</b>
Non-Programmed Charges:				
Other		-	-	-
<b>Total Non-Programmed Charges</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>48,394,355</b>	<b>47,227,907</b>	<b>1,166,448</b>	<b>46,637,643</b>
Excess of Revenue Over (Under) Expenditures	56,641	53,345	(3,296)	53,982
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer to Child Nutrition Fund	(56,641)	(53,345)	3,296	(53,982)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-	-	-
Fund Balance:				
Beginning of Year	-	-	-	-
End of Year	\$ -	\$ -	\$ -	\$ -



**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, 2023  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>	<u>2023 Actual</u>	<u>Variance</u>	<u>2022 Actual</u>
<b>Revenues:</b>				
State of North Carolina:				
Public School Building Capital Fund - Needs Based Lottery	\$ 246,886	\$	(246,886)	-
State appropriations - buses	463,872	463,872	-	592,537
McDowell County:				
Restricted portion of sales tax	6,006,038	2,700,872	(3,305,166)	1,135,253
General County revenues	54,800	54,800	-	53,200
Interest earned on investments		2,739	2,739	2,416
<b>Total Revenues</b>	<u>6,771,596</u>	<u>3,222,283</u>	<u>(3,549,313)</u>	<u>1,783,406</u>
<b>Expenditures:</b>				
Capital Outlay:				
Instructional Services	154,800	-	154,800	-
System-Wide Support Services	6,252,924	2,901,785	3,351,139	2,051,736
Debt Service:				
Principal	463,872	463,872	-	592,537
<b>Total expenditures</b>	<u>6,871,596</u>	<u>3,365,657</u>	<u>3,505,939</u>	<u>2,644,273</u>
Excess of revenues over (under) expenditures before other financing sources	<u>(100,000)</u>	<u>(143,374)</u>	<u>(43,374)</u>	<u>(860,867)</u>
Other financing sources:				
Installment purchase obligations issued		200,912	200,912	916,483
Fund Balance Appropriated	100,000		(100,000)	
Excess of revenues and other sources over expenditures	<u>\$ -</u>	<u>57,538</u>	<u>\$ 57,538</u>	<u>55,616</u>
Fund balance, beginning of year		<u>877,395</u>		<u>821,779</u>
Fund balance, end of year		<u>\$ 934,933</u>		<u>\$ 877,395</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, 2023**

	<b>Federal Grants Fund</b>	<b>Head Start Program</b>	<b>Combined Totals</b>
<b>REVENUES</b>			
State of North Carolina	\$ -	\$ 196,140	\$ 196,140
U.S. Government	10,326,232	2,058,167	12,384,399
Other	-	9,849	9,849
<b>Total revenues</b>	<b>10,326,232</b>	<b>2,264,156</b>	<b>12,590,388</b>
<b>EXPENDITURES</b>			
Current:			
Instructional services:			
Regular Instructional	3,103,145		3,103,145
Special Populations	1,961,924		1,961,924
Alternative Programs	2,560,810		2,560,810
School Leadership	7,724		7,724
Co-Curricular	61,946		61,946
School-Based Support	236,294		236,294
System-wide support services:			
Support and Development	205,836		205,836
Special Population Support and Development	1,987		1,987
Alternative Programs and Services Support and Development	146,834		146,834
Technology Support	134,608		134,608
Operational Support	1,208,596		1,208,596
Financial and Human Resource Policy, Leadership, and Public Relations	56,663		56,663
Ancillary services	10,750		-
Non-programmed charges	629,115	2,235,423	2,246,173
<b>Total expenditures</b>	<b>10,326,232</b>	<b>2,235,423</b>	<b>12,561,655</b>
Revenues (under) expenditures	-	28,733	28,733
Fund balances, beginning of year		232,214	232,214
Fund balances, end of year	\$ -	\$ 260,947	\$ 260,947

**MCDOWELL COUNTY BOARD OF EDUCATION  
 DETAIL STATEMENT OF REVENUE AND EXPENDITURE  
 BUDGET AND ACTUAL  
 HEAD START PROGRAM  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022)**

