

**Board of Education of  
Columbus County  
Schools**

**Independent Auditor's Report and  
Financial Statements**

**June 30, 2022**



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## Independent Auditor's Report

Board of Education  
Columbus County Schools  
Whiteville, NC

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General, Other Local Current Expense, State Public School and Federal Grants Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 11 and the Teachers' and State Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Board Contributions, on pages 54 through 55, respectively, and the Retiree Health Benefit Fund's Schedules of Proportionate Share of the Net OPEB Liability and Board Contributions, on pages 56 through 57, respectively, and the Disability Income Plan of North Carolina's Schedules of the Proportionate Share of the Net OPEB Asset and Board Contributions, on pages 58 through 59, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

# FORVIS

## ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The individual fund budgetary 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund budgetary schedules and the accompanying schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2023, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Board's internal control over financial reporting and compliance.

**FORVIS,LLP**

**Winston-Salem, NC  
April 24, 2023**

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

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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, 2022. This information should be read in conjunction with the audited financial statements included in this report.

### **Financial Highlights**

The Board's allotted Average Daily Membership (ADM) has declined in the 2021-2022 academic year with a decrease of 111-students (-2%) as compared to the previous 2020-2021 academic year. Revenue from State funding sources, the Board's largest single funding source, is determined by formulas based on the district's student ADM.

The Board was able to increase local supplements for teachers from 5% to 8% of their annual salary with the assistance of the County Commissioners for the 2021-22 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 than \$2.25 million for capital in 2021-22 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

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

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### **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**

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**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 \$2.3 million as of June 30, 2022. The largest component of the net position (deficit) is the Board’s net investment in capital assets of \$61.3 million. Restricted and unrestricted net position (deficit) amounted to \$8.8 million and (\$72.3) 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 \$72.8 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):

**Table 1  
Condensed Statement of Net Position (Deficit)  
as of June 30, 2022 and 2021**

|                                     | Governmental Activities |                 | Business-Type Activities |              | Total Primary Government |                 |
|-------------------------------------|-------------------------|-----------------|--------------------------|--------------|--------------------------|-----------------|
|                                     | 2022                    | 2021            | 2022                     | 2021         | 2022                     | 2021            |
| Current assets                      | \$ 12,932,020           | \$ 13,480,676   | \$ 3,812,721             | \$ 2,680,150 | \$ 16,744,741            | \$ 16,160,826   |
| Non-current assets                  | 61,255,462              | 41,951,704      | 67,746                   | 105,113      | 61,323,208               | 42,056,817      |
| Total assets                        | 74,187,482              | 55,432,380      | 3,880,467                | 2,785,263    | 78,067,949               | 58,217,643      |
| Deferred outflows of resources      | 16,195,598              | 14,176,406      | 630,841                  | 568,405      | 16,826,439               | 14,744,811      |
| Current liabilities                 | 2,474,224               | 4,667,672       | 416,861                  | 157,103      | 2,891,085                | 4,824,775       |
| Long-term liabilities               | 58,687,813              | 70,791,113      | 2,235,950                | 2,716,351    | 60,923,763               | 73,507,464      |
| Total liabilities                   | 61,162,037              | 75,458,785      | 2,652,811                | 2,873,454    | 63,814,848               | 78,332,239      |
| Deferred inflows of resources       | 32,130,777              | 27,779,694      | 1,220,226                | 1,052,770    | 33,351,003               | 28,832,464      |
| Net investment in capital assets    | 61,205,929              | 41,545,991      | 67,746                   | 105,113      | 61,273,675               | 41,651,104      |
| Restricted net position             | 8,763,487               | 8,635,142       | 5,360                    | 3,019        | 8,768,847                | 8,638,161       |
| Unrestricted net position (deficit) | (72,879,150)            | (83,810,826)    | 565,165                  | (680,688)    | (72,313,985)             | (84,491,514)    |
| Total net position (deficit)        | \$ (2,909,734)          | \$ (33,629,693) | \$ 638,271               | \$ (572,556) | \$ (2,271,463)           | \$ (34,202,249) |

The net deficit of the Board's governmental activities decreased from \$33.6 million at June 30, 2021 to \$2.9 million at June 30, 2022, a decrease of \$30.7 million. The Board's net investment in capital assets increased by \$19.7 million during the year due primarily to capital outlay expenditures in excess of depreciation. Restricted net position increased by \$128 thousand primarily due to increases in individual schools and DIPNC OPEB plan amounts. Unrestricted net deficit decreased by \$10.9 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 position of business-type activities increased by \$1.2 million from \$(573) thousand at June 30, 2021 to \$638 thousand at June 30, 2022. This increase is related primarily to an increase in cash of \$829 thousand. The increase in cash was primarily caused by an increase in federal reimbursements of \$1.5 million, as compared to the prior year, offset by an increase in food purchasing expense of \$709 thousand.

**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.

**Table 2  
Condensed Statement of Activities  
For the Fiscal Years Ended June 30, 2022 & 2021**

|   | <b>Governmental Activities</b> |                   | <b>Business-Type Activities</b> |                  | <b>Total Primary Government</b> |                   |
|---|--------------------------------|-------------------|---------------------------------|------------------|---------------------------------|-------------------|
|   | <b>2022</b>                    | <b>2021</b>       | <b>2022</b>                     | <b>2021</b>      | <b>2022</b>                     | <b>2021</b>       |
| <b>Revenues:</b>  |                                |                   |                                 |                  |                                 |                   |
| <b>Program revenues:</b>  |                                |                   |                                 |                  |                                 |                   |
| Charges for services  | \$ 1,844,302                   | \$ 1,008,526      | \$ 259,506                      | \$ 74,750        | \$ 2,103,808                    | \$ 1,083,276      |
| Operating grants and contributions  | 56,188,782                     | 47,505,335        | 5,194,517                       | 3,591,424        | 61,383,299                      | 51,096,759        |
| Capital grants and contributions  | 358,603                        | 405,713           | -                               | -                | 358,603                         | 405,713           |
| <b>General revenues:</b>  |                                |                   |                                 |                  |                                 |                   |
| Unrestricted state and federal appropriations   | 3,048,393                      | 3,404,106         | 11,128                          | 30,944           | 3,059,521                       | 3,435,050         |
| Unrestricted county appropriations - Unrestricted county appropriations contributed capital | 6,399,091                      | 6,761,464         | -                               | -                | 6,399,091                       | 6,761,464         |
| Other revenues  | 2,008,093                      | 1,333,750         | 2,200                           | 19,364           | 2,010,293                       | 1,353,114         |
| <b>Total revenues</b>   | <b>91,510,423</b>              | <b>64,676,983</b> | <b>5,467,351</b>                | <b>3,716,482</b> | <b>96,977,774</b>               | <b>68,393,465</b> |
| <b>Expenses:</b>  |                                |                   |                                 |                  |                                 |                   |
| <b>Governmental activities:</b>   |                                |                   |                                 |                  |                                 |                   |
| Instructional services  | 44,966,525                     | 43,131,577        | -                               | -                | 44,966,525                      | 43,131,577        |
| System-wide support services  | 12,707,192                     | 10,044,262        | -                               | -                | 12,707,192                      | 10,044,262        |
| Ancillary services  | 216,114                        | 113,802           | -                               | -                | 216,114                         | 113,802           |
| Non-programmed charges  | 521,369                        | 486,513           | -                               | -                | 521,369                         | 486,513           |
| Unallocated depreciation expense  | 2,373,955                      | 2,133,934         | -                               | -                | 2,373,955                       | 2,133,934         |
| Interest on long-term debt  | 5,309                          | -                 | -                               | -                | 5,309                           | -                 |
| <b>Business-type activities:</b>  |                                |                   |                                 |                  |                                 |                   |
| School food service   | -                              | -                 | 4,256,524                       | 3,519,489        | 4,256,524                       | 3,519,489         |
| <b>Total expenses</b>   | <b>60,790,464</b>              | <b>55,910,088</b> | <b>4,256,524</b>                | <b>3,519,489</b> | <b>65,046,988</b>               | <b>59,429,577</b> |
| Increase (decrease) in net position (deficit)   | 30,719,959                     | 8,766,895         | 1,210,827                       | 196,993          | 31,930,786                      | 8,963,888         |
| Net deficit, beginning  | (33,629,693)                   | (42,396,588)      | (572,556)                       | (769,549)        | (34,202,249)                    | (43,166,137)      |
| Net position (deficit), ending  | \$ (2,909,734)                 | \$ (33,629,693)   | \$ 638,271                      | \$ (572,556)     | \$ (2,271,463)                  | \$ (34,202,249)   |

During the year ended June 30, 2022, governmental activities generated revenues of \$91.5 million and incurred expenses of \$60.8 million, resulting in the aforementioned decrease in net deficit for these activities of \$30.7 million. Overall, revenues increased by \$26.8 million when compared to the prior year, while expenses increased by \$4.9 million. The increase in revenues is primarily the result of increases in revenues in the operating grants and contributions of \$8.7 million and capital outlay contributed to the Board in the amount of \$17.4 million. Primary sources of revenue were funding from the State of North Carolina, Columbus County, and the United States government, which respectively comprised 49.5%, 30.6%, and 14.3% of our revenues. As would be expected, the major component of the Board's expenses were instructional services, which accounted for 74% of our total during the most recent fiscal year. Of the remaining expenses, 20.9% 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 \$7 million in funding from the federal government through the Education Stabilization Fund.

