

Board of Education of Columbus County Schools

Financial Statements

Year Ended June 30, 2020

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Independent Auditors' Report

Board of Education
Columbus County Schools
Whiteville, North Carolina

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 Board of Education of Columbus County Schools, North Carolina ("Board"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 11 and the Schedules of the Board's Proportionate Share of the Net Pension Liability and OPEB Asset and Liability and the Schedule of Board Contributions on pages 50 through 55, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Board's basic financial statements. The individual fund statements and schedules and 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.

The individual fund statements and schedules and the accompanying schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund statements and schedules, and the accompanying schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2021 on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

**Winston-Salem, North Carolina
March 16, 2021**

Board of Education of Columbus County Schools Management's Discussion and Analysis

This section of the Board of Education of Columbus County Schools' (the "Board") financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2020. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

The Board's final student enrollment declined with a decrease of 166-students (approximately -3%) during the 2019-2020 school year compared to the 2018-2019 school year. Revenue from State funding sources, the Board's largest single funding source, is determined by formulas based on the district's student enrollment. Due to the uncertainty caused by COVID-19, the Board is anticipating a decline in enrollment. As part of the state Coronavirus Relief Act, the requirement for DPI to adjust initial allotments for the actual best 1 of 2 ADM has been temporarily eliminated for the coming school year.

The Board was able to continue to fund local supplements for teachers at 5% of their annual salary with the assistance of the County Commissioners for the 2019-20 school year. The district will continue to request additional funding to increase teachers supplemental pay to be more competitive with surrounding districts. Additionally, the Board and the Columbus County Board of Commissioners are continuing to address the district's capital construction needs to provide additional school facilities. The County of Columbus provided more 2.28 million in contributed capital in 2019-20 for various capital projects.

The County of Columbus is working with the Board on the construction of two new schools. Pre-K through Eighth grade for West Columbus and Pre-K through 8 at Tabor City.

Overview of the Financial Statements

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

- Independent Auditors' Report
- Management's Discussion and Analysis (required supplementary information)
- Basic Financial Statements
- Required supplemental information section presents schedules for Teachers' and State Employees' Retirement System, Retiree Health Benefit Fund, Disability Income Plan of North Carolina and budgetary statements for the governmental and proprietary 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 (Deficit) and the Statement of Activities. The Statement of Net Position (Deficit) includes all of the Board's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Assets and liabilities are classified in the order of relative liquidity for assets and due date for liabilities. This statement provides a summary of the Board's investment in assets, deferred outflows of resources, obligations to creditors, and deferred inflows of resources. 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, proprietary fund and fiduciary fund. 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 each of the financial resources of each of the Board's major funds.

Board of Education of Columbus County Schools Management's Discussion and Analysis

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 (Deficit) includes all of the Board's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the Board's net position (deficit) and how they have changed. Net position - the difference between the total of the Board's assets and deferred outflows of resources and the total of the liabilities and deferred inflows of resources - is one way to measure the unit's financial health or position.

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

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

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

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

Fund Financial Statements

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

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

The Board has three types of funds:

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

The governmental fund statements are shown as Exhibits 3, 4, 5, and 6 of this report.

Board of Education of Columbus County Schools Management's Discussion and Analysis

Proprietary funds: Services for which the Board charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same full accrual basis of accounting as the government-wide statements. The Board's only proprietary fund is an enterprise fund, School Food Service.

The proprietary fund statements are shown as Exhibits 7, 8, and 9 of this report.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Board has one fiduciary fund – the Scholarship Fund, which is a fund under the control of the administrative unit. This is accounted for as a private purpose trust fund.

The fiduciary fund statements are shown as Exhibits 10 and 11 of this report.

Financial Analysis of the Board as a Whole

Net position (deficit) is an indicator of the fiscal health of the Board. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$43.1 million as of June 30, 2020. The largest component of the net deficit is the Board's net investment in capital assets of \$38.7 million, which comprises 89.5% of the net deficit. Restricted and unrestricted net position (deficit) amounted to \$8 million and (\$90) million, respectively. The primary reason for the total net deficit and unrestricted net deficit in the current year is the presentation of the board's proportionate share of the net pension liability and net OPEB liability in accordance with Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Governmental Accounting Standards Board Statement No 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The net pension liability, net OPEB liability, and related components has a \$89.3 million negative effect to the Board's overall net position.

**Board of Education of Columbus County Schools
Management's Discussion and Analysis**

Following is a summary of the Statement of Net Position (Deficit):

**Condensed Statement of Net Position (Deficit)
as of June 30, 2020 and 2019**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current assets	\$ 10,642,282	\$ 10,170,639	\$ 2,643,464	\$ 2,160,174	\$ 13,285,746	\$ 12,330,813
Capital assets	39,138,978	40,719,766	136,237	66,216	39,275,215	40,785,982
Total assets	49,781,260	50,890,405	2,779,701	2,226,390	52,560,961	53,116,795
Deferred outflows of resources	14,355,875	15,296,304	575,447	607,334	14,931,322	15,903,638
Current liabilities	4,191,074	2,710,435	195,791	144,410	4,386,865	2,854,845
Long-term liabilities	75,726,104	75,703,029	2,919,895	2,882,935	78,645,999	78,585,964
Total liabilities	79,917,178	78,413,464	3,115,686	3,027,345	83,032,864	81,440,809
Deferred inflows of resources	26,616,545	30,568,728	1,009,011	1,142,312	27,625,556	31,711,040
Invested in capital assets, net of related debt	38,515,991	39,622,853	136,237	66,216	38,652,228	39,689,069
Restricted net position	8,009,234	7,755,313	2,662	-	8,011,896	7,755,313
Unrestricted net deficit	(88,921,813)	(90,173,649)	(908,448)	(1,402,149)	(89,830,261)	(91,575,798)
Total net deficit	\$ (42,396,588)	\$ (42,795,483)	\$ (769,549)	\$ (1,335,933)	\$ (43,166,137)	\$ (44,131,416)

The net deficit of the Board's governmental activities decreased from \$42.8 million at June 30, 2019 to \$42.4 million at June 30, 2020, a decrease of \$400 thousand. The Board's net investment in capital assets decreased by \$1.1 million during the year due primarily to depreciation expense in excess of capital outlay expenditures. Restricted net position increased by \$254 thousand primarily due to increases in stabilization by state statute amounts. Unrestricted net deficit decreased by \$1.3 million primarily as a result of the changes in the proportionate share of the Teachers' and State Employees' Retirement System plan net pension liability as well as changes to the proportionate share of the Retiree Health Benefit Fund net OPEB liability and deferred outflows and inflows of resources. Restrictions to net position are related to stabilization by state statute, reserves for school capital outlay, reserves for the Disability Income Plan of North Carolina and reserves for individual schools. The Board does not believe there are any other restrictions, commitments, or other limitations that will significantly affect fund resources for future use.

The net deficit of business-type activities decreased \$566 thousand from \$1.3 million at June 30, 2019 to \$770 thousand at June 30, 2020. This decrease is related to a decrease in expenses of \$670 thousand compared to the prior year.

**Board of Education of Columbus County Schools
Management's Discussion and Analysis**

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

Condensed Statement of Activities						
For the Fiscal Years Ended June 30, 2020 & 2019						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues:						
Program revenues:						
Charges for services	\$ 1,596,798	\$ 2,183,752	\$ 258,792	\$ 439,867	\$ 1,855,590	\$ 2,623,619
Operating grants and contributions	46,024,535	47,865,537	3,913,193	4,319,663	49,937,728	52,185,200
Capital grants and contributions	557,047	2,311,489	-	-	557,047	2,311,489
General revenues:						
Unrestricted state and federal appropriations	2,582,245	-	21,849	-	2,604,094	-
Unrestricted county appropriations	6,109,184	6,869,021	-	-	6,109,184	6,869,021
Other revenues	1,263,268	1,607,170	12,980	-	1,276,248	1,607,170
Total revenues	<u>58,133,077</u>	<u>60,836,969</u>	<u>4,206,814</u>	<u>4,759,530</u>	<u>62,339,891</u>	<u>65,596,499</u>
Expenses:						
Governmental activities:						
Instructional services	43,033,711	44,632,051	-	-	43,033,711	44,632,051
System-wide support services	11,554,666	11,875,682	-	-	11,554,666	11,875,682
Ancillary services	525,829	280,996	-	-	525,829	280,996
Non-programmed charges	501,778	524,810	-	-	501,778	524,810
Unallocated depreciation expense	2,118,198	-	-	-	2,118,198	-
Business-type activities:						
School food service	-	-	3,640,430	4,310,613	3,640,430	4,310,613
Total expenses	<u>57,734,182</u>	<u>57,313,539</u>	<u>3,640,430</u>	<u>4,310,613</u>	<u>61,374,612</u>	<u>61,624,152</u>
(Increase) decrease in net deficit	398,895	3,523,430	566,384	448,917	965,279	3,972,347
Net deficit, beginning	<u>(42,795,483)</u>	<u>(46,318,913)</u>	<u>(1,335,933)</u>	<u>(1,784,850)</u>	<u>(44,131,416)</u>	<u>(48,103,763)</u>
Net deficit, ending	<u>\$ (42,396,588)</u>	<u>\$ (42,795,483)</u>	<u>\$ (769,549)</u>	<u>\$ (1,335,933)</u>	<u>\$ (43,166,137)</u>	<u>\$ (44,131,416)</u>

During the year ended June 30, 2020, governmental activities generated revenues of \$58.1 million and incurred expenses of \$57.7 million, resulting in the aforementioned decrease in net deficit for these activities of \$400 thousand. Overall, revenues were down by \$2.7 million when compared to the prior year, while expenses increased \$421 thousand. The decrease in revenues is primarily the result of decreases in revenues in the capital outlay fund of \$1.5 million. Primary sources of revenue were funding from the State of North Carolina, Columbus County, and the United States government, which respectively comprised 75.2%, 10.5%, and 8.1% of our revenues. As would be expected, the major component of the Board's expenses were instructional services, which accounted for 75.7% of our total during the most recent fiscal year. Of the remaining expenses, 17.7% was attributable to system-wide support services. To assist the Board in mitigating the increased cost of education during the COVID-19 pandemic, the Board received and expended \$446 thousand in funding from the federal government through the Coronavirus Relief Fund and \$230 thousand from the State of North Carolina through the State COVID-19 Supplemental Funds.

Board of Education of Columbus County Schools Management's Discussion and Analysis

Business-type activities generated revenue of \$4.2 million and incurred expenses of \$3.6 million resulting in a decrease in net deficit of \$566 thousand as compared to a decrease of \$449 thousand in the prior year.

Financial Analysis of the Board's Funds

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

The Board's governmental funds reported a combined fund balance of \$8.3 million at June 30, 2020, a \$362 thousand increase compared to the prior year. Overall, total revenues decreased by \$2.4 million, or 4%, compared to the prior year while total expenditures decreased by \$2.2 million, or 3.7%. The decrease in revenues is attributable to a decrease in revenues from the Columbus County of \$759 thousand and a decrease in other revenues for the General Fund of \$1 million. The decrease in expenditures is attributable to the aforementioned decrease in capital outlay.