	2023			2022 Actual
	Budget	Actual	Variance (Negative)	
<b>REVENUE:</b>				
Head Start Grants	\$ 2,237,227	\$ 2,058,167	\$ (179,060)	\$ 2,024,041
NC Pre K	175,500	196,140	20,640	175,500
Local match	-	8,319	8,319	4,118
Paid Day Care	-	1,524	1,524	2,412
Appropriated Fund Balance	-	-	-	-
Interest Income	-	6	6	6
<b>Total Revenue</b>	<b>2,412,727</b>	<b>2,264,156</b>	<b>(148,571)</b>	<b>2,206,077</b>
<b>EXPENDITURES:</b>				
<b>Head Start (PA22) - Federal:</b>				
Salaries		663,023		650,797
Fringe benefits		317,334		300,215
Occupancy		29,407		31,600
Transportation and staff travel		-		3,121
Seminars and Training		3,902		1,087
Nutrition and food		21,848		23,059
Administrative and Supplies		11,891		14,913
Other child services		44,077		41,242
Other parent services		15,228		14,559
<b>Total</b>	<b>1,198,165</b>	<b>1,106,710</b>	<b>91,455</b>	<b>1,080,593</b>
<b>Head Start (PA25) - Federal:</b>				
Salaries		452,538		455,345
Fringe benefits		254,387		224,426
Occupancy		27,210		20,274
Transportation and staff travel		-		1,716
Seminars and Training		311		-
Nutrition and food		22,765		20,969
Administrative and Supplies		5,184		11,337
Other child services		23,906		29,087
Other parent services		6,416		5,586
<b>Total</b>	<b>880,388</b>	<b>792,717</b>	<b>87,671</b>	<b>768,740</b>
<b>Head Start (PA21) - Federal</b>				
Seminars and Training	18,264	18,264	-	11,761
Other	-	-	-	-
<b>Total</b>	<b>18,264</b>	<b>18,264</b>	<b>-</b>	<b>11,761</b>
<b>Head Start Training Technical Assistance (PA20):</b>				
Seminars and Training	18,770	18,770	-	18,682
Other	-	-	-	-
<b>Total</b>	<b>18,770</b>	<b>18,770</b>	<b>-</b>	<b>18,682</b>

**MCDOWELL COUNTY BOARD OF EDUCATION  
 DETAIL STATEMENT OF REVENUE AND EXPENDITURE  
 BUDGET AND ACTUAL  
 HEAD START PROGRAM  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022)**

	2023		Variance Positive (Negative)	2022 Actual
	Budget	Actual		
CARES Act - Covid Grant (C3) - Federal:				
Salaries		\$ 68,900		\$ 73,958
Fringe benefits		19,383		19,772
Occupancy		17,060		2,687
Administrative and Supplies		2,382		-
Other child services		13,915		12,922
Other parent services		-		38,565
<b>Total</b>	<b>121,640</b>	<b>121,640</b>	<b>-</b>	<b>147,904</b>
Paid Day Care:				
Salaries		116,393		125,444
Fringe benefits		46,305		48,452
Occupancy		1,422		5,044
Seminars and Training		351		-
Transportation and staff travel		-		12
Nutrition and food		-		619
Administrative and Supplies		1,262		863
Other child services		275		340
Other parent services		380		224
Training		2,615		-
<b>Total</b>	<b>175,500</b>	<b>169,003</b>	<b>6,497</b>	<b>180,998</b>
In-Kind:				
Volunteers	-	6,758		4,118
Contributions	-	1,561		-
<b>Total</b>		<b>8,319</b>	<b>(8,319)</b>	<b>4,118</b>
<b>Total expenditures</b>	<b>2,412,727</b>	<b>2,235,423</b>	<b>177,304</b>	<b>2,212,796</b>
Excess of revenue over (under) expenditures	<b>\$ -</b>	<b>\$ 28,733</b>	<b>\$ 28,733</b>	<b>\$ (6,719)</b>

**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, 2023  
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2022)**