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

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Business-type activities generated revenue of \$5.5 million and incurred expenses of \$4.3 million, resulting in an increase in net position of \$1.2 million as compared to an increase of \$197 thousand in the prior year. The increase in the change in net position (deficit) compared to the prior year is primarily caused by an increase in federal reimbursements of \$1.5 million, as compared to the prior year, offset by an increase in food purchasing expense of \$709 thousand.

### **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 \$12.1 million at June 30, 2022, a \$1.4 million increase compared to the prior year. Overall, total revenues increased by \$27.2 million, or 42.2%, compared to the prior year while total expenditures increased by \$27.4 million or 43.4%. The increase in revenues is attributable to an increase in revenues from the U.S. Government of \$5.9 million, State of North Carolina of \$2.4 million, and an increase in contributed capital from Columbus County totaling \$16.9 million. The increase in expenditures is attributable to increases in regular instructional of \$2.9 million, alternative support of \$2.7 million, operational support of \$1.5 million, and capital outlay of \$17.6 million.

For the fiscal year ended June 30, 2022, the Board's General Fund and Other Local Current Expense Fund experienced a net change in fund balance of \$981 thousand and \$419 thousand. Specifically related to the General Fund, County revenues during this same period increased by \$94 thousand to \$5.7 million. The Other Local Current Expense Fund recognized increases in total revenues of \$365 thousand as compared to the prior year. During the same period, the Board experienced a change in expenditures of \$(345) thousand and \$552 thousand, respectively, for the General Fund and Other Local Current Expense Fund.

The Board's State Public School Fund and Federal Grants Fund recognized changes in revenues of \$2.2 million or 5.3% and \$6.5 million or 123.4%, respectively. The increases in the State Public School Fund and Federal Grants Fund are primarily attributable to additional funding provided under the State Public School Fund of \$2.2 million and the Education Stabilization Fund of \$5.6 million.

The Board's Individual Schools Fund and Capital Outlay Fund had a net change in fund balance of \$54 thousand and \$(9) thousand, respectively. In comparison to the prior year, the Individual Schools Fund and Capital Outlay Fund had a net change of \$188 thousand and \$690 thousand, respectively. The increase in revenues of \$801 thousand and increase in expenditures of \$935 thousand in the Individual Schools Fund were a result of increased participation

Revenues in the Capital Outlay Fund increased by \$17.7 million, or 244.6%. This increase is related to increases in contributed capital contributed 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 increased by \$17.6 million in the current year.

**Proprietary Funds:** The Board's business-type fund, the School Food Service Fund, generated a change in net position (deficit) of \$1.2 million during the year ended June 30, 2022 compared to a change in net position (deficit) of \$197 thousand during the prior year, an increase of \$1 million. As previously mentioned, the increase is related to an increase in federal reimbursements offset by increases in food purchasing expense.

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

**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 were increased slightly for other revenues. Further, there were shifts between instructional services expenditures, system-wide support services expenditures, and nonprogrammed charges. The primary reason for these changes were to redistribute the use of County appropriations for current year activities of the Board.

**Capital Assets**

During the fiscal year ended June 30, 2022, capital assets, net of accumulated depreciation, increased by \$19 million for governmental activities and decreased by \$37 thousand for business-type activities, compared to the prior year. During the year, the Board added \$2.6 million to construction in progress. Total depreciation charges for the year ended June 30, 2022 was \$2.7 million for governmental activities. Total depreciation charges for the year ended June 30, 2022 was \$37 thousand for business-type activities. For more detailed information, please see Capital Assets in Note 3 in the accompanying notes to the financial statements.

**Table 3  
Summary of Capital Assets  
as of June 30, 2022 and 2021**

|                            | <b>Governmental Activities</b> |                     | <b>Business-Type Activities</b> |                   | <b>Total Primary Government</b> |                     |
|----------------------------|--------------------------------|---------------------|---------------------------------|-------------------|---------------------------------|---------------------|
|                            | <b>2022</b>                    | <b>2021</b>         | <b>2022</b>                     | <b>2021</b>       | <b>2022</b>                     | <b>2021</b>         |
| Land                       | \$ 3,551,659                   | \$ 3,551,659        | \$ -                            | \$ -              | \$ 3,551,659                    | \$ 3,551,659        |
| Construction in progress   | 25,937,479                     | 4,274,320           | -                               | -                 | 25,937,479                      | 4,274,320           |
| Buildings and improvements | 28,859,992                     | 30,905,033          | -                               | -                 | 28,859,992                      | 30,905,033          |
| Equipment and furniture    | 1,031,101                      | 1,121,653           | 48,412                          | 83,631            | 1,079,513                       | 1,205,284           |
| Vehicles                   | 1,599,724                      | 2,099,039           | 19,334                          | 21,482            | 1,619,058                       | 2,120,521           |
| Total                      | <u>\$60,979,955</u>            | <u>\$41,951,704</u> | <u>\$ 67,746</u>                | <u>\$ 105,113</u> | <u>\$61,047,701</u>             | <u>\$42,056,817</u> |

**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. For more detailed information, please see Long-Term Obligations in Note 3 in the accompanying notes to the financial statements.

**Economic Factors**

County funding is a major source of income for the Board; therefore, the County’s economic outlook directly affects that of the Board’s. The following economic factors must be considered when viewing the County’s ability to provide the required level of funding:

- As of June 30, 2022, Columbus County experienced an unemployment rate of approximately 5.1% as compared to an unemployment rate of approximately 6.8% at June 30, 2021. Columbus County is above the June 30, 2022 State of N.C. and national unemployment rates which were 4.1% and 3.8%, respectively.
- The population of Columbus County decreased slightly from the prior year. As of June 30, 2022, the population was estimated to be 49,885.

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

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***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:

Jay Stanley, Finance Officer  
Board of Education of Columbus County Schools  
2586 James B. White Hwy North, Whiteville, NC 28472

## ***Basic Financial Statements***

Board of Education of Columbus County Schools  
Statement of Net Position (Deficit)  
June 30, 2022

Exhibit 1

|   | Primary Government         |                             |                       |
|---|----------------------------|-----------------------------|-----------------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total                 |
| <b>ASSETS</b>                             |                            |                             |                       |
| Cash and cash equivalents                 | \$ 12,824,103              | \$ 3,497,804                | \$ 16,321,907         |
| Due from other governments                | 81,807                     | 140,922                     | 222,729               |
| Receivables                               | -                          | 1,611                       | 1,611                 |
| Net OPEB asset                            | 26,110                     | 890                         | 27,000                |
| Inventories                               | -                          | 171,494                     | 171,494               |
| Total current assets                      | <u>12,932,020</u>          | <u>3,812,721</u>            | <u>16,744,741</u>     |
| Non-current assets:                       |                            |                             |                       |
| Leased assets, net of amortization        | <u>275,507</u>             | <u>-</u>                    | <u>275,507</u>        |
| Capital assets:                           |                            |                             |                       |
| Land and construction in progress         | 29,489,138                 | -                           | 29,489,138            |
| Other capital assets, net of depreciation | <u>31,490,817</u>          | <u>67,746</u>               | <u>31,558,563</u>     |
| Total capital assets                      | <u>60,979,955</u>          | <u>67,746</u>               | <u>61,047,701</u>     |
| Total non-current assets                  | <u>61,255,462</u>          | <u>67,746</u>               | <u>61,323,208</u>     |
| Total assets                              | <u>74,187,482</u>          | <u>3,880,467</u>            | <u>78,067,949</u>     |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>     | <u>16,195,598</u>          | <u>630,841</u>              | <u>16,826,439</u>     |
| <b>LIABILITIES</b>                        |                            |                             |                       |
| Accounts payable and accrued expenses     | 388,393                    | 250                         | 388,643               |
| Internal balances                         | (236,444)                  | 239,444                     | 3,000                 |
| Accrued salaries and benefits payable     | 507,538                    | -                           | 507,538               |
| Unearned revenue                          | 104,991                    | 105,525                     | 210,516               |
| Long-term liabilities:                    |                            |                             |                       |
| Due within one year                       | 1,709,746                  | 71,642                      | 1,781,388             |
| Due in more than one year                 | <u>58,687,813</u>          | <u>2,235,950</u>            | <u>60,923,763</u>     |
| Total liabilities                         | <u>61,162,037</u>          | <u>2,652,811</u>            | <u>63,814,848</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>      | <u>32,130,777</u>          | <u>1,220,226</u>            | <u>33,351,003</u>     |
| <b>NET POSITION (DEFICIT)</b>             |                            |                             |                       |
| Net investment in capital assets          | 61,205,929                 | 67,746                      | 61,273,675            |
| Restricted for:                           |                            |                             |                       |
| Stabilization by State Statute            | 323,115                    | -                           | 323,115               |
| School capital outlay                     | 6,993,003                  | -                           | 6,993,003             |
| Individual Schools                        | 1,303,591                  | -                           | 1,303,591             |
| DIPNC OPEB plan                           | 143,778                    | 5,360                       | 149,138               |
| Unrestricted                              | <u>(72,879,150)</u>        | <u>565,165</u>              | <u>(72,313,985)</u>   |
| Total net position (deficit)              | <u>\$ (2,909,734)</u>      | <u>\$ 638,271</u>           | <u>\$ (2,271,463)</u> |