For the fiscal year ended June 30, 2020, the Board's General Fund and Other Local Current Expense Fund experienced a net change in fund balance of \$243 thousand and \$412 thousand. Specifically related to the General Fund, County revenues during this same period increased by \$174 thousand to \$5.5 million. The Other Local Current Expense Fund recognized increases in total revenues of \$25 thousand as compared to the prior year. During the same period, the Board experienced a increase in expenditures of \$8 thousand.

The Board's State Public School Fund and Federal Grants Fund recognized changes in revenues of \$297 thousand or .72% and \$(45) thousand or (1.1%), respectively. The increases in the State Public School Fund are attributable to increasing costs of education.

The Board's Individual Schools Fund and Capital Outlay Fund had a net change in fund balance of \$(3) thousand and \$(290) thousand, respectively. In comparison to the prior year, the Individual Schools Fund and Capital Outlay Fund had a net change of \$73 thousand and \$1.2 million, respectively. In March 2020, the Board closed all schools in response to the COVID-19 pandemic, which accounts for the decrease in revenues of \$311 thousand and expenditures of \$234 thousand in the Individual Schools Fund. Revenues in the Capital Outlay Fund decreased by \$1.5 million, or (38.7%). This decrease is related to decreases in appropriate by Columbus County. County capital project revenues are dependent on the Board's ongoing construction activity, financing arrangements with the County, and the general availability of funds from the County. Capital Outlay Fund expenditures also decreased by \$1.1 million in the current year.

Proprietary Funds: The Board's business-type fund, the School Food Service Fund, generated a change in net deficit of \$566 thousand during the year ended June 30, 2020 compared to a change in net deficit of \$449 thousand during the prior year, an increase of \$117 thousand. The decrease is related to decreases in school food services expense in excess of the decrease in federal reimbursements.

General Fund Budgetary Highlights

Over the course of the year, the Board revised the General Fund budget several times to account for changes in expectations of expenditures. Total budgeted revenues and total budgeted expenditures remained relatively consistent with minor shifts between Instructional Services expenditures and System-Wide Support Services expenditures. The primary reason for these changes were to redistribute the use of County appropriations for current year activities of the Board. The Board's significant variations between the final amended budget and actual expenditures were variations of \$534 thousand for Regular Instructional. These variances are primarily attributable to the reallocations of expenditures to other governmental funds based on funding.

**Board of Education of Columbus County Schools
Management’s Discussion and Analysis**

Capital Assets

During the fiscal year ended June 30, 2020, capital assets, net of accumulated depreciation, decreased by \$1.6 million for governmental activities and increased by \$70 thousand for business-type activities, compared to the prior year. During the year, the Board added \$1.0 million to buildings and acquired \$202 thousand in equipment and vehicles. Total depreciation charges for the year ended June 30, 2020 was \$2.7 million for governmental activities. Total depreciation charges for the year ended June 30, 2020 was \$30 thousand for business-type activities. For more detailed information, please see Capital Assets in Note 2 in the accompanying notes to the financial statements.

**Summary of Capital Assets
as of June 30, 2020 and 2019**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land	\$ 3,614,609	\$ 3,614,609	\$ -	\$ -	\$ 3,614,609	\$ 3,614,609
Construction in progress	16,231	111,916			16,231	111,916
Buildings and improvements	32,976,512	34,035,542			32,976,512	34,035,542
Equipment and furniture	164,820	112,049	110,459	66,216	275,279	178,265
Vehicles	2,366,806	2,845,650	25,778		2,392,584	2,845,650
Total	\$ 39,138,978	\$ 40,719,766	\$ 136,237	\$ 66,216	\$ 39,275,215	\$ 40,785,982

Debt Outstanding

The Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used. The County holds virtually all debt issued for school capital construction. During the year ended June 30, 2020, the Board issued no new installment purchase obligations. For more detailed information, please see Long-Term Obligations in Note 2 in the accompanying notes to the financial statements.

Economic Factors

The Board anticipates a slight decreased student enrollment over the next several years. The final student enrollment showed a decline in 2019-20 with a decrease of 166 students compared to the 2018-2019 school year. A decline in enrollment is anticipated to continue into the foreseeable future albeit at a gradual pace of approximately -.5% to -1% per year. The student enrollment growth may still occur in localized geographic areas of the county and may continue to necessitate additional classroom space, teachers, and equipment. Exclusive of the NC State Lottery funds, funding from the County Board of Commissioners is currently the sole source of revenue for the Board for capital facilities construction and is a major source of revenue for the Board to enhance teacher recruitment and retention. The county’s economic outlook directly affects the Board’s economic well-being. The following factors have or will have an impact on the economic outlook of Columbus County:

- The County experienced an increase in the unemployment rate, currently at 7.7%, compared to the prior year rate of 5.6%. In June 2020, the county rate was 7.7% with the state average rate at 6.0%. The county rate is lower than the national average of 11.2% for the same period.
- While the County of Columbus supports K-12 public education as best it can, there continues to be grave concern for the long-term economic support for K-12 public education from the State. The State has lifted the cap on public charter schools. We had more than 500 students enrolled in various charter schools across the state during the year.

Impact of Coronavirus on School. During the fiscal year, the state and the nation were affected by the spread of a coronavirus. The state and federal government allocated additional funding in the Spring to help support the added costs to school districts during the remote learning period. More funding is expected to be allocated for the FY 2020-21.

Board of Education of Columbus County Schools Management's Discussion and Analysis

The Board's response to the instructional needs affected by coronavirus included but are not limited to the following:

- Additional devices, hotspots, remote learning platforms, and digital instructional tools such as online texts were purchased to promote remote student learning.
- Additional instructional materials and manipulatives were purchased for remote learners and for face to face learners to avoid sharing these items by students.
- Professional development was developed and facilitated remotely to increase teacher capacity in the areas of:
 - digital learning platforms and instructional resources;
 - digital learning management;
 - remote assessment delivery and analysis; and
 - remote learning best practices for student engagement and instructional delivery.

Other educational issues and responses related to coronavirus are as follows:

- The revenue for the Child Nutrition decreased greatly in the Spring of 2020 with our classroom closure on March 13th. Remote feeding sites were opened to generate revenue and to feed as many students as possible, but revenue was still down over \$600,000 for the fiscal year 2019-20. The feeding sites were continued through the summer, which was an added expense on payroll and food cost. Food supply availability and increased pricing have been and continue to be an issue while maintaining USDA guidelines.
- The state and federal government did allocate additional funding to help support the added costs for these expenses during the remote learning period. The district was able to utilize \$445,639 of the funds allotted in PRC 125 CRF (Coronavirus Relief Funds). These funds were allocated for school nutrition services in response to COVID-19.
- COVID-19 impact on the Custodial/Grounds Services Department during Spring of 2020 prompted the use of PRC 154 State COVID-19 Supplemental Funds from the Governor to pay salaries to extra staff to thoroughly clean all schools. These funds were also used to buy needed materials for this cleaning in the Spring. The Federal CARES funding in PRC 163 will be used in the Fall for large purchases of PPE, Equipment, Cleaning, Disinfecting, and Sanitizing Chemicals use for personal protection against and cleaning of COVID-19. This is expected to be an ongoing expense in the upcoming school year.
- The HR department and Finance departments worked closely to create systems to track employees who needed to take advantage of State Emergency Sick Leave through mid-June 2020.

Requests for Information

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

Lisa Nowlin, Finance Officer
Board of Education of Columbus County Schools
Post Office Box 729
Whiteville, NC 28472
910-642-5168

Board of Education of Columbus County Schools
Statement of Net Position (Deficit)
June 30, 2020

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 8,216,984	\$ 2,640,880	\$ 10,857,864
Due from other governments	1,985,524	49,906	2,035,430
Receivables	168,550	-	168,550
Net OPEB asset	73,010	2,662	75,672
Internal balances	198,214	(201,214)	(3,000)
Inventories	-	151,230	151,230
Capital assets:			
Land	3,630,840	-	3,630,840
Other capital assets, net of depreciation	35,508,138	136,237	35,644,375
Total capital assets	39,138,978	136,237	39,275,215
 Total assets	 49,781,260	 2,779,701	 52,560,961
 DEFERRED OUTFLOWS OF RESOURCES	 14,355,875	 575,447	 14,931,322
LIABILITIES			
Accounts payable and accrued expenses	500,127	44,651	544,778
Accrued salaries and wages payable	1,802,726	91,431	1,894,157
Unearned revenue	-	4,787	4,787
Long-term liabilities:			
Due within one year	1,888,221	54,922	1,943,143
Due in more than one year	75,726,104	2,919,895	78,645,999
 Total liabilities	 79,917,178	 3,115,686	 83,032,864
 DEFERRED INFLOWS OF RESOURCES	 26,616,545	 1,009,011	 27,625,556
NET POSITION (DEFICIT)			
Net investment in capital assets	38,515,991	136,237	38,652,228
Restricted for:			
Stabilization by State Statute	694,091	-	694,091
School capital outlay	6,154,743	-	6,154,743
Individual Schools	1,087,390	-	1,087,390
DIPNC OPEB plan	73,010	2,662	75,672
Unrestricted	(88,921,813)	(908,448)	(89,830,261)
 Total net deficit	 \$ (42,396,588)	 \$ (769,549)	 \$ (43,166,137)

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

**Board of Education of Columbus County Schools
Statement of Activities
For the Fiscal Year Ended June 30, 2020**

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
Instructional services:							
Regular instructional	\$ 23,627,683	\$ -	\$ 23,729,846	\$ -	\$ 102,163	\$ -	\$ 102,163
Special populations	4,979,826	-	4,986,308	-	6,482	-	6,482
Alternative programs	4,482,882	-	2,560,076	-	(1,922,806)	-	(1,922,806)
School leadership	3,586,658	-	3,532,088	-	(54,570)	-	(54,570)
Co-curricular	340,493	1,580,800	-	-	1,240,307	-	1,240,307
School-based support	6,016,169	-	4,048,823	-	(1,967,346)	-	(1,967,346)
System-wide support services:							
Support and development	570,935	-	567,373	-	(3,562)	-	(3,562)
Special population support and development	214,338	-	212,366	-	(1,972)	-	(1,972)
Alternative programs and services support and development	345,200	-	352,899	-	7,699	-	7,699
Technology support	269,957	-	178,110	-	(91,847)	-	(91,847)
Operational support	8,189,571	15,998	4,394,526	557,047	(3,222,000)	-	(3,222,000)
Financial and human resource	263,139	-	227,179	-	(35,960)	-	(35,960)
Accountability	80,324	-	78,898	-	(1,426)	-	(1,426)
Policy, leadership, and public relations	1,621,202	-	545,205	-	(1,075,997)	-	(1,075,997)
Ancillary services	525,829	-	530,968	-	5,139	-	5,139
Non-programmed charges	501,778	-	79,870	-	(421,908)	-	(421,908)
Unallocated depreciation expense, excluding direct depreciation expense charged to programs	2,118,198	-	-	-	(2,118,198)	-	(2,118,198)
Total governmental activities	<u>57,734,182</u>	<u>1,596,798</u>	<u>46,024,535</u>	<u>557,047</u>	<u>(9,555,802)</u>	<u>-</u>	<u>(9,555,802)</u>
Business-type activities:							
School food service	3,640,430	258,792	3,913,193	-	-	531,555	531,555
Total primary government	<u>\$ 61,374,612</u>	<u>\$ 1,855,590</u>	<u>\$ 49,937,728</u>	<u>\$ 557,047</u>	<u>\$ (9,555,802)</u>	<u>\$ 531,555</u>	<u>\$ (9,024,247)</u>
General revenues:							
Unrestricted county appropriations - operating					5,489,031	-	5,489,031
Unrestricted county appropriations - capital					620,153	-	620,153
Unrestricted State and Federal appropriations - operating					2,582,245	-	2,582,245
Unrestricted State and Federal appropriations - capital					-	21,849	21,849
Investment earnings, unrestricted					14,732	-	14,732
Miscellaneous, unrestricted					1,248,536	12,980	1,261,516
Total general revenues and transfers					<u>9,954,697</u>	<u>34,829</u>	<u>9,989,526</u>
Change in net position (deficit)					398,895	566,384	965,279
Net deficit, beginning					<u>(42,795,483)</u>	<u>(1,335,933)</u>	<u>(44,131,416)</u>
Net deficit, ending					<u>\$ (42,396,588)</u>	<u>\$ (769,549)</u>	<u>\$ (43,166,137)</u>