	2023		Variance	2022
	Budget	Actual		Actual
<b>Operating Revenues:</b>				
Food sales	\$ 743,113	\$ 746,390	\$ 3,277	\$ 380,150
Other				
Total operating revenues	<u>743,113</u>	<u>746,390</u>	<u>3,277</u>	<u>380,150</u>
<b>Operating Expenses:</b>				
<b>Business Support Services:</b>				
Purchase of food		1,520,727		1,438,878
Donated commodities		275,502		358,358
Salaries and benefits		2,386,154		2,023,201
Materials and supplies		38,636		32,406
Repairs and maintenance		38,154		42,634
Noncapital Equipment		31,036		23,654
Capital Outlay		7,857		84,464
Purchased services		29,350		31,031
Gas/Fuel		7,135		6,479
Total business support services	<u>4,599,187</u>	<u>4,334,551</u>	<u>264,636</u>	<u>4,041,105</u>
Indirect Costs	<u>215,000</u>	<u>169,977</u>	<u>45,023</u>	<u>165,465</u>
Total operating expenses	<u>4,814,187</u>	<u>4,504,528</u>	<u>309,659</u>	<u>4,206,570</u>
Operating (Loss)	<u>(4,071,074)</u>	<u>(3,758,138)</u>	<u>(306,382)</u>	<u>(3,826,420)</u>
<b>Nonoperating Revenues:</b>				
Federal reimbursements	3,185,988	3,092,543	(93,445)	4,047,300
Federal commodities	255,136	275,502	20,366	358,358
State reimbursement	-	14,747	14,747	-
Sales tax	1,700	3,421	1,721	1,656
Miscellaneous Revenue	7,500	5,414	(2,086)	6,959
Indirect costs not paid	165,000	169,977	4,977	4,753
Interest earned	750	4,090	3,340	621
Total nonoperating revenues	<u>3,616,074</u>	<u>3,565,694</u>	<u>(50,380)</u>	<u>4,419,647</u>
Excess of revenues over (under) expenditures before other financing sources	<u>(455,000)</u>	<u>(192,444)</u>	<u>262,556</u>	<u>593,227</u>
Other financing sources:				
Transfer from other funds	55,000	53,345	(1,655)	73,340
Fund Balance Appropriated	<u>400,000</u>		<u>(400,000)</u>	
Excess of revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>(139,099)</u>	<u>\$ (139,099)</u>	<u>666,567</u>
<b>Reconciliation of Modified Accrual to Full Accrual Basis:</b>				
<b>Reconciling Items:</b>				
Depreciation		(25,605)		(29,095)
Net OPEB asset		(1,008)		(2,139)
Deferred outflows		353,824		81,980
Deferred inflows		295,503		(190,526)
Net OPEB liability		399,477		(110,190)
Net pension liability		(736,571)		561,135
Capital Outlay		7,857		84,464
(Increase) decrease in accrued vacation pay		(1,623)		(21,414)
Increase (decrease) in inventory		<u>23,571</u>		<u>14,206</u>
Net Income (Loss) (Full Accrual)		<u>\$ 176,326</u>		<u>\$ 1,054,988</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, 2023  
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2022)

	2023			2022
	Budget	Actual	Variance	Actual
<b>Revenues:</b>				
Child care fees	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Operating Expenditures:</b>				
Regular community service:				
Salaries and benefits		-		-
Purchased services		-		-
Materials and supplies		-		7,563
<b>Total operating expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,563</u>
Excess of revenues over (under) expenditures before other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,563)</u>
<b>Other Financing Sources:</b>				
Operating transfers - in Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>(7,563)</u>
<b>Reconciliation of Modified Accrual to Full Accrual Basis:</b>				
Reconciling Items:				
Net OPEB asset		-		-
Deferred outflows		-		-
Deferred inflows		-		-
Net OPEB liability		-		-
Net pension liability		-		-
(Increase) decrease in Accrued Vacation Pay		-		-
<b>Net Income (Full Accrual)</b>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>(7,563)</u>

## **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, 2023, 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 21, 2023.

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.