Board of Education of Columbus County Schools  
Statement of Activities  
For the Fiscal Year Ended June 30, 2022

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                                |                          |                |
|   |               |                      |                                    |                                  | Governmental Activities                           | Business-type Activities | Total          |
| Primary government:   |               |                      |                                    |                                  |   |                          |                |
| Governmental activities:  |               |                      |                                    |                                  |   |                          |                |
| Instructional services:   |               |                      |                                    |                                  |   |                          |                |
| Regular instructional   | \$ 22,646,102 | \$ -                 | \$ 26,689,221                      | \$ -                             | \$ 4,043,119                                      | \$ -                     | \$ 4,043,119   |
| Special populations   | 4,534,090     | -                    | 5,436,450                          | -                                | 902,360   | -                        | 902,360        |
| Alternative programs  | 8,151,508     | -                    | 6,800,583                          | -                                | (1,350,925)                                       | -                        | (1,350,925)    |
| School leadership   | 3,073,776     | -                    | 3,743,717                          | -                                | 669,941   | -                        | 669,941        |
| Co-curricular   | 335,039       | 1,782,987            | -                                  | -                                | 1,447,948   | -                        | 1,447,948      |
| School-based support  | 6,226,010     | -                    | 4,527,662                          | -                                | (1,698,348)                                       | -                        | (1,698,348)    |
| System-wide support services:   |               |                      |                                    |                                  |   |                          |                |
| Support and development   | 559,372       | -                    | 655,754                            | -                                | 96,382  | -                        | 96,382         |
| Special population support and development  | 198,278       | -                    | 227,866                            | -                                | 29,588  | -                        | 29,588         |
| Alternative programs and services support and development                                   | 241,358       | -                    | 303,733                            | -                                | 62,375  | -                        | 62,375         |
| Technology support  | 372,724       | -                    | 416,000                            | -                                | 43,276  | -                        | 43,276         |
| Operational support   | 9,944,938     | 61,315               | 6,097,448                          | 358,603                          | (3,427,572)                                       | -                        | (3,427,572)    |
| Financial and human resource  | 296,842       | -                    | 290,548                            | -                                | (6,294)   | -                        | (6,294)        |
| Accountability  | 80,512        | -                    | 94,498                             | -                                | 13,986  | -                        | 13,986         |
| Policy, leadership, and public relations  | 1,013,168     | -                    | 610,311                            | -                                | (402,857)   | -                        | (402,857)      |
| Ancillary services  | 216,114       | -                    | 219,830                            | -                                | 3,716   | -                        | 3,716          |
| Non-programmed charges  | 521,369       | -                    | 70,781                             | -                                | (450,588)   | -                        | (450,588)      |
| Interest on long-term debt  | 5,309         | -                    | 4,380                              | -                                | (929)   | -                        | (929)          |
| Unallocated depreciation expense, excluding direct depreciation expense charged to programs | 2,373,955     | -                    | -                                  | -                                | (2,373,955)                                       | -                        | (2,373,955)    |
| Total governmental activities   | 60,790,464    | 1,844,302            | 56,188,782                         | 358,603                          | (2,398,777)                                       | -                        | (2,398,777)    |
| Business-type activities:   |               |                      |                                    |                                  |   |                          |                |
| School food service   | 4,256,524     | 259,506              | 5,194,517                          | -                                | -   | 1,197,499                | 1,197,499      |
| Total primary government  | \$ 65,046,988 | \$ 2,103,808         | \$ 61,383,299                      | \$ 358,603                       | (2,398,777)                                       | 1,197,499                | (1,201,278)    |
| General revenues:   |               |                      |                                    |                                  |   |                          |                |
| Unrestricted county appropriations - operating  |               |                      |                                    |                                  | 5,748,113   | -                        | 5,748,113      |
| Unrestricted county appropriations - capital  |               |                      |                                    |                                  | 650,978   | -                        | 650,978        |
| Unrestricted county appropriations - contributed capital                                    |               |                      |                                    |                                  | 21,663,159  | -                        | 21,663,159     |
| Unrestricted State and Federal appropriations - operating                                   |               |                      |                                    |                                  | 2,755,643   | -                        | 2,755,643      |
| Investment earnings, unrestricted   |               |                      |                                    |                                  | 5,257   | -                        | 5,257          |
| State OPEB contribution - non-capital   |               |                      |                                    |                                  | 292,750   | 11,128                   | 303,878        |
| Miscellaneous, unrestricted   |               |                      |                                    |                                  | 2,002,836   | 2,200                    | 2,005,036      |
| Total general revenues and transfers  |               |                      |                                    |                                  | 33,118,736  | 13,328                   | 33,132,064     |
| Change in net position (deficit)  |               |                      |                                    |                                  | 30,719,959  | 1,210,827                | 31,930,786     |
| Net deficit, beginning  |               |                      |                                    |                                  | (33,629,693)                                      | (572,556)                | (34,202,249)   |
| Net position (deficit), ending  |               |                      |                                    |                                  | \$ (2,909,734)                                    | \$ 638,271               | \$ (2,271,463) |

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

|  | Major Funds         |                             |                        |                        |                            |  | Total<br>Governmental<br>Funds |
|--|---------------------|-----------------------------|------------------------|------------------------|----------------------------|--|--------------------------------|
|  | General Fund        | State Public<br>School Fund | Federal<br>Grants Fund | Capital Outlay<br>Fund | Individual<br>Schools Fund | Other Local<br>Current<br>Expense Fund |                                |
| <b>ASSETS</b>                            |                     |                             |                        |                        |                            |  |                                |
| Cash and cash equivalents                | \$ 2,906,610        | \$ -                        | \$ -                   | \$ 7,189,984           | \$ 1,303,591               | \$ 1,423,918                           | \$ 12,824,103                  |
| Due from other governments               | -                   | -                           | 28,312                 | -                      | -                          | 53,495                                 | 81,807                         |
| Due from other funds                     | -                   | -                           | 38,106                 | -                      | 25,395                     | 244,225                                | 307,726                        |
| Total assets                             | <u>\$ 2,906,610</u> | <u>\$ -</u>                 | <u>\$ 66,418</u>       | <u>\$ 7,189,984</u>    | <u>\$ 1,328,986</u>        | <u>\$ 1,721,638</u>                    | <u>\$ 13,213,636</u>           |
| <b>LIABILITIES AND FUND BALANCES</b>     |                     |                             |                        |                        |                            |  |                                |
| Liabilities:                             |                     |                             |                        |                        |                            |  |                                |
| Accounts payable and accrued liabilities | \$ 151,459          | \$ -                        | \$ 38,106              | \$ 196,981             | \$ -                       | \$ 1,847                               | \$ 388,393                     |
| Accrued salaries and benefits payable    | 503,929             | -                           | 3,609                  | -                      | -                          | -                                      | 507,538                        |
| Due to other funds                       | -                   | -                           | -                      | -                      | -                          | 71,282                                 | 71,282                         |
| Unearned revenue                         | -                   | -                           | 24,703                 | -                      | -                          | 80,288                                 | 104,991                        |
| Total liabilities                        | <u>655,388</u>      | <u>-</u>                    | <u>66,418</u>          | <u>196,981</u>         | <u>-</u>                   | <u>153,417</u>                         | <u>1,072,204</u>               |
| Fund balances:                           |                     |                             |                        |                        |                            |  |                                |
| Restricted:                              |                     |                             |                        |                        |                            |  |                                |
| Stabilization by State Statute           | -                   | -                           | -                      | -                      | 25,395                     | 297,720                                | 323,115                        |
| School Capital Outlay                    | -                   | -                           | -                      | 6,993,003              | -                          | -                                      | 6,993,003                      |
| Individual Schools                       | -                   | -                           | -                      | -                      | 1,303,591                  | -                                      | 1,303,591                      |
| Assigned:                                |                     |                             |                        |                        |                            |  |                                |
| Other special programs                   | -                   | -                           | -                      | -                      | -                          | 1,270,501                              | 1,270,501                      |
| Unassigned                               | 2,251,222           | -                           | -                      | -                      | -                          | -                                      | 2,251,222                      |
| Total fund balances                      | <u>2,251,222</u>    | <u>-</u>                    | <u>-</u>               | <u>6,993,003</u>       | <u>1,328,986</u>           | <u>1,568,221</u>                       | <u>12,141,432</u>              |
| Total liabilities and fund balances      | <u>\$ 2,906,610</u> | <u>\$ -</u>                 | <u>\$ 66,418</u>       | <u>\$ 7,189,984</u>    | <u>\$ 1,328,986</u>        | <u>\$ 1,721,638</u>                    |                                |