**Board of Education of Columbus County Schools
Balance Sheet
Governmental Funds
June 30, 2020**

Exhibit 3

	Major Funds						Total Governmental Funds
	General	State Public School	Federal Grants Fund	Capital Outlay	Individual Schools	Other Local Current Expense	
ASSETS							
Cash and cash equivalents	\$ 683,981	\$ -	\$ -	\$ 6,156,771	\$ 1,061,995	\$ 314,237	\$ 8,216,984
Accounts receivable	5,205	-	107,455	563	-	55,327	168,550
Due from other governments	-	1,594,462	-	132,223	-	258,839	1,985,524
Due from other funds	13,033	823	6,162	24,757	25,395	204,144	274,314
Total assets	\$ 702,219	\$ 1,595,285	\$ 113,617	\$ 6,314,314	\$ 1,087,390	\$ 832,547	\$ 10,645,372
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 376,828	\$ -	\$ -	\$ 2,028	\$ -	\$ 121,271	\$ 500,127
Accrued salaries and wages payable	9,130	1,594,462	107,455	-	-	91,679	1,802,726
Due to other funds	-	-	-	-	-	76,100	76,100
Total liabilities	385,958	1,594,462	107,455	2,028	-	289,050	2,378,953
Deferred inflows of resources	-	823	6,162	-	-	-	6,985
Fund balances:							
Restricted:							
Stabilization by State Statute	18,238	-	-	157,543	-	518,310	694,091
School Capital Outlay	-	-	-	6,154,743	-	-	6,154,743
Individual Schools	-	-	-	-	1,087,390	-	1,087,390
Assigned:							
Subsequent year's expenditures	-	-	-	-	-	-	-
Other special programs	-	-	-	-	-	25,187	25,187
Unassigned	298,023	-	-	-	-	-	298,023
Total fund balances	316,261	-	-	6,312,286	1,087,390	543,497	8,259,434
Total liabilities, deferred inflows of resources, and fund balances	\$ 702,219	\$ 1,595,285	\$ 113,617	\$ 6,314,314	\$ 1,087,390	\$ 832,547	

Amounts reported for governmental activities in the Statement of Net Position (Deficit)
(Exhibit 1) are different because:

Net OPEB asset	73,010
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	39,138,978
Deferred outflows of resources related to pensions	8,236,075
Deferred outflows of resources related to OPEB	6,119,800
Some liabilities, including compensated absences and installment purchase obligations, are not due and payable in the current period and therefore are not reported in the funds.	(3,764,629)
Net pension liability	(19,952,524)
Net OPEB liability	(53,897,172)
Deferred inflows of resources related to pensions	(695,189)
Deferred inflows of resources related to OPEB	(25,914,371)
Net deficit of governmental activities	\$ (42,396,588)

**Board of Education of Columbus County Schools
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020**

Exhibit 4

	Major Funds						Total Governmental Funds
	General	State Public School	Federal Grants Fund	Capital Outlay	Individual Schools	Other Local Current Expense	
Revenues:							
Intergovernmental:							
State of North Carolina Columbus County	\$ -	\$ 41,128,109	\$ -	\$ 565,159	\$ -	\$ 2,269,068	\$ 43,962,336
Local current expense	5,489,031	-	-	-	-	-	5,489,031
Other	-	-	-	620,153	-	-	620,153
U.S. Government	-	445,640	3,975,435	42,862	-	270,315	4,734,252
Other	110,459	-	-	1,152,809	1,580,800	775,363	3,619,431
Total revenues	5,599,490	41,573,749	3,975,435	2,380,983	1,580,800	3,314,746	58,425,203
Expenditures:							
Current:							
Instructional services:							
Regular instructional	38,424	23,426,368	303,478	-	-	441,665	24,209,935
Special populations	106,624	3,938,462	1,047,846	-	-	7,199	5,100,131
Alternative programs	1,050	841,469	1,718,607	-	-	1,994,037	4,555,163
School leadership	147,791	3,532,088	-	-	-	-	3,679,879
Co-curricular	349,187	-	-	-	-	-	349,187
School-based support	114,468	3,752,863	295,960	-	1,583,994	358,454	6,105,739
System-wide support services:							
Support and development	17,885	466,184	101,189	-	-	210	585,468
Special population support and development	6,200	135,981	76,385	-	-	-	218,566
Alternative programs and services support and development	316	25,091	327,808	-	-	-	353,215
Technology support	97,270	178,110	-	-	-	-	275,380
Operational support	2,817,306	3,919,175	-	-	-	99,155	6,835,636
Financial and human resources	41,927	227,179	-	-	-	-	269,106
Accountability	3,524	78,898	-	-	-	-	82,422
Policy, leadership, and public relations	1,111,341	545,205	-	-	-	1,627	1,658,173
Ancillary services	1,649	506,676	24,292	-	-	5	532,622
Non-programmed charges	501,778	-	79,870	-	-	-	581,648
Debt service:							
Principal	-	-	-	565,159	-	-	565,159
Capital outlay:							
Real property and buildings	-	-	-	1,363,143	-	-	1,363,143
Furniture and equipment	-	-	-	669,406	-	-	669,406
Buses and motor vehicles	-	-	-	164,823	-	-	164,823
Total expenditures	5,356,740	41,573,749	3,975,435	2,762,531	1,583,994	2,902,352	58,154,801
Revenues over (under) expenditures	242,750	-	-	(381,548)	(3,194)	412,394	270,402
Other financing sources (uses):							
Installment purchase obligations issued	-	-	-	91,233	-	-	91,233
Net changes in fund balance	242,750	-	-	(290,315)	(3,194)	412,394	361,635
Fund balances:							
Beginning of year	73,511	-	-	6,602,601	1,090,584	131,103	7,897,799
End of year	\$ 316,261	\$ -	\$ -	\$ 6,312,286	\$ 1,087,390	\$ 543,497	\$ 8,259,434

Board of Education of Columbus County Schools
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2020

Exhibit 5

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

Net changes in fund balances - total governmental funds	\$ 361,635
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(1,572,950)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	4,097,677
Contributions to the OPEB plans in the current fiscal year are not included in the Statement of Activities	2,075,694
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Net OPEB benefit	1,856,275
Proceeds from the disposal of capital assets are recorded as revenues in the fund statements but not in the statement of activities	(8,112)
Gain on disposal of assets	274
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	473,926
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.	
Compensated absences	140,355
Pension expense	(7,025,879)
Total changes in net position (deficit) of governmental activities	<u>\$ 398,895</u>

Board of Education of Columbus County Schools
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
General Fund and Annually Budgeted Major Special Revenue Funds
For the Fiscal Year Ended June 30, 2020

	General Fund			Variance with final budget positive (negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Columbus County	5,489,031	5,489,031	5,489,031	-
U.S. Government	-	-	-	-
Other	175,000	114,000	110,459	(3,541)
	<u>5,664,031</u>	<u>5,603,031</u>	<u>5,599,490</u>	<u>(3,541)</u>
Expenditures:				
Current:				
Instructional services	1,346,276	812,696	757,544	55,152
System-wide support services	3,805,266	4,273,776	4,095,769	178,007
Ancillary services	2,489	2,489	1,649	840
Non-programmed charges	510,000	514,070	501,778	12,292
	<u>5,664,031</u>	<u>5,603,031</u>	<u>5,356,740</u>	<u>246,291</u>
Revenues over expenditures	-	-	242,750	242,750
Fund balance appropriated	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	242,750	<u>\$ 242,750</u>
Fund balances:				
Beginning of year			<u>73,511</u>	
End of year			<u>\$ 316,261</u>	

Board of Education of Columbus County Schools
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
General Fund and Annually Budgeted Major Special Revenue Funds
For the Fiscal Year Ended June 30, 2020

	Other Local Current Expense			Variance with final budget positive (negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental:				
State of North Carolina	\$ 2,343,444	\$ 2,251,271	\$ 2,269,068	\$ 17,797
Columbus County	-	-	-	-
U.S. Government	305,000	265,157	270,315	5,158
Other	278,313	955,632	775,363	(180,269)
	2,926,757	3,472,060	3,314,746	(157,314)
Expenditures:				
Current:				
Instructional services	2,926,757	3,159,156	2,801,355	357,801
System-wide support services	-	312,864	100,992	211,872
Ancillary services	-	40	5	35
Non-programmed charges	-	-	-	-
Total expenditures	2,926,757	3,472,060	2,902,352	569,708
Revenues over expenditures	-	-	412,394	412,394
Fund balance appropriated	-	-	-	-
Net change in fund balance	\$ -	\$ -	412,394	\$ 412,394
Fund balances:				
Beginning of year			131,103	
End of year			\$ 543,497	

Board of Education of Columbus County Schools
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
General Fund and Annually Budgeted Major Special Revenue Funds
For the Fiscal Year Ended June 30, 2020

	State Public School Fund			Variance with final budget positive (negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental:				
State of North Carolina	\$ 40,706,938	\$ 41,995,410	\$ 41,128,109	\$ (867,301)
Columbus County	-	-	-	-
U.S. Government	-	-	445,640	445,640
Other	-	-	-	-
	<u>40,706,938</u>	<u>41,995,410</u>	<u>41,573,749</u>	<u>(421,661)</u>
Expenditures:				
Current:				
Instructional services	35,051,544	35,845,908	35,491,250	354,658
System-wide support services	5,600,714	5,578,401	5,575,823	2,578
Ancillary services	54,680	571,101	506,676	64,425
Non-programmed charges	-	-	-	-
Total expenditures	<u>40,706,938</u>	<u>41,995,410</u>	<u>41,573,749</u>	<u>421,661</u>
Revenues over expenditures	-	-	-	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances:				
Beginning of year			-	
End of year			<u>\$ -</u>	