Member: American Institute of CPA's - North Carolina Association of CPA's

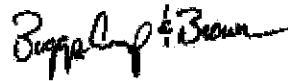


Compliance and Other Matters

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.



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

November 21, 2023  
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**

***Opinion on 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, 2023. 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.

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, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of McDowell County Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the McDowell County Board of Education's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on McDowell County Board of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about McDowell County Board of Education's compliance with the requirement of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

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

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

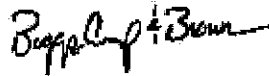
### **Report on Internal Control Over Compliance**

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

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

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

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



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

November 21, 2023  
Morganton, North Carolina

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

Independent Auditor's Report

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

**Report on Compliance for Each Major State Program**

***Opinion on 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, 2023. 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.

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, 2023.

***Basis for Opinion on Each Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of McDowell County Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of the McDowell County Board of Education's compliance with the compliance requirements referred to above.

**Member: American Institute of CPA's - North Carolina Association of CPA's**

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on McDowell County Board of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about McDowell County Board of Education's compliance with the requirement of each major State program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

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

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

### **Report on Internal Control Over Compliance**

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

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

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

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



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

November 21, 2023  
Morganton, North Carolina





MCDOWELL COUNTY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**Section I. Summary of Auditor's Results- (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  
Vocation Education - States Months of Employment

**Section II. Financial Statement Findings:**

None

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

None

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

None

**MCDOWELL COUNTY BOARD OF EDUCATION  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**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, 2023**

<u>Federal - State Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
<b>FEDERAL GRANTS:</b>			
<u>U.S. Department of Education</u>			
<u>Office of Elementary and Secondary Education</u>			
<u>Passed through N.C. Department of Public Instruction:</u>			
Title I, Grants to Local Education Agencies - Educationally Deprived Children	84.010	\$ 1,681,607	
Education for Homeless Children and Youth	84.196	41,190	
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	184,485	
Language Acquisition	84.229	12,250	
Student Support and Academic Enrichment Program	84.424	65,762	
<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	1,210,316	
Special Education- Risk Pool	84.027	296,115	
COVID 19-ESSER III-ARP IDEA Grants to States	84.027	167,076	
COVID 19-ESSER III-ARP IDEA Preschool Grants	84.173	5,770	
Special Education-Preschool Targeted Assistance	84.173	36,501	
Total Special Education Cluster		<u>1,715,778</u>	
Special Education - State Improvement	84.323	4,508	
Total Office of Special Education and Rehabilitation Services		<u>1,720,286</u>	
<u>Office of Vocation and Adult Education</u>			
<u>Passed through N.C. Department of Public Instruction:</u>			
Carl D. Perkins Vocational and Applied Technology:			
Education Act Amendments of 1990			
Basic Grants to States			
Program Development	84.048	102,352	
COVID- 19 Education Stabilization Fund			
CRRSA Act:			
ESSER II-K12 Emergency Relief Fund	84.425D	3,227,401	
ESSER II-Supplemental Contract Instructional Support	84.425D	37,634	
ESSER II-School Nutrition Covid Support	84.425D	11,802	
ESSER II-Learning Loss Funding	84.425D	89,173	
ESSER II-Summer Career Accelerator Program	84.425D	53,671	
ARP:			
ESSER III-K-12 Emergency Relief Fund	84.425U	3,038,995	
ESSER III-Homeless I	84.425W	1,693	
ESSER III-Homeless II	84.425W	2,548	
ESSER III-Math Enrichment Programs	84.425U	15,919	
ESSER III-Career & Technical Education-Hospitality	84.425U	417	
ESSER III-NBPTS Certification Fee Reimbursement Program	84.425U	15,200	
ESSER III-Gaggle Grants	84.425U	18,815	
ESSER III-Principal Retention Supplements	84.425U	5,032	
Total COVID-19 Education Stabilization Fund		<u>6,518,300</u>	
Total U.S. Department of Education		<u>10,326,232</u>	
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities)			
Passed-through the N.C. Department of Agriculture:			
National School Lunch Program	10.555	275,502	
Cash Assistance			
Passed-through the N.C. Department of Public Instruction:			
School Breakfast Program	10.553	831,262	
National School Lunch Program	10.555	1,826,550	
Supply Chain Assistance Funds	10.555	163,724	
Summer Food Service Program for Children	10.559	102,407	
Total Cash Assistance		<u>2,923,943</u>	
Total Child Nutrition Cluster		3,199,445	
Fresh Fruits & Vegetables	10.582	168,600	
Total U.S. Department of Agriculture		<u>3,368,045</u>	