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

|  |                       |
|--|-----------------------|
| Net OPEB asset   | 26,110                |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds   | 60,979,955            |
| Leased assets used in governmental activities are not financial resources and therefore are not reported in the funds  | 275,507               |
| Deferred outflows of resources related to pensions   | 9,211,903             |
| Deferred outflows of resources related to OPEB   | 6,983,695             |
| Some liabilities, including compensated absences, installment purchase obligations, and lease liabilities, are not due and payable in the current period and therefore are not reported in the funds | (3,503,547)           |
| Net pension liability  | (8,443,648)           |
| Net OPEB liability   | (48,450,364)          |
| Deferred inflows of resources related to pensions  | (11,469,745)          |
| Deferred inflows of resources related to OPEB  | (20,661,032)          |
| Net deficit of governmental activities   | <u>\$ (2,909,734)</u> |

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, 2022

Exhibit 4

|  | Major Funds         |                             |                        |                        |                            |  | Total<br>Governmental<br>Funds |
|--|---------------------|-----------------------------|------------------------|------------------------|----------------------------|--|--------------------------------|
|  | General Fund        | State Public<br>School Fund | Federal<br>Grants Fund | Capital<br>Outlay Fund | Individual<br>Schools Fund | Other Local<br>Current<br>Expense Fund |                                |
| <b>Revenues:</b>   |                     |                             |                        |                        |                            |  |                                |
| Intergovernmental:   |                     |                             |                        |                        |                            |  |                                |
| State of North Carolina                                      | \$ -                | \$ 42,478,405               | \$ -                   | \$ 358,603             | \$ -                       | \$ 2,521,658                           | \$ 45,358,666                  |
| Columbus County  |                     |                             |                        |                        |                            |  |                                |
| Local current expense  | 5,748,113           | -                           | -                      | -                      | -                          | -                                      | 5,748,113                      |
| Other  | -                   | -                           | -                      | 22,314,137             | -                          | -                                      | 22,314,137                     |
| U.S. Government  | -                   | 1,076,062                   | 11,767,876             | -                      | -                          | 233,985                                | 13,077,923                     |
| Other  | 139,470             | -                           | -                      | 2,293,623              | 1,782,987                  | 998,535                                | 5,214,615                      |
| <b>Total revenues</b>  | <b>5,887,583</b>    | <b>43,554,467</b>           | <b>11,767,876</b>      | <b>24,966,363</b>      | <b>1,782,987</b>           | <b>3,754,178</b>                       | <b>91,713,454</b>              |
| <b>Expenditures:</b>   |                     |                             |                        |                        |                            |  |                                |
| Current:   |                     |                             |                        |                        |                            |  |                                |
| Instructional services:                                      |                     |                             |                        |                        |                            |  |                                |
| Regular instructional  | 297,239             | 24,662,754                  | 1,990,583              | -                      | -                          | 514,556                                | 27,465,132                     |
| Special populations  | 34,388              | 4,086,778                   | 1,349,672              | -                      | -                          | 7,122                                  | 5,477,960                      |
| Alternative programs   | 102,752             | 968,580                     | 5,832,003              | -                      | -                          | 2,111,503                              | 9,014,838                      |
| School leadership  | 79,653              | 3,667,493                   | 76,224                 | -                      | -                          | -                                      | 3,823,370                      |
| Co-curricular  | 360,966             | -                           | -                      | -                      | -                          | 47,600                                 | 408,566                        |
| School-based support   | 139,454             | 3,527,074                   | 1,000,588              | -                      | 1,729,016                  | 555,168                                | 6,951,300                      |
| System-wide support services:                                |                     |                             |                        |                        |                            |  |                                |
| Support and development                                      | 27,325              | 514,053                     | 141,701                | -                      | -                          | 4,357                                  | 687,436                        |
| Special population support and development                   | 9,045               | 161,621                     | 66,245                 | -                      | -                          | -                                      | 236,911                        |
| Alternative programs and services support<br>and development | -                   | 6,490                       | 297,243                | -                      | -                          | -                                      | 303,733                        |
| Technology support   | 20,009              | 350,202                     | 65,798                 | -                      | -                          | -                                      | 436,009                        |
| Operational support  | 2,642,488           | 4,500,084                   | 730,925                | -                      | -                          | 94,531                                 | 7,968,028                      |
| Financial and human resources                                | 59,265              | 284,473                     | 6,075                  | -                      | -                          | -                                      | 349,813                        |
| Accountability   | 6,571               | 93,960                      | 538                    | -                      | -                          | -                                      | 101,069                        |
| Policy, leadership, and public relations                     | 566,001             | 604,097                     | 6,214                  | -                      | -                          | -                                      | 1,176,312                      |
| Ancillary services   | 31,215              | 86,544                      | 133,286                | -                      | -                          | -                                      | 251,045                        |
| Non-programmed charges                                       | 521,369             | -                           | 70,781                 | -                      | -                          | -                                      | 592,150                        |
| Debt service:  |                     |                             |                        |                        |                            |  |                                |
| Principal  | 7,611               | 35,884                      | -                      | 358,603                | -                          | -                                      | 402,098                        |
| Interest   | 929                 | 4,380                       | -                      | -                      | -                          | -                                      | 5,309                          |
| Capital outlay:  |                     |                             |                        |                        |                            |  |                                |
| Real property and buildings                                  | -                   | -                           | -                      | 24,119,236             | -                          | -                                      | 24,119,236                     |
| Furniture and equipment                                      | -                   | -                           | -                      | 808,542                | -                          | -                                      | 808,542                        |
| Buses and motor vehicles                                     | -                   | -                           | -                      | 10,503                 | -                          | -                                      | 10,503                         |
| <b>Total expenditures</b>                                    | <b>4,906,280</b>    | <b>43,554,467</b>           | <b>11,767,876</b>      | <b>25,296,884</b>      | <b>1,729,016</b>           | <b>3,334,837</b>                       | <b>90,589,360</b>              |
| Revenues over (under) expenditures                           | 981,303             | -                           | -                      | (330,521)              | 53,971                     | 419,341                                | 1,124,094                      |
| Other financing sources:                                     |                     |                             |                        |                        |                            |  |                                |
| Installment purchase obligations issued                      | -                   | -                           | -                      | 321,425                | -                          | -                                      | 321,425                        |
| Net changes in fund balance                                  | 981,303             | -                           | -                      | (9,096)                | 53,971                     | 419,341                                | 1,445,519                      |
| Fund balances:   |                     |                             |                        |                        |                            |  |                                |
| Beginning of year  | 1,269,919           | -                           | -                      | 7,002,099              | 1,275,015                  | 1,148,880                              | 10,695,913                     |
| End of year  | <u>\$ 2,251,222</u> | <u>\$ -</u>                 | <u>\$ -</u>            | <u>\$ 6,993,003</u>    | <u>\$ 1,328,986</u>        | <u>\$ 1,568,221</u>                    | <u>\$ 12,141,432</u>           |

**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, 2022**

**Exhibit 5**

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

|   |                             |
|---|-----------------------------|
| Net changes in fund balances - total governmental funds   | \$ 1,445,519                |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.  | 19,028,251                  |
| Leased asset capital outlay expenditures which were capitalized   | 321,425                     |
| Amortization of leased asset  | (45,918)                    |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities  | 5,593,617                   |
| Contributions to the OPEB plans in the current fiscal year are not included in the Statement of Activities  | 2,184,141                   |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.  |                             |
| State OPEB contribution   | 292,750                     |
| Proceeds from the disposal of capital assets are recorded as revenues in the fund statements but not in the statement of activities   | (425,000)                   |
| Gain on disposal of assets  | 425,000                     |
| Net OPEB benefit  | 3,626,506                   |
| The issuance of long-term obligations provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term obligations and related items. | 80,673                      |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.   |                             |
| Pension expense   | (1,787,131)                 |
| Compensated absences  | (19,874)                    |
|   | <u>                    </u> |
| Total changes in net position (deficit) of governmental activities  | <u><u>\$ 30,719,959</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, 2022**

|                              | <b>General Fund</b>        |                         |                     | <b>Variance with<br/>final budget<br/>positive<br/>(negative)</b> |
|------------------------------|----------------------------|-------------------------|---------------------|---|
|                              | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>       |   |
| <b>Revenues:</b>             |                            |                         |                     |   |
| Intergovernmental:           |                            |                         |                     |   |
| State of North Carolina      | \$ -                       | \$ -                    | \$ -                | \$ -  |
| Columbus County              | 5,748,113                  | 5,748,113               | 5,748,113           | -   |
| U.S. Government              | -                          | -                       | -                   | -   |
| Other                        | 99,273                     | 179,273                 | 139,470             | (39,803)  |
|                              | <u>5,847,386</u>           | <u>5,927,386</u>        | <u>5,887,583</u>    | <u>(39,803)</u>   |
| <b>Expenditures:</b>         |                            |                         |                     |   |
| Current:                     |                            |                         |                     |   |
| Instructional services       | 1,127,562                  | 1,423,737               | 1,014,452           | 409,285   |
| System-wide support services | 4,210,329                  | 3,963,894               | 3,330,704           | 633,190   |
| Ancillary services           | 9,495                      | 31,215                  | 31,215              | -   |
| Non-programmed charges       | 500,000                    | 500,000                 | 521,369             | (21,369)  |
| Debt service                 | -                          | 8,540                   | 8,540               | -   |
|                              | <u>5,847,386</u>           | <u>5,927,386</u>        | <u>4,906,280</u>    | <u>1,021,106</u>  |
| Net change in fund balance   | <u>\$ -</u>                | <u>\$ -</u>             | 981,303             | <u>\$ 981,303</u>   |
| <b>Fund balances:</b>        |                            |                         |                     |   |
| Beginning of year            |                            |                         | <u>1,269,919</u>    |   |
| End of year                  |                            |                         | <u>\$ 2,251,222</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, 2022**