Board of Education of Columbus County Schools
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
General Fund and Annually Budgeted Major Special Revenue Funds
For the Fiscal Year Ended June 30, 2020

	Federal Grants Fund			Variance with final budget positive (negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Columbus County	-	-	-	-
U.S. Government	5,448,655	7,647,545	3,975,435	(3,672,110)
Other	-	-	-	-
	<u>5,448,655</u>	<u>7,647,545</u>	<u>3,975,435</u>	<u>(3,672,110)</u>
Expenditures:				
Current:				
Instructional services	4,791,312	6,818,424	3,365,891	3,452,533
System-wide support services	590,447	713,441	505,382	208,059
Ancillary services	-	25,911	24,292	1,619
Non-programmed charges	66,896	89,769	79,870	9,899
	<u>5,448,655</u>	<u>7,647,545</u>	<u>3,975,435</u>	<u>3,672,110</u>
Revenues over expenditures	-	-	-	-
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances:				
Beginning of year			<u>-</u>	
End of year			<u>\$ -</u>	

Board of Education of Columbus County Schools
Statement of Net Position (Deficit)
Proprietary Fund
June 30, 2020

Exhibit 7

	<u>Enterprise Fund</u>
	<u>Major Fund</u>
	<u>School Food</u>
	<u>Service</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,640,880
Due from other governments	49,906
Due from other funds	2,929
OPEB asset	2,662
Inventories	151,230
Total current assets	<u>2,847,607</u>
Noncurrent assets:	
Capital assets:	
Furniture and equipment, net	<u>136,237</u>
Total assets	<u>2,983,844</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>575,447</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	44,651
Due to others funds	204,143
Accrued salaries and wages payable	91,431
Unearned revenue	4,787
Compensated absences	54,922
Total current liabilities	<u>399,934</u>
Noncurrent liabilities:	
Net pension liability	810,417
Net OPEB liability	2,004,498
Compensated absences	104,980
Total noncurrent liabilities	<u>2,919,895</u>
Total liabilities	<u>3,319,829</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,009,011</u>
NET POSITION (DEFICIT)	
Investment in capital assets	136,237
Restricted - DIPNC OPEB Plan	2,662
Unrestricted	<u>(908,448)</u>
Total net deficit	<u>\$ (769,549)</u>

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

Board of Education of Columbus County Schools
Statement of Revenues, Expenses, and Changes in Fund Net Position (Deficit)
Proprietary Fund
For the Fiscal Year Ended June 30, 2020

Exhibit 8

	<u>Enterprise Fund</u>
	<u>Major Fund</u>
	<u>School Food</u>
	<u>Service</u>
Operating revenues:	
Food sales	\$ 258,792
Operating expenses:	
Food cost:	
Purchase of food	1,215,614
Food processing supplies	133,876
Donated commodities	270,757
Salaries and benefits	1,723,844
Indirect costs	204,144
Materials and supplies	2,351
Repairs and maintenance	29,239
Depreciation	30,313
Non-capitalized equipment	14,419
Other	15,873
Total operating expenses	<u>3,640,430</u>
Operating loss	<u>(3,381,638)</u>
Nonoperating revenues (expenses):	
Federal reimbursements	3,642,436
Federal commodities	270,757
Capital contributed	21,849
Other	12,980
Total nonoperating revenues	<u>3,948,022</u>
Change in net deficit	566,384
Total net deficit, beginning	<u>(1,335,933)</u>
Total net deficit, ending	<u>\$ (769,549)</u>

Board of Education of Columbus County Schools
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2020

Exhibit 9

	<u>Enterprise Fund</u>
	<u>Major Fund</u>
	<u>School Food</u>
	<u>Service</u>
Cash flows from operating activities:	
Cash received from customers	\$ 257,049
Cash paid for goods and services	(1,654,996)
Cash paid to employees for services	(1,736,102)
	<u>(3,134,049)</u>
Net cash used by operating activities	
Cash flows from noncapital financing activities:	
Cash received from other funds	202,530
Other	12,980
Federal and state reimbursements	3,674,866
	<u>3,890,376</u>
Net cash provided by noncapital financing activities	
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(78,485)
	<u>(78,485)</u>
Net increase in cash and cash equivalents	677,842
Cash and cash equivalents, beginning of year	<u>1,963,038</u>
Cash and cash equivalents, end of year	<u>\$ 2,640,880</u>
Reconciliation of operating loss to net cash provided used by operating activities:	
Operating loss	\$ (3,381,638)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	30,313
Donated commodities	270,757
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Increase in inventories	(39,775)
Increase in net OPEB asset	(633)
Decrease deferred outflows of resources	31,887
Increase in accounts payable and accrued liabilities	295
Decrease in accrued salaries and wages payable	(2,093)
Decrease in unearned revenue	(1,743)
Increase in compensated absences payable	23,867
Decrease in net pension liability	(10,333)
Increase in net OPEB liability	78,348
Decrease deferred inflows of resources	(133,301)
Total adjustments	<u>247,589</u>
Net cash used by operating activities	<u>\$ (3,134,049)</u>

NONCASH OPERATING, NONCAPITAL FINANCING, AND CAPITAL ACTIVITIES:

The School Food Service Fund received donated commodities and contributed capital values of \$270,757 and \$21,849, respectively, during the fiscal year. The receipt of these items are reflected as a nonoperating revenue on Exhibit 8.

Board of Education of Columbus County Schools
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2020

Exhibit 10

	Private Purpose Trust
ASSETS	
Cash	\$ 9,794
Due from other funds	<u>3,000</u>
Total assets	<u><u>\$ 12,794</u></u>
NET POSITION	
Assets held in trust for scholarships	<u><u>\$ 12,794</u></u>

**Board of Education of Columbus County Schools
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2020**

Exhibit 11

	Private Purpose Trust
Additions:	
Interest income	<u>\$ 11</u>
Deductions:	
Scholarships payments	<u> -</u>
Change in net position	11
Net position, beginning	<u>12,783</u>
Net position, ending	<u><u>\$ 12,794</u></u>

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Board of Education of Columbus County Schools (the “Board”) 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 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 Columbus County, North Carolina (“County”). The Board receives state, local, and federal government funding and must adhere to the legal requirements of each funding entity. The Board does not have any component units for which it is financially accountable, and as such, there are no component units included in the accompanying financial statements.

B. Basis of Presentation

Government-wide Statements: The statement of net position (deficit) and the statement of activities display information about the Board. These statements include the financial activities of the overall government, except for fiduciary funds. Eliminations have been made to minimize the effect of internal activities on revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation. 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, proprietary and fiduciary – 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. The fiduciary fund is presented separately.

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.

Board of Education of Columbus County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020

The Board reports the following major governmental funds:

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

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

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

Federal Grants Fund. The Federal Grants Fund is used to account for federal grant monies administered through the Department of Public Instruction.

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

Other Local Current Expense Fund. The Other Local Current Expense Fund is used to account for activities designated for specific purposes and generally not intended for the general K-12 student population of the Board. Funding is primarily from local sources and the U.S. Government.

The Board reports the following major enterprise fund:

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

The Board reports the following fiduciary fund:

Scholarship Fund. The Scholarship Fund is used to account for scholarship money under the control of the Board for the benefit of students in the County. This fund is reported as a private purpose trust fund.

C. Measurement Focus and Basis of Accounting

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

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

Board of Education of Columbus County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020

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.

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 function level for all annually budgeted funds. The Board has authorized the Superintendent to move moneys (up to \$5,000) from one function to another within a fund. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

(1) Deposits and Investments

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

State law [G.S. 115C-443] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; The North Carolina Capital Management Trust (NCCMT) is a SEC registered money market mutual fund allowable by G.S. 159-30(c)(8). The NCCMT Government Portfolio is a 2a-7 fund maintaining an AAAM rating from S&P. The NCCMT Term Portfolio is a bond fund, has no rating and has a duration of .15 years. Both the NCCMT Government and Term Portfolios are reported at fair value.

The Short-Term Investment Fund (STIF) is managed by the staff of the Department of State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC. It consists of an internal portion and an external portion in which the board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

The Board's investments are reported at fair value determined by either quoted market prices or a matrix pricing model. Bank deposits are measured at amortized cost. Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs—other than quoted prices—included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2020 of 1.3 years. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund.

Board of Education of Columbus County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020

(2) Cash and Cash Equivalents

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

(3) Inventories

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

(4) Capital Assets

Donated assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

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 is not capitalized.

The 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 paid for construction costs. Agreements between the County and the Board gives the schools full use of the facilities, full responsibility for maintenance of the facilities, and provides that the County will convey title of the property back to the Board, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met.

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

	<u>Years</u>
Buildings and improvements	40
Equipment and furniture	5 to 10
Vehicles	5

Depreciation for building and equipment that serve multiple purposes cannot be allocated ratably and is therefore reported as "unallocated depreciation" on the Statement of Activities.

(5) Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position (deficit) will sometimes report a separate section for deferred outflow 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 - a pension and OPEB related deferral and contributions made to the plans in the current fiscal year. The statement of net position (deficit) 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 pension and OPEB related deferrals and sales tax refunds that meet this criterion.

Board of Education of Columbus County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020

(6) Long-term Obligations

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

(7) Compensated Absences

The Board follows the State's policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board's liability for accumulated earned vacation and the salary-related payments as of June 30, 2020 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years' records of the current portion of compensated absences.

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

(8) Net Position (Deficit)

Net position (deficit) 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. For purposes of net position classification expenses are to be spent from restricted net position first, followed by unrestricted net position (deficit).

(9) Fund Balance

In the governmental fund financial statements, fund balance is composed of four 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:

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

Restricted for Stabilization by State Statute - portion of fund balance that is restricted by State Statute [G.S. 115C-425(a)].

Restricted for School Capital Outlay - portion of fund balance that can only be used for School Capital Outlay [G.S. 159-18 through 22].

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

Assigned Fund Balance - portion of fund balance that the Board 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.

Other special programs – portion of fund balance that includes carry over funding for the applicable state and federal programs accounted for in the Other Local Current Expense Fund activities as well as a portion of the fund balance that will be used by Other Local Current Expense Fund activities, as determined by the governing body.

Board of Education of Columbus County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General Fund is the only fund that reports a positive unassigned fund balance. While governmental funds other than the General Fund do not report positive unassigned fund balance, they do report deficits, if any, in that category.