MCDOWELL COUNTY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>Federal - State Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
<u>U.S. Department of Health and Human Services</u> <u>Passed-through N.C. Department of Health and Human Services:</u> ELC Covid Testing	93.323	<u>424,661</u>	
<u>U.S. Department of Health and Human Services:</u> <u>Administration for Children and Families</u> <u>Direct Program:</u> Head Start	93.600	<u>\$ 2,058,167</u>	
<b>OTHER FEDERAL ASSISTANCE:</b>			
<u>U.S. Department of Justice:</u> Passed-through the N.C. Department of Public Safety: Juvenile Justice Delinquency Prevention	16.540	<u>77,842</u>	
<u>U.S. Department of Defense:</u> <u>Direct Program:</u> N.J.R.O.T.C.	12.000	<u>65,945</u>	
Total Federal Assistance		<u>\$ 16,320,892</u>	
<b>STATE GRANTS:</b>			
Cash Assistance			
<u>N.C. Department of Public Instruction</u>			
State Public School Fund			\$ 44,643,321
School Technology Fund -SPSF			67,084
Driver Training - SPSF			112,653
Vocational Education:			
State Months of Employment			2,170,106
Program Support			288,088
Athletics Facility Grant			<u>13,615</u>
Total N.C. Department of Public Instruction			<u>47,294,867</u>
<u>N.C. Department of Health and Human Resources:</u>			
Division of Child Development - Smart Start			254,977
Division of Child Development - NC Pre-Kindergarten Program			1,441,153
School Nurse Grant			150,000
Family Resource Program			<u>143,920</u>
Total N.C. Department of Health and Human Resources			<u>1,990,050</u>
<u>N.C. Department of Agriculture</u>			
State Reduced Breakfast Program			5,342
State Reduced Lunch Program			<u>9,405</u>
Total N.C. Department of Agriculture			<u>14,747</u>

MCDOWELL COUNTY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>Federal - State Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
<b>STATE GRANTS : (continued)</b>			
Non-Cash Assistance			
<u>N.C. Department of Public Instruction:</u>			
State appropriations - buses			463,872
Total State Assistance Programs			<u>\$ 49,763,536</u>

**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, 2023. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of 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

**SUPPLEMENTARY INFORMATION**

**MCDOWELL COUNTY BOARD OF EDUCATION  
SPECIAL FUNDS OF INDIVIDUAL SCHOOLS  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
YEAR ENDED JUNE 30, 2023**

<u>School</u>	<u>Cash Balance June 30, 2022</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash Balance June 30, 2023</u>
Academy for Innovation	\$ 33,578	\$ 67,917	\$ 76,785	\$ 24,710
Early College	24,955	232,640	187,328	70,267
Eastfield Elementary	22,696	27,021	28,261	21,456
East McDowell Middle	62,759	146,984	137,972	71,771
Foothills Community School	14,443	74,436	55,970	32,909
Glenwood Elementary	59,309	98,179	90,308	67,180
Marion Elementary	11,510	44,300	36,470	19,340
McDowell High	437,339	967,747	950,489	454,597
Nebo Elementary	37,802	98,607	97,806	38,603
North Cove Elementary	12,626	80,387	75,117	17,896
Old Fort Elementary	29,671	81,085	71,651	39,105
Pleasant Gardens Elementary	50,298	113,736	109,984	54,050
West Marion Elementary	17,391	72,537	61,498	28,430
West McDowell Middle	138,845	314,562	350,275	103,132
Totals	<u>\$ 953,222</u>	<u>\$ 2,420,138</u>	<u>\$ 2,329,914</u>	<u>\$ 1,043,446</u>