|                              | <u>Other Local Current Expense Fund</u> |                         |                     |   |
|------------------------------|---|-------------------------|---------------------|---|
|                              | <u>Original<br/>Budget</u>              | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance with<br/>final budget<br/>positive<br/>(negative)</u> |
| Revenues:                    |   |                         |                     |   |
| Intergovernmental:           |   |                         |                     |   |
| State of North Carolina      | \$ 3,488,303                            | \$ 3,928,410            | \$ 2,521,658        | \$ (1,406,752)  |
| Columbus County              | -                                       | -                       | -                   | -   |
| U.S. Government              | 776,736                                 | 276,736                 | 233,985             | (42,751)  |
| Other                        | 639,865                                 | 1,018,368               | 998,535             | (19,833)  |
|                              | <u>4,904,904</u>                        | <u>5,223,514</u>        | <u>3,754,178</u>    | <u>(1,469,336)</u>  |
| Expenditures:                |   |                         |                     |   |
| Current:                     |   |                         |                     |   |
| Instructional services       | 4,148,195                               | 4,376,141               | 3,235,949           | 1,140,192   |
| System-wide support services | 27,709                                  | 118,373                 | 98,888              | 19,485  |
| Ancillary services           | -                                       | -                       | -                   | -   |
| Non-programmed charges       | 729,000                                 | 729,000                 | -                   | 729,000   |
| Debt service                 | -                                       | -                       | -                   | -   |
|                              | <u>4,904,904</u>                        | <u>5,223,514</u>        | <u>3,334,837</u>    | <u>1,888,677</u>  |
| Net change in fund balance   | <u>\$ -</u>                             | <u>\$ -</u>             | 419,341             | <u>\$ 419,341</u>   |
| Fund balances:               |   |                         |                     |   |
| Beginning of year            |   |                         | <u>1,148,880</u>    |   |
| End of year                  |   |                         | <u>\$ 1,568,221</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, 2022**

|                              | <u>State Public School Fund</u> |                         |                   | <b>Variance with<br/>final budget<br/>positive<br/>(negative)</b> |
|------------------------------|---------------------------------|-------------------------|-------------------|---|
|                              | <b>Original<br/>Budget</b>      | <b>Final<br/>Budget</b> | <b>Actual</b>     |   |
| Revenues:                    |                                 |                         |                   |   |
| Intergovernmental:           |                                 |                         |                   |   |
| State of North Carolina      | \$ 41,026,482                   | \$ 43,134,436           | \$ 42,478,405     | \$ (656,031)  |
| Columbus County              | -                               | -                       | -                 | -   |
| U.S. Government              | -                               | 1,076,062               | 1,076,062         | -   |
| Other                        | -                               | -                       | -                 | -   |
|                              | <u>41,026,482</u>               | <u>44,210,498</u>       | <u>43,554,467</u> | <u>(656,031)</u>  |
| Expenditures:                |                                 |                         |                   |   |
| Current:                     |                                 |                         |                   |   |
| Instructional services       | 35,598,220                      | 37,568,521              | 36,912,679        | 655,842   |
| System-wide support services | 5,380,832                       | 6,515,169               | 6,514,980         | 189   |
| Ancillary services           | 47,430                          | 86,544                  | 86,544            | -   |
| Non-programmed charges       | -                               | -                       | -                 | -   |
| Debt service                 | -                               | 40,264                  | 40,264            | -   |
|                              | <u>41,026,482</u>               | <u>44,210,498</u>       | <u>43,554,467</u> | <u>656,031</u>  |
| 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, 2022**

**Exhibit 6**  
**Page 4 of 4**

|                              | <b>Federal Grants Fund</b> |                         |                   | <b>Variance with<br/>final budget<br/>positive<br/>(negative)</b> |
|------------------------------|----------------------------|-------------------------|-------------------|---|
|                              | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>     |   |
| Revenues:                    |                            |                         |                   |   |
| Intergovernmental:           |                            |                         |                   |   |
| State of North Carolina      | \$ -                       | \$ -                    | \$ -              | \$ -  |
| Columbus County              | -                          | -                       | -                 | -   |
| U.S. Government              | 35,303,776                 | 35,701,399              | 11,767,876        | (23,933,523)  |
| Other                        | -                          | -                       | -                 | -   |
|                              | <u>35,303,776</u>          | <u>35,701,399</u>       | <u>11,767,876</u> | <u>(23,933,523)</u>   |
| Expenditures:                |                            |                         |                   |   |
| Current:                     |                            |                         |                   |   |
| Instructional services       | 28,107,709                 | 28,513,776              | 10,249,070        | 18,264,706  |
| System-wide support services | 6,894,508                  | 6,957,753               | 1,314,739         | 5,643,014   |
| Ancillary services           | 37,559                     | 37,560                  | 133,286           | (95,726)  |
| Non-programmed charges       | 264,000                    | 192,310                 | 70,781            | 121,529   |
| Debt service                 | -                          | -                       | -                 | -   |
|                              | <u>35,303,776</u>          | <u>35,701,399</u>       | <u>11,767,876</u> | <u>23,933,523</u>   |
| 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 Net Position  
Proprietary Fund  
June 30, 2022

Exhibit 7

|  | <u>Enterprise Fund</u> |
|--|------------------------|
|  | <u>Major Fund</u>      |
|  | <u>School Food</u>     |
|  | <u>Service</u>         |
| <b>ASSETS</b>                            |                        |
| Current assets:                          |                        |
| Cash and cash equivalents                | \$ 3,497,804           |
| Receivables                              | 1,611                  |
| Due from other governments               | 140,922                |
| Due from other funds                     | 4,781                  |
| OPEB asset                               | 890                    |
| Inventories                              | 171,494                |
| Total current assets                     | <u>3,817,502</u>       |
| Noncurrent assets:                       |                        |
| Capital assets:                          |                        |
| Furniture and equipment, net             | <u>67,746</u>          |
| Total assets                             | <u>3,885,248</u>       |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>    | <u>630,841</u>         |
| <b>LIABILITIES</b>                       |                        |
| Current liabilities:                     |                        |
| Accounts payable and accrued liabilities | 250                    |
| Due to others funds                      | 244,225                |
| Unearned revenue                         | 105,525                |
| Compensated absences                     | 71,642                 |
| Total current liabilities                | <u>421,642</u>         |
| Noncurrent liabilities:                  |                        |
| Net pension liability                    | 362,451                |
| Net OPEB liability                       | 1,787,958              |
| Compensated absences                     | 85,541                 |
| Total noncurrent liabilities             | <u>2,235,950</u>       |
| Total liabilities                        | <u>2,657,592</u>       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>     | <u>1,220,226</u>       |
| <b>NET POSITION</b>                      |                        |
| Investment in capital assets             | 67,746                 |
| Restricted - DIPNC OPEB Plan             | 5,360                  |
| Unrestricted                             | 565,165                |
| Total net position                       | <u>\$ 638,271</u>      |

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, 2022

Exhibit 8

|                                   | <u>Enterprise Fund</u> |
|-----------------------------------|------------------------|
|                                   | <u>Major Fund</u>      |
|                                   | <u>School Food</u>     |
|                                   | <u>Service</u>         |
| Operating revenues:               |                        |
| Food sales                        | \$ 259,506             |
| Operating expenses:               |                        |
| Food cost:                        |                        |
| Purchase of food                  | 1,578,235              |
| Donated commodities               | 311,581                |
| Salaries and benefits             | 1,793,406              |
| Indirect costs                    | 244,225                |
| Purchased services                | 64,323                 |
| Materials and supplies            | 227,387                |
| Depreciation                      | 37,367                 |
| Total operating expenses          | <u>4,256,524</u>       |
| Operating loss                    | <u>(3,997,018)</u>     |
| Nonoperating revenues (expenses): |                        |
| Federal reimbursements            | 4,882,936              |
| Federal commodities               | 311,581                |
| State OPEB contribution           | 11,128                 |
| Other                             | 2,200                  |
| Total nonoperating revenues       | <u>5,207,845</u>       |
| Change in net position (deficit)  | 1,210,827              |
| Total net deficit, beginning      | <u>(572,556)</u>       |
| Total net position, ending        | <u>\$ 638,271</u>      |