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

F. Reconciliation of Government-wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position (deficit).

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position (deficit) – governmental activities* as reported in the government-wide statement of net position (deficit). The net adjustment of \$(50,656,022) consists of several elements as follows:

<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)	\$ 93,377,066
Less accumulated depreciation	<u>(54,238,088)</u>
Net capital assets	39,138,978
Net OPEB asset	73,010
Pension related deferred outflows of resources	8,236,075
OPEB related deferred outflows of resources	6,119,800
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Installment financing	(622,987)
Compensated absences	(3,141,642)
Net pension liability	(19,952,524)
Net OPEB liability	(53,897,172)
Deferred inflows of resources related to pensions	(695,189)
Deferred inflows of resources related to OPEB	<u>(25,914,371)</u>
Total adjustment	<u>\$ (50,656,022)</u>

Board of Education of Columbus County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position (deficit) of governmental activities* as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$37,260 as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 1,124,785
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(2,697,735)
New installment purchases issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities	(91,233)
Principal payments on debt owed are recorded as a use of funds on the fund statements but affect only the statement of net position (deficit) in the government-wide statements	565,159
Contributions to the pension plan in the current fiscal year not included in the Statement of Activities	4,097,677
Contributions to the OPEB plans in the current fiscal year not included in the Statement of Activities	2,075,694
Proceeds from the disposal of capital assets are recorded as revenues in the fund statements but not in the statement of activities	(8,112)
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Pension expense	(7,025,879)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	140,355
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Gain on disposal of assets	274
Net OPEB benefit	<u>1,856,275</u>
Total adjustment	<u>\$ 37,260</u>

G. Defined Benefit Pension Plans and OPEB Plans

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

2. Detail Notes on all Funds

A. Assets

(1) Deposits

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

At June 30, 2020, the Board had deposits with banks and savings and loans with a carrying amount of \$10,309,241 and with the State Treasurer of \$0-. The bank balances with the financial institutions and the State Treasurer were \$10,993,792 and \$1,524,685, respectively. Of these balances, \$500,000 was covered by federal depository insurance and \$12,018,477 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

(2) Investments

At June 30, 2020, the Board had \$558,417 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is classified as a Level 2 fair value investment.

Interest Rate Risk. The Board of Education does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The STIF had a weighted average maturity of 1.3 years as of June 30, 2020.

Credit Risk. The STIF is unrated and is authorized under NC General Statute 147-69.1. The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate treasuries and agencies, and money market instruments. The Board has no policy on credit risk.

Concentration of Credit Risk. The Board places no limit on the amount the Board may invest in any one issuer.

Board of Education of Columbus County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020

(3) Receivables

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

	<u>Due from other governments</u>	<u>Other</u>	<u>Total</u>
Governmental activities:			
General Fund	\$ -	\$ 5,205	\$ 5,205
Other governmental activities	<u>1,985,524</u>	<u>163,345</u>	<u>2,148,869</u>
Total	<u>\$ 1,985,524</u>	<u>\$ 168,550</u>	<u>\$ 2,154,074</u>
Business-type activities:			
School Food Service	<u>\$ 49,906</u>	<u>\$ -</u>	<u>\$ 49,906</u>

Due from other governments consists of the following:

Governmental activities:		
State Public School Fund	1,594,462	Operating funds from DPI
Federal Grants Fund	132,223	Federal grant funds
Other Local Current Expense Fund	<u>258,839</u>	Federal and other local grant funds
	<u>\$ 1,985,524</u>	
Business-type activities:		
School Food Service Fund	<u>\$ 49,906</u>	Federal funds

Board of Education of Columbus County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020

(4) Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 3,614,609	-	-	-	\$ 3,614,609
Construction in progress	111,916	898,794	-	(994,479)	16,231
Total capital assets not being depreciated	<u>3,726,525</u>	<u>898,794</u>	<u>-</u>	<u>(994,479)</u>	<u>3,630,840</u>
Capital assets being depreciated:					
Buildings	73,039,816	23,600	5,713	994,479	74,052,182
Equipment and furniture	4,827,590	101,698	28,290	-	4,900,998
Vehicles	10,696,370	100,693	4,017	-	10,793,046
	<u>88,563,776</u>	<u>225,991</u>	<u>38,020</u>	<u>994,479</u>	<u>89,746,226</u>
Less accumulated depreciation for:					
Buildings	39,004,274	2,071,539	143	-	41,075,670
Equipment and furniture	4,715,541	46,659	26,022	-	4,736,178
Vehicles	7,850,720	579,537	4,017	-	8,426,240
Total accumulated depreciation	<u>51,570,535</u>	<u>2,697,735</u>	<u>30,182</u>	<u>-</u>	<u>54,238,088</u>
Total capital assets being depreciated, net	<u>36,993,241</u>				<u>35,508,138</u>
Governmental activity capital assets, net	<u>\$ 40,719,766</u>				<u>\$ 39,138,978</u>
Capital assets being depreciated:					
Furniture and equipment	\$ 346,415	74,556	-	-	\$ 420,971
Vehicles	17,840	25,778	-	-	43,618
Total capital assets being depreciated	<u>364,255</u>	<u>100,334</u>	<u>-</u>	<u>-</u>	<u>464,589</u>
Less accumulated depreciation for:					
Furniture and equipment	280,199	30,313	-	-	310,512
Vehicles	17,840	-	-	-	17,840
Total accumulated depreciation	<u>298,039</u>	<u>30,313</u>	<u>-</u>	<u>-</u>	<u>328,352</u>
School Food Service capital assets, net	<u>\$ 66,216</u>				<u>\$ 136,237</u>

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$ 2,118,198
Operational support services	<u>579,537</u>
Total	<u>\$ 2,697,735</u>

(5) Construction and Other Significant Commitments

Subsequent to June 30, 2020, the Board entered into a construction contract for \$20,703,225 for the construction of a new elementary school.

Board of Education of Columbus County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020

B. Liabilities

(1) Pension Plan and Other Postemployment Obligations

(a) **Teachers' and State Employees' Retirement System**

Plan Description. The Board is a participating employer in the statewide Teachers' and State Employees' Retirement System (TSERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. TSERS membership is comprised of employees of the State (state agencies and institutions), universities, community colleges, and certain proprietary component units along with the employees of Local Education Agencies and charter schools. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the TSERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Teachers' and State Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for TSERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

TSERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer (or 10 years of creditable service for members joining TSERS on or after August 1, 2011), or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2020, was 12.97% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$4,236,610 for the year ended June 30, 2020.

Refunds of Contributions. Board employees who have terminated service as a contributing member of TSERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the

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refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by TSERS.

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

At June 30, 2020, the Board reported a liability of \$20,762,941 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2020 and 2019, the Board's proportion was 0.200% and 0.212%, respectively.

For the year ended June 30, 2020, the Board recognized pension expense of \$7,264,094. At June 30, 2020, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,736,796	\$ 41,566
Changes of assumptions	2,212,373	-
Net difference between projected and actual earnings on pension plan investments	397,996	-
Changes in proportions and differences between board contributions and proportionate share of contributions	6,843	681,264
Board contributions subsequent to the measurement date	<u>4,236,610</u>	<u>-</u>
Total	<u>\$ 8,590,618</u>	<u>\$ 722,830</u>

The Board reported \$4,236,610 as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2021	\$ 2,782,438
2022	469,318
2023	240,194
2024	<u>139,228</u>
	<u>\$ 3,631,178</u>

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Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.5 % to 8.1%, including inflation and productivity factor
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

The plan currently uses mortality tables (RP-2014 Total Data Set Mortality Table) that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The assumptions used for the December 31, 2018 actuarial valuation are based on the experience study prepared as of December 31, 2014 and adopted by the Board of Trustees on January 21, 2016, Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 asset, liability, and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially

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determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Board’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Board’s proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Board’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	<u>1% Decrease (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
Board’s proportionate share of the net pension liability	\$ 39,517,653	\$ 20,762,941	\$ 5,030,128

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

(b) Other Postemployment Benefits

1. Healthcare Benefits

Plan description. The Retiree Health Benefit Fund (RHBF) has been established as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is established by General Statute 135-7, Article 1. It is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of former employees of the state, the University of North Carolina System, and community colleges. In addition, LEAs, charter schools, and some select local governments also participate.

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

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

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

Those former employees who are eligible to receive medical benefits from RHBF are long-term disability beneficiaries of the Disability Income Plan of North Carolina (DIPNC) and retirees of the TSERS, the Consolidated Judicial Retirement System (CJRS), the Legislative Retirement System (LRS), the University

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Employees' Optional Retirement Program (ORP), and a small number of local governments, with five or more years of contributory membership service in their retirement system prior to disability or retirement, with the following exceptions: for employees first hired on or after October 1, 2006, and members of the General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the General Assembly is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on or after October 1, 2006 and members of the General Assembly first taking office on or after February 1, 2007 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's noncontributory premium.

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

RHBF's benefit and contribution provisions are established by Chapter 135-7, 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 fiscal year ended June 30, 2020, employers made a statutory contribution of 6.47% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$2,113,405 for the year ended June 30, 2020.

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

At June 30, 2020, the Board reported a liability of \$55,901,670 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. The total OPEB liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2020 and 2019, the Board's proportion was 0.177% and 0.188%, respectively.

The Board reported \$2,113,405 as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2021.

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Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended</u> <u>June 30:</u>	
2021	\$ (6,526,181)
2022	(6,526,181)
2023	(6,520,799)
2024	(2,953,957)
2025	<u>(289,349)</u>
	<u>\$ (22,816,467)</u>

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

Inflation	3.0%
Salary increases based on service	Teachers: 7.55% grading down to 3.5% General Employees: 5.5% grading down to 3.5%
Investment rate of return	7.0%,
Healthcare cost trend rates:	
Medical	6.5% grading down to 5.0% by 2024 for non-MA and MA coverage
Prescription drug	9.5% grading down to 5.0% by 2028
Administrative costs	3.0%
Post-Retirement Mortality Rates	RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for Collar for some Participants, further adjusted with scaling factors varying before and after age 78, and projected for mortality improvement using Scale MP-2015

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 3.5%. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.5% was used as the discount rate used to measure the total OPEB liability. The 3.5% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2019.

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 Board's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.5 percent) or 1-percentage point higher (4.5 percent) than the current discount rate:

	<u>1%</u> <u>Decrease</u> <u>(2.5%)</u>	<u>Discount</u> <u>Rate</u> <u>(3.5%)</u>	<u>1%</u> <u>Increase</u> <u>(4.5%)</u>
Board's proportionate share of the net OPEB liability	\$ 66,430,205	\$ 55,901,670	\$ 47,469,615

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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 Board's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point.

	1% Decrease Medical - 4.0-5.5%, Pharmacy - 4.0-8.5%, Medicare Advantage - 4.0-5.5%, Administrative - 2.0%	Healthcare Trend Rates Medical - 5.0-6.5%, Pharmacy - 5.0-9.5%, Medicare Advantage - 5.0-6.5%, Administrative - 3.0%	1% Increase Medical - 6.0-7.5%, Pharmacy - 6.0-10.5% Medicare Advantage - 6.0-7.5%, Administrative - 4.0%
Board's proportionate share of the net OPEB liability	\$ 46,029,972	\$ 55,901,670	\$ 68,879,089

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

2. Disability Benefits

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

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

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

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.

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Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the state fiscal year. For the fiscal year ended June 30, 2020, employers made a statutory contribution of 0.10% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$32,665 for the year ended June 30, 2020.

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

OPEB Assets, OPEB Expense, and Deferred Outflows and Inflows of Resources of Related to OPEB

At June 30, 2020, the Board reported an asset of \$75,672 for its proportionate share of the net DIPNC OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018. The total OPEB asset was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB asset was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2020 and 2019, the Board's proportion was 0.175% and 0.186%, respectively.

The Board reported \$32,665 as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	
2021	\$ 36,433
2022	25,116
2023	19,250
2024	13,283
2025	17,084
Thereafter	4,194
	<u>\$ 115,360</u>

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

Inflation	3.0%
Salary increases	3.5% to 8.1%, including inflation and productivity factor
Investment rate of return	3.75%, net of OPEB plan expense, including inflation

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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 liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.75 percent) or 1 percentage point higher (4.75 percent) than the current discount rate:

	<u>1% Decrease (2.75%)</u>	<u>Discount Rate (3.75%)</u>	<u>1% Increase (4.75%)</u>
Board's proportionate share of the net OPEB asset	\$ 64,092	\$ 75,672	\$ 86,924

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

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

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

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

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

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

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

	<u>RHBF</u>	<u>DIPNC</u>	<u>Total</u>
OPEB (benefit) expense	\$ (1,966,748)	\$ 77,536	\$ (1,889,212)
OPEB liability (asset)	\$ 55,901,670	\$ (75,672)	\$ 55,825,998
Proportionate share of the net OPEB liability (asset)	0.177%	0.175%	
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 77,305	\$ 77,305
Changes of assumptions	2,686,897	8,383	2,695,280
Net difference between projected and actual earnings on pension plan investments	37,226	14,414	51,640
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,347,387	23,022	1,370,409
Employer contributions subsequent to the measurement date	2,113,405	32,665	2,146,070
Total	<u>\$ 6,184,915</u>	<u>\$ 155,789</u>	<u>\$ 6,340,704</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 2,818,148	\$ -	\$ 2,818,148
Changes of assumptions	16,806,492	7,764	16,814,256
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,263,337	-	7,263,337
Employer contributions subsequent to the measurement date	-	-	-
Total	<u>\$ 26,887,977</u>	<u>\$ 7,764</u>	<u>\$ 26,895,741</u>

(2) Payables

Payables as of June 30, 2020 are as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Totals</u>
Governmental activities:			
General	\$ 376,828	\$ 9,130	\$ 385,958
Other governmental	<u>123,299</u>	<u>1,793,596</u>	<u>5,334,460</u>
Total governmental activities	<u>\$ 500,127</u>	<u>\$ 1,802,726</u>	<u>\$ 2,302,853</u>

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(3) Unearned Revenue

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

Prepayments of meals (School Food Service Fund) \$ 4,787

(4) Deferred Outflows and Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual Experience (Pension & OPEB)	\$ 1,814,101	\$ 2,859,714
Changes of assumptions (Pension & OPEB)	4,907,653	16,814,256
Difference between projected and actual earnings on plan investments (Pension & OPEB)	449,636	-
Change in proportion and differences between employer contributions and proportionate share of contributions (Pension & OPEB)	1,377,252	7,944,601
Board contributions subsequent to the measurement date (Pension & OPEB)	6,382,680	-
Sales tax refunds receivable (special revenue funds)	<u>-</u>	<u>6,985</u>
Totals	<u>\$ 14,931,322</u>	<u>\$ 27,625,556</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 the 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 either purchased through private insurers or self-insured by the local board. Coverage is provided to the extent that 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 that employees are paid from State funds. The Board also participates in the Public School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing fund administered by the North Carolina Department of Public Instruction. The Fund insures the tangible property assets of the Board. Coverage is provided on an "all risk" perils contract. Buildings and contents are insured on a replacement cost basis. The Fund purchases excess reinsurance to protect the assets of the Fund in the event of a catastrophic event. The Fund maintains a self-insured retention of \$10 million. Excess reinsurance is purchased through commercial insurers. A limit of \$5 million per occurrence is provided on Flood, Earthquake, Business Interruption and Extra Expense. \$10 million per occurrence is provided on Increased Cost of Construction. The Board does not carry supplemental flood insurance in case of natural disasters since there are no Board owned property in flood zones.

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.

Board of Education of Columbus County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020

In accordance with G.S. 115C-442, the Board's employees who have custody of the Board's monies at any given time are performance bonded through a commercial surety bond. The finance officer is bonded for \$250,000. The remaining employees that have access to funds are bonded under a blanket bond for \$175,000.

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

(6) Contingent Liabilities

At June 30, 2020, the Board was a defendant to various lawsuits. In the opinion of the Board's management and the Board's attorneys, the ultimate effect of these legal matters will not have a material adverse effect on the Board's financial position.

(7) Long-Term Obligations

(a) **Installment Purchases**

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot 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 the fiscal year ended June 30, 2019, the Board entered into direct placement installment purchase contracts for \$1,245,971 to finance the purchase of school buses. The buses are pledged as collateral for the debt while the debt is outstanding. The financing contracts require principal-only payments, due at the beginning of each contract year.

The future minimum payments due under these installment purchase contracts as of June 30, 2020 are as follows:

<u>Year Ending June 30</u>		
2021	\$	311,494
2022		<u>311,493</u>
	\$	<u>622,987</u>

(8) Long-Term Obligation Activity

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2020:

	<u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2020</u>	<u>Current Portion</u>
Governmental activities:					
Direct placement installment purchases	\$ 1,096,913	\$ 91,233	\$ 565,159	\$ 622,987	\$ 311,494
Net pension liability	20,257,286	-	304,762	19,952,524	-
Net OPEB liability	51,586,378	2,310,794	-	53,897,172	-
Compensated absences	3,281,997	2,011,606	2,151,961	3,141,642	1,576,727
Total	<u>\$ 76,222,574</u>	<u>\$ 4,413,633</u>	<u>\$ 3,021,882</u>	<u>\$ 77,614,325</u>	<u>\$ 1,888,221</u>

Board of Education of Columbus County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020

	<u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2020</u>	<u>Current Portion</u>
Business-type activities:					
Net pension liability	\$ 820,750	\$ -	\$ 10,333	\$ 810,417	\$ -
Net OPEB liability	1,926,150	78,348	-	2,004,498	-
Compensated absences	136,035	85,228	61,361	159,902	54,922
Total	<u>\$ 2,882,935</u>	<u>\$ 163,576</u>	<u>\$ 71,694</u>	<u>\$ 2,974,817</u>	<u>\$ 54,922</u>

Compensated absences, net pension liability, and net OPEB liability for governmental activities are typically liquidated by the State Public School Fund.

(9) Interfund Activity

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

	<u>Amount</u>
From the Other Local Current Expense Fund to the Capital Outlay Fund for sales tax refund reimbursement not made in previous years	\$ 24,757
From the Other Local Current Expense Fund to the General Fund for sales tax refund reimbursement not made in previous years	\$ 13,033
From the Other Local Current Expense Fund to the State Public School Fund for sales tax refund reimbursement not made in previous years	\$ 823
From the Other Local Current Expense Fund to the Federal Grants Fund for sales tax refund reimbursement not made in previous years	\$ 6,162
From the Other Local Current Expense Fund to the Individual Schools Fund for sales tax refund reimbursement not made in previous years	\$ 25,395
From the Other Local Current Expense Fund to the Scholarship Fund for funds received in the wrong account	\$ 3,000
From the Other Local Current Expense Fund to the School Food Service Fund for sales tax refund reimbursement not made in previous years	\$ 2,929
From the School Food Service Fund to the Other Local Current Expense Fund for Reimbursable costs	\$ 204,144

C. Fund Balance

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

Restrictions for the stabilization by state statute is required by the North Carolina General Statutes. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". The formula is "appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.

Board of Education of Columbus County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020

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	\$ 316,261
Less:	
Stabilization by State Statute	18,238
Appropriated Fund Balance in 2020-21 Budget	-
Remaining Fund Balance	<u>\$ 298,023</u>

Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

<i>Encumbrances</i>	<i>General Fund</i>	<i>Capital Outlay Fund</i>
	\$0	\$0

3. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel strain of the coronavirus (“COVID-19”) to be a pandemic. The COVID-19 pandemic is having widespread, rapidly evolving, and unpredictable impacts on global society, economies, and business practices. Federal and state governments have implemented measures in an effort to contain the virus, including social distancing, travel restrictions, border closures, limitations on public gatherings, work from home, supply chain logistical changes, and closure of non-essential businesses. The COVID-19 pandemic has impacted and may continue to impact our Board, including employees, partners, and communities, and there is substantial uncertainty in the nature and degree of its continued effects over time. The financial statements do not reflect any adjustments as a result of the subsequent increase in economic uncertainty.

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

Schedule 1

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Board's proportion of the net pension liability	0.200%	0.212%	0.224%	0.226%	0.226%	0.220%	0.231%
Board's proportionate share of the net pension liability	\$ 20,762,941	\$21,078,036	\$17,763,627	\$20,764,382	\$ 8,330,759	\$ 2,581,788	\$ 2,648,801
Board's covered payroll	\$ 32,505,528	\$32,585,498	\$32,998,365	\$32,201,029	\$32,601,590	\$30,481,216	\$32,047,567
Board's proportionate share of the net pension liability as a percentage of its covered payroll	63.88%	64.69%	53.83%	64.48%	25.55%	8.47%	8.27%
Plan fiduciary net position as a percentage of the total pension liability	92.02%	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.
Ten years of data not available.

**Board of Education of Columbus County Schools
Schedules of Required Supplementary Information
Schedule of Board Contributions
Teachers' and State Employees' Retirement System
Last Seven Fiscal Years***

Schedule 2

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 4,236,610	\$ 3,994,929	\$ 3,512,717	\$ 3,293,237	\$ 2,946,418	\$ 2,983,045	\$ 2,648,801
Contributions in relation to the contractually required contribution □	<u>4,236,610</u>	<u>3,994,929</u>	<u>3,512,717</u>	<u>3,293,237</u>	<u>2,946,418</u>	<u>2,983,045</u>	<u>2,648,801</u>
Contribution deficiency (excess)	<u>\$ -</u>						
Board's covered payroll	\$31,934,991	\$ 32,505,528	\$ 32,585,498	\$ 32,998,365	\$32,201,029	\$ 32,601,590	\$ 30,481,216
Contributions as a percentage of covered payroll □	13.27%	12.29%	10.78%	9.98%	9.15%	9.15%	8.69%

* Ten years of data not yet available

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

Schedule 3

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability	0.177%	0.188%	0.199%	0.193%
Board's proportionate share of the net OPEB liability	\$ 55,901,670	\$ 53,512,528	\$ 65,370,641	\$ 84,064,050
Board's covered payroll	\$ 32,505,528	\$ 32,585,498	\$ 32,998,365	\$ 32,201,029
Board's proportionate share of the net OPEB liability as a percentage of its covered payroll	171.98%	164.22%	198.10%	261.06%
Plan fiduciary net position as a percentage of the total OPEB liability	4.40%	3.52%	3.52%	2.41%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.
Ten years of data not available.