**Board of Education of Columbus County Schools**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2022**

**Exhibit 9**

|   | <u>Enterprise Fund</u><br><u>Major Fund</u><br><u>School Food</u><br><u>Service</u> |
|---|---|
| Cash flows from operating activities:   |   |
| Cash received from customers  | \$ 367,231  |
| Cash paid for goods and services  | (2,158,541)   |
| Cash paid to employees for services   | (2,236,801)   |
| Net cash used by operating activities   | <u>(4,028,111)</u>  |
| Cash flows from noncapital financing activities:  |   |
| Cash received from other funds  | (1,852)   |
| Federal and state reimbursements  | 4,859,331   |
| Net cash provided by noncapital financing activities  | <u>4,857,479</u>  |
| Net increase in cash and cash equivalents   | 829,368   |
| Cash and cash equivalents, beginning of year  | <u>2,668,436</u>  |
| Cash and cash equivalents, end of year  | <u>\$ 3,497,804</u>   |
| Reconciliation of operating loss to net cash provided used by operating activities:               |   |
| Operating loss  | \$ (3,997,018)  |
| Adjustments to reconcile operating loss to net cash used by operating activities:                 |   |
| Depreciation  | 37,367  |
| Donated commodities   | 311,581   |
| Other   | 2,200   |
| State OPEB contribution   | 11,128  |
| Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources: |   |
| Decrease in accounts receivable   | 241   |
| Increase in inventories   | (40,672)  |
| Decrease in net OPEB asset  | 2,129   |
| Increase deferred outflows of resources   | (62,436)  |
| Decrease in accounts payable and accrued liabilities  | (3,940)   |
| Decrease in accrued salaries and wages payable  | (77,842)  |
| Increase in unearned revenue  | 105,525   |
| Increase in compensated absences payable  | 69  |
| Decrease in net pension liability   | (571,538)   |
| Increase in net OPEB liability  | 87,639  |
| Increase deferred inflows of resources  | 167,456   |
| Total adjustments   | <u>(31,093)</u>   |
| Net cash used by operating activities   | <u>\$ (4,028,111)</u>   |

**NONCASH OPERATING, NONCAPITAL FINANCING, AND CAPITAL ACTIVITIES:**

The School Food Service Fund received donated commodities with a value of \$311,581 during the fiscal year. The receipt of these commodities is reflected as a nonoperating revenue on Exhibit 8.

During the fiscal year, the State Health Plan transferred assets to the Retiree Health Benefit Fund as a result of cost savings to the State Health Plan. In accordance with GASB 75, the School Food Service Fund recorded \$11,128 as a nonoperating revenue on Exhibit 8 as a result of this transfer.

Board of Education of Columbus County Schools  
Statement of Fiduciary Net Position  
Fiduciary Fund  
June 30, 2022

Exhibit 10

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|                                       | <u>Private<br/>Purpose<br/>Trust</u> |
|---------------------------------------|--------------------------------------|
| <b>ASSETS</b>                         |                                      |
| Cash                                  | \$ 9,817                             |
| Due from other funds                  | <u>3,000</u>                         |
| Total assets                          | <u><u>\$ 12,817</u></u>              |
| <b>NET POSITION</b>                   |                                      |
| Assets held in trust for scholarships | <u><u>\$ 12,817</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, 2022**

**Exhibit 11**

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|                         | <u>Private<br/>Purpose<br/>Trust</u> |
|-------------------------|--------------------------------------|
| Additions:              |                                      |
| Interest income         | <u>\$          6</u>                 |
| Deductions:             |                                      |
| Scholarships payments   | <u>                  -</u>           |
| Change in net position  | 6                                    |
| Net position, beginning | <u>          12,811</u>              |
| Net position, ending    | <u><u>\$          12,817</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, 2022**

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The Board reports the following major governmental funds:

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

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

*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

**Board of Education of Columbus County Schools**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

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funds to be available if the revenues are collected within sixty days after year-end. These could include federal, state, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under 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 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.



**Board of Education of Columbus County Schools**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

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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, 2022 of 0.9 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.

(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 Proprietary Fund 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.

**Board of Education of Columbus County Schools**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

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(5) Leased Assets

The Board has recorded leased assets as a result of implementing Governmental Accounting Standards Board Statement No. 87, Leases ("GASB 87"). The leased assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The leased assets are amortized on a straight-line basis over shorter of the lease term or the useful life of the underlying asset.

(6) 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 assets 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 assets that applies to a future period and so will not be recognized as revenue until then. The Board has pension and OPEB related deferrals that meet this criterion.

(7) Long-term Obligations

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

(8) Compensated Absences

The Board follows the State's policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board's liability for accumulated earned vacation and the salary-related payments as of June 30, 2022 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years' records of the current portion of compensated absences.

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

(9) Net Position (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).

**Board of Education of Columbus County Schools**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

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(10) 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.

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.

*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.

**Board of Education of Columbus County Schools**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**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 \$(15,051,166) consists of several elements as follows:

| Description  | Amount                        |
|--|-------------------------------|
| Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds   | \$ 120,465,527                |
| Less accumulated depreciation  | (59,485,572)                  |
| Net capital assets   | <u>60,979,955</u>             |
| Right to use leased assets used in governmental activities are not financial resources and are therefore not reported in the funds   | 321,425                       |
| Less accumulated amortization  | (45,918)                      |
| Net right to use leased assets   | <u>275,507</u>                |
| Net OPEB asset   | 26,110                        |
| Pension related deferred outflows of resources   | 9,211,903                     |
| OPEB related deferred outflows of resources  | 6,983,695                     |
| 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: |                               |
| Direct placement installment purchases   | (47,110)                      |
| Lease liabilities  | (277,930)                     |
| Compensated absences   | (3,178,507)                   |
| Net pension liability  | (8,443,648)                   |
| Net OPEB liability   | (48,450,364)                  |
| Deferred inflows of resources related to pensions  | (11,469,745)                  |
| Deferred inflows of resources related to OPEB  | (20,661,032)                  |
| Total adjustment   | <u><u>\$ (15,051,166)</u></u> |

**Board of Education of Columbus County Schools**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

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 \$29,274,440 as follows:

| Description  | Amount               |
|--|----------------------|
| Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities   | \$ 21,776,467        |
| 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.  | (2,748,216)          |
| Leased asset capital outlay expenditures which were capitalized  | 321,425              |
| Amortization expense for right to use assets   | (45,918)             |
| New debt and leases issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities  | (321,425)            |
| Principal payments on leases and installment purchases 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 | 402,098              |
| Contributions to the pension plan in the current fiscal year not included in the Statement of Activities   | 5,593,617            |
| Contributions to the OPEB plans in the current fiscal year not included in the Statement of Activities   | 2,184,141            |
| 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  | (1,787,131)          |
| Compensated absences   | (19,874)             |
| Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:  |                      |
| State OPEB contribution  | 292,750              |
| Proceeds from the disposal of capital assets are recorded as revenues in the fund statements but not in the statement of activities  | (425,000)            |
| Gain on disposal of assets   | 425,000              |
| Net OPEB benefit   | 3,626,506            |
| Total adjustment   | <u>\$ 29,274,440</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. Stewardship, Compliance, and Accountability**

(1) Noncompliance with North Carolina General Statutes

In accordance with state law [G.S. 159-34], the Board is required to have its accounts audited each fiscal year and to submit a copy of the audit report to the Secretary of the Local Government Commission (LGC) as soon as possible after the close of the fiscal year. Audit reports for local governments are typically due by October 31st. The LGC offers units a one-month grace period, after which a report is considered late. The audit report was not submitted to the LGC until April 2023. See additional detail on Schedule 10 and 11.

(2) Excess of Expenditures over Appropriations

During the fiscal year ended June 30, 2022, the Board reported expenditures within various funds that violated state law [G.S. 115C-441] because they exceeded the amounts appropriated in the budget ordinance. At the legal level of budgetary control, the General Fund exceeded the amounts appropriated in the budget ordinance by an aggregate amount of \$21,269. The Federal Grants Fund exceeded the amounts appropriated in the budget ordinance by \$95,726. These violations occurred because the Board was not appropriately monitoring expenditures against the budget. See additional detail on Schedule 10 and 11.

**3. 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.

**Board of Education of Columbus County Schools**  
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At June 30, 2022, the Board had deposits with banks with a carrying amount of \$15,770,792 and with the State Treasurer of \$-0-. The bank balances with the financial institutions and the State Treasurer were \$15,709,524 and \$2,448,994, respectively. Of these balances, \$500,000 was covered by federal depository insurance and \$17,658,518 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

(2) Investments

At June 30, 2022, the Board had \$560,932 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 0.9 years as of June 30, 2022.

*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.