**Board of Education of Columbus County Schools
Schedules of Required Supplementary Information
Schedule of Board Contributions
Retiree Health Benefit Fund
Last Ten Fiscal Years**

Schedule 4

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 2,113,405	\$ 2,038,097	\$ 1,971,423	\$ 1,914,585	\$ 1,803,258	\$ 1,789,827	\$ 1,645,986	\$ 1,698,521	\$ 1,647,492	\$ 1,651,073
Contributions in relation to the contractually required contribution □	<u>2,113,405</u>	<u>2,038,097</u>	<u>1,971,423</u>	<u>1,914,585</u>	<u>1,803,258</u>	<u>1,789,827</u>	<u>1,645,986</u>	<u>1,698,521</u>	<u>1,647,492</u>	<u>1,651,073</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Board's covered payroll	\$31,934,991	\$ 32,505,528	\$ 32,585,498	\$ 32,998,365	\$32,201,029	\$32,601,590	\$30,481,216	\$32,047,567	\$32,949,838	\$33,695,364
Contributions as a percentage of covered payroll □	6.62%	6.27%	6.05%	5.80%	5.60%	5.49%	5.40%	5.30%	5.00%	4.90%

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

Schedule 5

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB asset	0.175%	0.186%	0.197%	0.200%
Board's proportionate share of the net OPEB asset	\$ 75,672	\$ 56,381	\$ 120,345	\$ 124,343
Board's covered payroll	\$ 32,505,528	\$ 32,585,498	\$ 32,998,365	\$ 32,201,029
Board's proportionate share of the net OPEB asset as a percentage of its covered payroll	0.23%	0.17%	0.36%	0.39%
Plan fiduciary net position as a percentage of the net OPEB asset	116.47%	116.37%	116.23%	116.06%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.
Ten years of data not available.

**Board of Education of Columbus County Schools
Schedules of Required Supplementary Information
Schedule of Board Contributions
Disability Income Plan of North Carolina
Last Ten Fiscal Years**

Schedule 6

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 32,665	\$ 45,508	\$ 45,620	\$ 125,394	\$ 132,024	\$ 133,667	\$ 134,117	\$ 141,009	\$ 171,339	\$ 175,216
Contributions in relation to the contractually required contribution □	<u>32,665</u>	<u>45,508</u>	<u>45,620</u>	<u>125,394</u>	<u>132,024</u>	<u>133,667</u>	<u>134,117</u>	<u>141,009</u>	<u>171,339</u>	<u>175,216</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$31,934,991	\$ 32,505,528	\$ 32,585,498	\$32,998,365	\$32,201,029	\$32,601,590	\$30,481,216	\$32,047,567	\$32,949,838	\$ 33,695,364
Contributions as a percentage of covered payroll □	0.10%	0.14%	0.14%	0.38%	0.41%	0.41%	0.44%	0.44%	0.52%	0.52%

Board of Education of Columbus County Schools
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
Capital Outlay Fund
For the Fiscal Year Ended June 30, 2020

Schedule 7

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
State of North Carolina:			
State appropriations - buses	\$ 624,163	\$ 565,159	\$ (59,004)
Columbus County:			
Appropriations - operating	520,153	620,153	100,000
U.S. Government:			
Federal programs	-	42,862	42,862
Other:			
Miscellaneous revenues	<u>1,101,131</u>	<u>1,152,809</u>	<u>51,678</u>
Total revenues	<u>2,245,447</u>	<u>2,380,983</u>	<u>135,536</u>
Expenditures:			
Capital outlay:			
Real property and buildings		1,363,143	
Furniture and equipment		669,406	
Buses and motor vehicles		164,823	
Total capital outlay	<u>2,821,284</u>	<u>2,197,372</u>	<u>623,912</u>
Debt service:			
Principal	<u>624,163</u>	<u>565,159</u>	<u>59,004</u>
Total expenditures	<u>3,445,447</u>	<u>2,762,531</u>	<u>682,916</u>
Revenues under expenditures	(1,200,000)	(381,548)	818,452
Other financing sources:			
Installment purchase obligations issued	-	91,233	91,233
Fund balance appropriated	<u>1,200,000</u>	-	<u>(1,200,000)</u>
Net change in fund balance	<u>\$ -</u>	(290,315)	<u>\$ (290,315)</u>
Fund balance:			
Beginning of year		<u>6,602,601</u>	
End of year		<u>\$ 6,312,286</u>	

Board of Education of Columbus County Schools
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
School Food Service Fund
For the Fiscal Year Ended June 30, 2020

Schedule 8

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating revenues:			
Food sales	\$ 248,629	\$ 258,792	\$ 10,163
Operating expenditures:			
Business support services:			
Purchase of food		1,255,389	
Food processing supplies		133,876	
Donated commodities		270,757	
Salaries and benefits		1,735,807	
Indirect costs		204,144	
Materials and supplies		2,351	
Repairs and maintenance		29,239	
Non-capitalized equipment		14,419	
Other		15,873	
Capital outlay		100,334	
Total operating expenditures	<u>4,151,625</u>	<u>3,762,189</u>	<u>389,436</u>
Operating loss	<u>(3,902,996)</u>	<u>(3,503,397)</u>	<u>399,599</u>
Nonoperating revenues:			
Federal reimbursements	3,796,578	3,642,436	(154,142)
Federal commodities	-	270,757	270,757
Capital contributed	-	21,849	21,849
Other local revenues	106,418	12,980	(93,438)
Total nonoperating revenues	<u>3,902,996</u>	<u>3,948,022</u>	<u>45,026</u>
Excess of revenues over expenditures before fund balance appropriated	-	444,625	444,625
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Excess revenues and other sources over expenditures	<u>\$ -</u>	444,625	<u>\$ 444,625</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(30,313)	
Equipment purchases		100,334	
Increase in inventories		39,775	
Increase in net OPEB asset		633	
Increase in accounts payable and accrued liabilities		(295)	
Decrease in accrued salaries and wages payable		2,093	
Decrease in deferred outflows of resources		(31,887)	
Decrease in net pension liability		10,333	
Increase in net OPEB liability		(78,348)	
Decrease in deferred inflows of resources		133,301	
Increase in compensated absences payable		(23,867)	
Change in net position (full accrual)		<u>\$ 566,384</u>	

Board of Education of Columbus County Schools
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Individual Schools
For the Fiscal Year Ended June 30, 2020

Schedule 9

	<u>Revenues</u>	<u>Transfers and Expenditures</u>	<u>Net change in fund balance</u>	<u>Fund balances July 1, 2019</u>	<u>Fund balances June 30, 2020</u>
Acme-Delco Elementary	\$ 31,627	\$ 31,895	\$ (268)	\$ 41,613	\$ 41,345
Acme-Delco Middle	31,209	75,958	(44,749)	44,749	-
Cerro Gordo Elementary	43,295	43,809	(514)	25,306	24,792
Chadbourn Elementary	19,733	19,155	578	12,770	13,348
CCCA - Fair Bluff	16,047	54,208	(38,161)	39,227	1,066
East Columbus High	265,966	202,854	63,112	55,300	118,412
Evergreen Elementary	37,433	33,962	3,471	15,583	19,054
Guideway Elementary	38,418	56,625	(18,207)	18,207	-
Hallsboro/Artesia Elementary	48,927	39,188	9,739	3,676	13,415
Hallsboro Middle	66,596	145,521	(78,925)	78,925	-
Old Dock Elementary	47,272	36,148	11,124	42,844	53,968
South Columbus High	357,314	335,871	21,443	271,982	293,425
Tabor City Elementary	44,555	40,678	3,877	46,379	50,256
Tabor City Middle	58,401	62,510	(4,109)	33,766	29,657
West Columbus High	222,502	201,020	21,482	213,054	234,536
Williams Township	95,204	97,073	(1,869)	31,377	29,508
Nakina Middle	93,615	92,073	1,542	76,264	77,806
SE Early College	62,686	15,446	47,240	39,562	86,802
	<u>\$ 1,580,800</u>	<u>\$ 1,583,994</u>	<u>\$ (3,194)</u>	<u>\$ 1,090,584</u>	<u>\$ 1,087,390</u>

Independent Auditors' 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*

Board of Education
Columbus County Schools
Whiteville, 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 Board of Education of Columbus County Schools, North Carolina ("Board") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated March 16, 2021.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies 2020-001, 2020-002, and 2020-003, as described in the accompanying schedule of findings and questioned costs, to be material weaknesses.

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. We consider the deficiency 2020-004, as described in the accompanying schedule of findings and questioned costs, to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2020-001, 2020-002, and 2020-004.

Response to Findings

The Board's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs and the corrective action plan. The Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dixon Hughes Goodman LLP

**Winston-Salem, North Carolina
March 16, 2021**

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

Board of Education
Columbus County Schools
Whiteville, North Carolina

Report on Compliance for Each Major Program

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

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Board complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-002. Our opinion on each major federal program is not modified with respect to this matter.

The Board's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We identified a certain deficiency in internal control over compliance, as described in the accompany schedule of findings and questioned costs as item 2020-002, that we consider to be a material weakness.

The Board's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Dixon Hughes Goodman LLP

**Winston-Salem, North Carolina
March 16, 2021**

Independent Auditors' Report on Compliance For Each Major State Program and on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act

Board of Education
Columbus County Schools
Whiteville, North Carolina

Report on Compliance for Each Major State Program

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

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditors' Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with applicable sections of section the Uniform Guidance as described in the *Audit Manual for Governmental Auditors in North Carolina* and which is described in the accompanying schedule of findings and questioned costs as item 2020-004. Our opinion on each major state program is not modified with respect to this matter.

The Board's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and the corrective action plan. The Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2020-004, that we consider to be a significant deficiency.

The Board's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and the corrective action plan. The Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Dixon Hughes Goodman LLP

**Winston-Salem, North Carolina
March 16, 2021**

1. Summary of Auditors' Results

Financial Statements

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

Internal control over financial reporting:

- Material weaknesses identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses yes none reported

Noncompliance material to financial statements noted yes no

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses yes none reported

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

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

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
10.553, 10.555, 10.559, 10.579	Child Nutrition Cluster
21.019	Coronavirus Relief Fund

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 weaknesses identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses yes none reported

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

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

Identification of major state programs:

Program Name
State Public School Fund

2. Financial Statement Findings

Finding 2020-001

Reconciliation and Proper Recording of Certain Balance Sheet Accounts

MATERIAL WEAKNESS

Criteria: Balance sheet accounts should be reconciled to underlying accounting records and subledgers on a periodic basis.

Condition: Account reconciliations and proper procedures for certain balance sheet accounts were not being performed accurately resulting in an initial misstatement in the accounts at June 30, 2020.

Effect: Several audit adjustments were required to adjust accounts to actual at June 30, 2020.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2019-02.

Cause: The Board did not have an appropriate closing process on a monthly or annual basis.

Recommendation: Employees responsible for account reconciliations should receive training how to perform the procedure appropriately. The Balance Sheet should also be examined on a periodic basis to ensure that accounts agree to their respective underlying records. The underlying records should also be investigated to ensure they are accurate.

Views of responsible officials and planned corrective actions: Management agrees with this finding. Please refer to Schedule 11 for the Corrective Action Plan.