(3) Receivables

Receivables at the government-wide level at June 30, 2022, were as follows:

|                               | <u>Due from<br/>other<br/>governments</u> | <u>Other</u>      | <u>Total</u>      |
|-------------------------------|---|-------------------|-------------------|
| Governmental activities:      |   |                   |                   |
| General Fund                  | \$ -                                      | \$ -              | \$ -              |
| Other governmental activities | <u>81,807</u>                             | <u>307,726</u>    | <u>389,533</u>    |
| Total                         | <u>\$ 81,807</u>                          | <u>\$ 307,726</u> | <u>\$ 389,533</u> |
| Business-type activities:     |   |                   |                   |
| School Food Service           | <u>\$ 140,922</u>                         | <u>\$ 1,611</u>   | <u>\$ 142,533</u> |

Due from other governments consists of the following:

|                                  |                   |                             |
|----------------------------------|-------------------|-----------------------------|
| Governmental activities:         |                   |                             |
| Federal Grants Fund              | 28,312            | Sales tax refund receivable |
| Other Local Current Expense Fund | <u>53,495</u>     | Sales tax refund receivable |
|                                  | <u>\$ 81,807</u>  |                             |
| Business-type activities:        |                   |                             |
| School Food Service Fund         | <u>\$ 140,922</u> | Federal funds               |

**Board of Education of Columbus County Schools**  
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(4) Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

|  | <u>Beginning<br/>Balances</u> | <u>Increases</u>  | <u>Decreases</u> | <u>Ending<br/>Balances</u> |
|--|-------------------------------|-------------------|------------------|----------------------------|
| <b>Governmental activities:</b>              |                               |                   |                  |                            |
| Capital assets not being depreciated:        |                               |                   |                  |                            |
| Land   | \$ 3,551,659                  | -                 | -                | \$ 3,551,659               |
| Construction in progress                     | 4,274,320                     | 21,663,159        | -                | 25,937,479                 |
| Total capital assets not being depreciated   | <u>7,825,979</u>              | <u>21,663,159</u> | <u>-</u>         | <u>29,489,138</u>          |
| Capital assets being depreciated:            |                               |                   |                  |                            |
| Buildings                                    | 74,052,182                    | -                 | 200,000          | 73,852,182                 |
| Equipment and furniture                      | 5,895,914                     | 6,999             | -                | 5,902,913                  |
| Vehicles                                     | 10,914,985                    | 106,309           | -                | 11,021,294                 |
|  | <u>90,863,081</u>             | <u>113,308</u>    | <u>200,000</u>   | <u>90,776,389</u>          |
| Less accumulated depreciation for:           |                               |                   |                  |                            |
| Buildings                                    | 43,147,149                    | 2,045,041         | 200,000          | 44,992,190                 |
| Equipment and furniture                      | 4,774,261                     | 97,551            | -                | 4,871,812                  |
| Vehicles                                     | 8,815,946                     | 605,624           | -                | 9,421,570                  |
| Total accumulated depreciation               | <u>56,737,356</u>             | <u>2,748,216</u>  | <u>200,000</u>   | <u>59,285,572</u>          |
| Total capital assets being depreciated, net  | <u>34,125,725</u>             |                   |                  | <u>31,490,817</u>          |
| Governmental activity capital assets, net    | <u>\$ 41,951,704</u>          |                   |                  | <u>\$ 60,979,955</u>       |
| <b>Business-type activities:</b>             |                               |                   |                  |                            |
| Capital assets being depreciated:            |                               |                   |                  |                            |
| Furniture and equipment                      | \$ 420,971                    | -                 | -                | \$ 420,971                 |
| Vehicles                                     | 43,618                        | -                 | -                | 43,618                     |
| Total capital assets being depreciated       | <u>464,589</u>                | <u>-</u>          | <u>-</u>         | <u>464,589</u>             |
| Less accumulated depreciation for:           |                               |                   |                  |                            |
| Furniture and equipment                      | 337,340                       | 35,219            | -                | 372,559                    |
| Vehicles                                     | 22,136                        | 2,148             | -                | 24,284                     |
| Total accumulated depreciation               | <u>359,476</u>                | <u>37,367</u>     | <u>-</u>         | <u>396,843</u>             |
| Business-type activities capital assets, net | <u>\$ 105,113</u>             |                   |                  | <u>\$ 67,746</u>           |



**Board of Education of Columbus County Schools**  
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Depreciation was charged to governmental functions as follows:

|                              |                     |
|------------------------------|---------------------|
| Unallocated depreciation     | \$ 2,373,955        |
| Operational support services | <u>374,261</u>      |
| Total                        | <u>\$ 2,748,216</u> |

(5) Construction and Other Significant Commitments

The Board has active construction projects as of June 30, 2022. These projects are for construction of two new schools. At year-end, the Board's commitment with the contractors for these projects are as follows:

| <u>Project</u> | <u>Spent-to-date</u> | <u>Remaining<br/>Commitment</u> |
|----------------|----------------------|---------------------------------|
| New schools    | <u>\$ 25,448,247</u> | <u>\$ 24,668,258</u>            |

(6) Leased Assets

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

Leased asset activity for the year ended June 30, 2022 was as follows:

|                                | <u>Beginning<br/>Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending<br/>Balances</u> |
|--------------------------------|-------------------------------|------------------|------------------|----------------------------|
| Governmental activities:       |                               |                  |                  |                            |
| Leased assets:                 |                               |                  |                  |                            |
| Leased equipment               | \$ -                          | \$ 321,425       | \$ -             | \$ 321,425                 |
| Less accumulated amortization: |                               |                  |                  |                            |
| Leased equipment               | -                             | 45,918           | -                | <u>45,918</u>              |
| Leased assets, net             | <u>\$ -</u>                   |                  |                  | <u>\$ 275,507</u>          |

**B. Liabilities**

(1) Pension Plan and Other Postemployment Obligations

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

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

**Board of Education of Columbus County Schools**  
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ACFR includes financial statements and required supplementary information for TSERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, 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 was 14.78 percent of covered payroll from July 1, 2021 to December 31, 2021 and 17.97 percent of covered payroll from January 1, 2022 to June 30, 2022. These actuarially determined contribution rates were determined as an amount that, when combined with employee contributions, are expected to finance the costs of benefits earned during the year. Contributions to the pension plan from the Board were \$5,806,223 for the year ended June 30, 2022.

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

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

At June 30, 2022, the Board reported a liability of \$8,806,099 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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

**Board of Education of Columbus County Schools**  
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future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2022 and 2021, the Board's proportion was 0.188% and 0.199%, respectively.

For the year ended June 30, 2022, the Board recognized pension expense of \$1,855,061. At June 30, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|---|---|--|
| Differences between expected and actual experience  | \$ 495,002                                    | \$ 199,996                                   |
| Changes of assumptions  | 3,303,263                                     | -  |
| Net difference between projected and actual earnings on pension plan investments                            | -   | 10,910,867                                   |
| Changes in proportions and differences between board contributions and proportionate share of contributions | -   | 795,722                                      |
| Board contributions subsequent to the measurement date  | <u>5,806,223</u>                              | <u>-</u>                                     |
| Total   | <u>\$ 9,604,498</u>                           | <u>\$ 11,906,585</u>                         |

The Board reported \$5,806,223 as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2023.

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

| <u>Year ended<br/>June 30:</u> |                       |
|--------------------------------|-----------------------|
| 2023                           | \$ (1,448,127)        |
| 2024                           | (1,534,854)           |
| 2025                           | (1,779,018)           |
| 2026                           | <u>(3,346,311)</u>    |
|                                | <u>\$ (8,108,310)</u> |

*Actuarial Assumptions.* The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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, 2020 actuarial valuation are based on the experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021, Future ad hoc

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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, 2021 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 2020 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 3.00%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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*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 6.5%, 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 (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

|  | <u>1%<br/>Decrease<br/>(5.5%)</u> | <u>Discount<br/>Rate<br/>(6.5%)</u> | <u>1%<br/>Increase<br/>(7.5%)</u> |
|--|-----------------------------------|-------------------------------------|-----------------------------------|
| Board's proportionate share of the net pension liability | \$ 29,538,975                     | \$ 8,806,099                        | \$ (8,428,118)                    |

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued ACFR for the State of North Carolina.

**(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 Chapter 135, Article 1 of the General Statutes. It is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of former employees of the state, the University of North Carolina System, and community colleges. In addition, LEAs, charter schools, and some select local governments also participate.

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

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

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

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

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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. The Board's contractually required contribution rate was 6.68 percent of covered payroll from July 1, 2021 to December 31, 2021 and 5.90 percent of covered payroll from January 1, 2022 to June 30, 2022. Board contributions to the plan were \$2,235,210 for the year ended June 30, 2022. During the year ended June 30, 2022, the North Carolina State Health Plan ("SHP") contributed \$187 million to the Retiree Health Benefit Fund. In accordance with GASB 75, the Board recognized revenue of \$303,878 as a result of this non-employer contribution.

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

At June 30, 2022, the Board reported a liability of \$50,238,322 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The total OPEB liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2022 and 2021, the Board's proportion was 0.163% and 0.172%, respectively.

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The Board reported \$2,235,210 as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <b>Year ended<br/>June 30:</b> |                      |
|--------------------------------|----------------------|
| 2023                           | \$ 7,903,642         |
| 2024                           | 4,659,145            |
| 2025                           | 2,140,983            |
| 2026                           | 1,829,217            |
| 2027                           | <u>46,838</u>        |
|                                | <u>\$ 16,579,825</u> |

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

|                                   |  |
|-----------------------------------|--|
| Inflation                         | 2.5%   |
| Salary increases based on service | 3.25% to 8.05%, including inflation and productivity factor  |
| Investment rate of return         | 6.5%,  |
| Healthcare cost trend rates:      |  |
| Medical                           | 5.0% to 6.0%   |
| Prescription drug                 | 5.0% to 9.5%   |
| Administrative costs              | 3.0%   |
| Post-Retirement Mortality Rates   | Pub-2010 Healthy Annuitant Mortality Table for males and females, adjusted for classification for some Participants, further adjusted with scaling factors varying by participant group, and projected for mortality improvement using Scale MP-2019 |

*Discount rate.* The discount rate used to measure the total OPEB liability for the RHBF was 2.16% at June 30, 2022 compared to 2.21% at June 30, 2021. 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 2.16% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2021.