Finding 2020-002

Noncompliance: Activities Allowed or Unallowed – Purchase Orders

MATERIAL WEAKNESS

Criteria: In accordance with North Carolina General Statutes 115C-441, if an obligation of the Board is evidenced by a contract or agreement requiring the payment of money or by a purchase order for supplies and materials, the contract or purchase order shall include on its face a certificate stating that the instruments has been preaudited to ensure that sufficient funds have been appropriated and available in the current fiscal year to cover the sums obligated by the transaction for the current fiscal year. The preaudit certificate, which shall be signed by the finance officer, shall take substantially the following form: "This instrument has been preaudited in the manner required by the School Fiscal and Control Act."

Condition: Purchase orders were not used prior to the Board's disbursement of cash to pay for supplies and materials.

Effect: Expenditures were incurred prior to obtaining the preaudit certificate.

Cause: Proper internal control procedures were not in place to ensure that obligations were being appropriately pre-audited by the finance officer.

Recommendation: Internal control procedures should be put in place to ensure that potential obligations are appropriately pre-audited before the actual expenditure is incurred.

Views of responsible officials and planned corrective actions: Management agrees with this finding. Please refer to Schedule 11 for the Corrective Action Plan.

Questioned Costs: A sample of 18 School Food Service Fund expenditures yielded 15 instances, in the amount of \$2,244, where expenditures were incurred prior to obtaining the preaudit certificate. However, based on the nature of the expenditure and the supporting documentation accompanying the obligation, the expenditures do appear to be reasonable and necessary. The Board does not find it practicable to extrapolate these items in order to determine a likely questioned cost.

Finding 2020-003

Information Technology General Controls

MATERIAL WEAKNESS

Criteria: Information technology general controls should be designed and implemented to ensure that risks are reduced to an acceptable level.

Condition: During our audit; we noted several control deficiencies, that result in a material weakness when aggregated, that should be addressed to improve the security, availability, and accuracy of information processed by the Board's employees:

1. Information security policies in place do not address key areas and are not up to date.
2. There is no Incident Management Policy in place.
3. Current anti-virus systems in place did not adequately protect the environment from ransomware.
4. There is no Change Management Policy in place, and changes to the system were not tracked.
5. Several terminated users retained network access.
6. Network and core application password parameters are not in accordance with generally accepted security policies.
7. Administrative rights over the core application are not limited to IT personnel.
8. A formal Business Continuity / Disaster Recovery Plan ("BCP/DR") is not in place and formal BCP/DR testing has not been performed or documented in during the fiscal year.

Effect: The Board was victim to a debilitating ransomware attack in fiscal year 2020.

Cause: The Board has not designed or implemented appropriate information technology general controls.

Recommendation: We recommend that the Board review its information technology environment to determine that the necessary individuals are in place that will strengthen the overall detective and preventative controls for information technology.

Views of responsible officials and planned corrective actions: Management agrees with this finding. Please refer to Schedule 11 for the Corrective Action Plan.

Finding 2020-004

Reconciliation of Cash Accounts

SIGNIFICANT DEFICIENCY

Criteria: Balance sheet accounts should be reconciled to underlying accounting records and subledgers on a periodic basis.

Condition: Bank reconciliations were not being performed accurately or timely resulting in erroneous reconciling items used to balance the bank accounts.

Effect: Several audit adjustments were required to adjust cash accounts to actual at June 30, 2020.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2019-02.

Cause: The Board did not have an appropriate closing process on a monthly or annual basis.

Recommendation: Employees responsible for bank reconciliations should receive training how to perform the procedure appropriately. Bank reconciliations should also be reviewed in a timely manner as a detective control to ensure that errors are identified and rectified.

Views of responsible officials and planned corrective actions: Management agrees with this finding. Please refer to Schedule 11 for the Corrective Action Plan.

3. Federal Award Findings and Questioned Costs

Child Nutrition Cluster

2020-002 - Noncompliance: Activities Allowed or Unallowed – Purchase Orders

Refer to finding 2020-002 under Section II – Financial Statement Findings.

4. State Award Findings and Questioned Costs

State Public School Fund

2020-004 - Reconciliation of Cash Accounts

Refer to finding 2020-004 under Section II – Financial Statement Findings.



**Corrective Action Plan
For the Fiscal Year Ended June 30, 2020**

Schedule 11

Finding 2020-001

MATERIAL WEAKNESS

Name of contact person: Lisa Nowlin, Finance Officer

Corrective action: The Board has developed a procedure for monthly reconciliation of all balance sheet accounts. Procedure includes a reconciliation sheet by month with initials of the assigned staff, notes, balance, and Finance officer review. Training will be provided to all finance and child nutrition staff on the process of reconciling all balance sheet accounts.

Proposed completion date: The Board will implement these procedures immediately.

Finding 2020-002

MATERIAL WEAKNESS

Name of contact person: Lisa Nowlin, Finance Officer

Corrective action: The Board has developed procedures for purchasing that requires a purchase order for all item in excess of \$100.00 unless emergency purchase. Any items purchase below \$100.00 require check request with Finance Officer Pre- Audit and signature prior to purchasing.

Proposed completion date: The Board will implement these procedures immediately.

Finding 2020-003

MATERIAL WEAKNESS

Name of contact person: Lisa Nowlin, Finance Officer

Corrective action: The board is working on revising security policies, and incident management policies. The board is actively reviewing other anti-virus software. The board has already restored our change management system. Technology and Human resource have put a process in place to address the removal of terminated employees. The password parameter has been revised to meet the generally accepted security policy. The rights to the core application is managed by Finance and procedures have been put in place to review and remove users and rights. The board is working on a disaster recovery plan.

Proposed completion date: The Board will implement these procedures immediately.

Finding 2020-004

SIGNIFICANT DEFICIENCY

Name of contact person: Lisa Nowlin, Finance Officer

Corrective action: The board has developed month-end process to ensure the accuracy of cash accounts and closing process. Training has been scheduled with Finance staff to be able to accurately reconcile all bank accounts. Finance Officer will review the bank statements on a monthly basis.

Proposed completion date: The Board will implement these procedures immediately.

Finding 2019-01

Status: Corrected

Finding 2019-02

Status: See Findings 2020-001 and 2020-004

Finding 2019-03

Status: Corrected

Finding 2019-04

Status: Corrected

Finding 2019-05

Status: Corrected

Finding 2019-06

Status: Corrected

**Board of Education of Columbus County Schools
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2020**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
Federal Grants:			
<u>U. S. Department of Agriculture</u>			
School Nutrition Program (Note 3)			
<u>Child Nutrition Cluster:</u>			
Non-Cash Assistance (Commodities)			
Passed-through the N.C. Department of Public Instruction			
National School Lunch Program	10.555	PRC 035	\$ 270,757
Cash Assistance			
Passed-through the N.C. Department of Public Instruction			
School Breakfast Program	10.553	PRC 035	1,120,827
National School Lunch Program	10.555	PRC 035	1,997,426
Summer Food Service Program for Children	10.559	PRC 050	524,183
Total Cash Assistance			3,642,436
Total Child Nutrition Cluster:			3,913,193
Child Nutrition Discretionary Grants	10.579	PRC 053	21,849
Total School Nutrition Program (Note 3)			3,935,042
Total U. S. Department of Agriculture			3,935,042
<u>U.S. Department of Education</u>			
Passed-through the N.C. Department of Public Instruction			
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA)	84.010	PRC 050	1,784,561
Title 1 - School Improvement Cluster 1003(a)			
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA) - School Improvements	84.010	PRC 105, 115	111,810
Total Title I Grants to Local Education Agencies (Title I)			1,896,371
Migrant Education_State Grant Program	84.011	PRC 051	224,751
Special Education Cluster:			
Special Education - Grants to States (IDEA, Part B) -			
Education of the Handicapped	84.027	PRC 060	1,133,986
Special Needs Targeted Assistance	84.027	PRC 118	11,675
Special Education - Preschool Grants (IDEA Preschool) -			
Preschool Targeted Assistance	84.173	PRC 119	4,756
Preschool Handicapped	84.173	PRC 049	49,470
Total Special Education Cluster			1,199,887
Career and Technical Education - Capacity Building Grant	84.048	PRC 017	131,356
Rural Education	84.358	PRC 109	104,642
English Language Acquisition Grant	84.365	PRC 104, 111	22,727
Supporting Effective Instruction State Grants	84.367	PRC 103	246,375
Student Support and Academic Enrichment Program	84.424	PRC 108	127,477
Indian Ed - Formula Grants to Local Education Agencies	84.060A	PRC 310	89,257
Total U. S. Department of Education			4,042,843

**Board of Education of Columbus County Schools
 Schedule of Expenditures of Federal and State Awards
 For the Fiscal Year Ended June 30, 2020**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
<u>U. S. Department of Homeland Security</u>			
Passed-through N.C. Dept. of Public Safety: Division of Emergency Management Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		<u>42,862</u>
<u>U.S. Department of Defense</u>			
Direct Program: ROTC	NONE	PRC 031	<u>262,126</u>
<u>U.S. Department of Treasury</u>			
Cash Assistance			
Passed-through the Office of State Budget and Management: NC Pandemic Recovery Office			
Passed-through the N.C. Department of Public Instruction: Coronavirus Relief Fund			
School Nutrition		PRC 125	<u>445,640</u>
Total Coronavirus Relief Fund	21.019		<u>445,640</u>
Total U.S. Department of Treasury			<u>445,640</u>
Total Federal Assistance			<u>8,728,513</u>
State Grants:			
Cash Assistance			
<u>N.C. Department of Public Instruction</u>			
State Public School Fund			\$ 38,005,964
Driver Training - SPSF		PRC 012	104,358
School Technology Fund - SPSF		PRC 015	159,308
Career and Technical Education			
- State Months of Employment		PRC 013	2,133,895
- Program Support Funds		PRC 014	128,284
Textbooks and Digital Resources		PRC 131	366,662
State COVID-19 Supplemental Funds		PRC 154	<u>229,638</u>
Total N.C. Department of Public Instruction			<u>41,128,109</u>
<u>N.C. Department of Health and Human Services</u>			
Division of Child Development:			
State School Nurse Initiative			286,003
NC Pre-Kindergarten Program			1,994,336
<u>N.C. Department of Public Safety</u>			
Community Based Alternatives			72,450
Non-Cash Assistance			
<u>N.C. Department of Public Instruction</u>			
School Buses Appropriation		PRC 120	<u>565,159</u>
Total State Assistance			<u>44,046,057</u>
Total Federal and State Assistance			<u>\$ 52,774,570</u>

Notes to the Schedule of Expenditures of Federal and State Awards:

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Board of Education of Columbus County Schools (the "Board") under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the SEFSA presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Board.

Note 2: Summary of Significant Account 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 as to reimbursement. The Board 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 requirement purposes:
School Nutrition Program

Note 4: Non-cash Assistance

Included in the amounts reported on the SEFSA, the Board received non-cash assistance in the form of food commodities and school buses. Non-cash items with a fair value of \$835,916 were received during the year ended June 30, 2020. These non-cash items received were included in the determination of federal and State awards expended for the year ended June 30, 2020.