*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 (1.16 percent) or 1-percentage point higher (3.16 percent) than the current discount rate:

|   | <b>1%<br/>Decrease<br/>(1.16%)</b> | <b>Discount<br/>Rate<br/>(2.16%)</b> | <b>1%<br/>Increase<br/>(3.16%)</b> |
|---|------------------------------------|--------------------------------------|------------------------------------|
| Board's proportionate share of the net OPEB liability | \$ 59,757,753                      | \$ 50,238,322                        | \$ 42,528,653                      |

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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.

|   | <b>1%<br/>Decrease<br/>Medical – 5.5%,<br/>Pharmacy – 6.25%,<br/>Administrative - 2.0%</b> | <b>Healthcare<br/>Trend Rates<br/>Medical – 6.5%,<br/>Pharmacy – 7.25%,<br/>Administrative - 3.0%</b> | <b>1%<br/>Increase<br/>Medical – 7.5%,<br/>Pharmacy – 8.25%<br/>Administrative – 4.0%</b> |
|---|--|---|---|
| Board's proportionate share of the net OPEB liability | \$ 40,684,568  | \$ 50,238,322   | \$ 62,912,255   |

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

**2. Disability Benefits**

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

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

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

*Benefits Provided.* Long-term disability benefits are payable as an OPEB from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. An employee is eligible to receive long-term disability benefits provide the following requirements are met: (1) the employee has five or more years of contributing membership service in TSERS or ORP, earned within 96 months prior to the end of the short-term disability period or cessation of salary continuation payments, whichever is later; (2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from TSERS after (1) reaching the age of 65 and completing 5 years of membership service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of service at any age.

For employees who had five or more years of membership service as of July 31, 2007, during the first 36 months of the long-term disability period, the monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning



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

For employees who had less than five years of membership service as of July 31, 2007, and meet the requirements for long-term disability on or after August 1, 2007, during the first 36 months of the long-term disability period, the monthly long-term benefit shall be reduced by an amount equal to the monthly primary Social Security retirement benefit to which the employee might be entitled should the employee become age 62 during the first 36 months. This reduction becomes effective as of the first day of the month following the month of initial entitlement to Social Security benefits. After the first 36 months of the long-term disability, no further benefits are payable under the terms of this section unless the employee has been approved and is in receipt of primary Social Security disability benefits.

*Contributions.* Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the state fiscal year. For the fiscal year ended June 30, 2022, employers made a statutory contribution of 0.09% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$31,951 for the year ended June 30, 2022.

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, 2022, the Board reported an asset of \$27,000 for its proportionate share of the net DIPNC OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020. The total OPEB asset was then rolled forward to the measurement date of June 30, 2021 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, 2022 and 2021, the Board's proportion was 0.165% and 0.173%, respectively.

The Board reported \$31,951 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, 2023.

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

| <b>Year ending June 30:</b> |                  |
|-----------------------------|------------------|
| 2023                        | \$ 22,613        |
| 2024                        | 16,990           |
| 2025                        | 22,570           |
| 2026                        | 10,634           |
| 2027                        | 5,877            |
| Thereafter                  | <u>13,503</u>    |
|                             | <u>\$ 90,187</u> |

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

|                           |   |
|---------------------------|---|
| Inflation                 | 2.5%  |
| Salary increases          | 3.25% to 8.05%, including inflation and productivity factor |
| Investment rate of return | 3.00%, net of OPEB plan expense, including inflation        |

*Sensitivity of the Board's proportionate share of the net OPEB asset to changes in the discount rate.* The following presents the Board's proportionate share of the net OPEB asset, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower (2.0 percent) or 1 percentage point higher (4.0 percent) than the current discount rate:

|   | <u>1%<br/>Decrease<br/>(2.00%)</u> | <u>Discount<br/>Rate<br/>(3.00%)</u> | <u>1%<br/>Increase<br/>(4.00%)</u> |
|---|------------------------------------|--------------------------------------|------------------------------------|
| Board's proportionate share of the net OPEB asset | \$ 17,047                          | \$ 27,000                            | \$ 36,207                          |

*Common actuarial assumptions for both OPEB plans.* The net OPEB liability was determined by an actuarial valuation performed as of June 30, 2020 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The net OPEB asset was determined by an actuarial valuation performed as of December 31, 2020 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability/asset was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2021. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

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

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

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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 | <u>6.0%</u>              | 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  | \$ (3,828,618)       | \$ 64,196         | \$ (3,764,422)       |
| OPEB liability (asset)  | 50,238,322           | (27,000)          | 50,211,322           |
| Proportionate share of the net OPEB liability (asset)   | 0.163%               | 0.165%            |                      |
| <b>Deferred outflows of resources</b>   |                      |                   |                      |
| Differences between expected and actual experience  | \$ 296,600           | \$ 68,842         | \$ 365,442           |
| Changes of assumptions  | 4,109,062            | 4,741             | 4,113,803            |
| Net difference between projected and actual earnings on pension plan investments                              | -                    | 2,635             | 2,635                |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 449,129              | 23,771            | 472,900              |
| Employer contributions subsequent to the measurement date   | 2,235,210            | 31,951            | 2,267,161            |
| Total   | <u>\$ 7,090,001</u>  | <u>\$ 131,940</u> | <u>\$ 7,221,941</u>  |
| <b>Deferred inflows of resources</b>  |                      |                   |                      |
| Differences between expected and actual experience  | \$ 935,169           | \$ -              | \$ 935,169           |
| Changes of assumptions  | 12,209,004           | 9,802             | 12,218,806           |
| Net difference between projected and actual earnings on pension plan investments                              | 25,699               | -                 | 25,699               |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 8,264,744            | -                 | 8,264,744            |
| Employer contributions subsequent to the measurement date   | -                    | -                 | -                    |
| Total   | <u>\$ 21,434,616</u> | <u>\$ 9,802</u>   | <u>\$ 21,444,418</u> |

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(2) Payables

Payables as of June 30, 2022 are as follows:

|                               | <u>Vendors</u>    | <u>Salaries<br/>and<br/>Benefits</u> | <u>Totals</u>     |
|-------------------------------|-------------------|--------------------------------------|-------------------|
| Governmental activities:      |                   |                                      |                   |
| General                       | \$ 151,459        | \$ 503,929                           | \$ 655,388        |
| Other governmental            | <u>236,934</u>    | <u>3,609</u>                         | <u>240,543</u>    |
| Total governmental activities | <u>\$ 388,393</u> | <u>\$ 507,538</u>                    | <u>\$ 895,931</u> |

(3) Unearned Revenue

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

|  |  |                   |
|--|--|-------------------|
| Governmental activities:                                 |  |                   |
| Grants not yet earned (Other Local Current Expense Fund) |  | \$ 80,288         |
| Sales tax refund (Federal Grants Fund)                   |  | <u>24,703</u>     |
|  |  | <u>\$ 104,991</u> |
| Business-type activities:                                |  |                   |
| Prepayments of meals (School Food Service Fund)          |  | <u>\$ 105,525</u> |

(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<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|---|---|--|
| Differences between expected and actual Experience (Pension & OPEB)   | \$ 860,444                                    | \$ 1,135,165                                 |
| Changes of assumptions (Pension & OPEB)   | 7,417,066                                     | 12,218,806                                   |
| Difference between projected and actual earnings on plan investments (Pension & OPEB)   | 2,635   | 10,936,566                                   |
| Change in proportion and differences between employer contributions and proportionate share of contributions (Pension & OPEB) | 472,900                                       | 9,060,466                                    |
| Board contributions subsequent to the measurement date (Pension & OPEB)   | <u>8,073,394</u>                              | <u>-</u>                                     |
| Totals  | <u>\$ 16,826,439</u>                          | <u>\$ 33,351,003</u>                         |

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(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 maintains general liability and errors and omissions coverage of \$1 million per claim through EMC Insurance Company. The policy has an annual aggregate limit for general liability of \$3,000,000 and \$2,000,000 for errors and omissions. In addition, the Board maintains an \$8,000,000 each occurrence and \$8,000,000 aggregate limit of umbrella coverage which blankets over the underlying general liability and errors and omissions limits. The Board maintains workers' compensation coverage through EMC Insurance Company for local and federally funded employees and the Department of Public Instruction with Sedgwick CMS as the Third Party Administrator for state funded claims. The district also maintains a cyber liability policy with \$2,000,000 in maximum policy aggregate limit of insurance with Chubb including a \$25,000 self-insured retention.

The Board also pays premiums to participate 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.

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) Long-Term Obligations

**(a) Leases**

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

The agreement was executed after July 1, 2021, the term is 43 months, and require monthly payments in accordance with the respective contract. There are no variable payment components of the lease. The lease liability was measured using a discount rate of 3.50%.

**Board of Education of Columbus County Schools**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

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The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

| Year<br>Ending<br>June 30, | <b>Governmental Activities</b> |                  |                   |
|----------------------------|--------------------------------|------------------|-------------------|
|                            | Principal                      | Interest         | Total             |
| 2023                       | \$ 103,936                     | \$ 8,092         | \$ 112,028        |
| 2024                       | 108,986                        | 4,353            | 113,339           |
| 2025                       | 63,702                         | 833              | 64,535            |
| 2026                       | 1,306                          | 4                | 1,311             |
|                            | <u>\$ 277,930</u>              | <u>\$ 13,282</u> | <u>\$ 291,213</u> |

**(b) 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 years ended June 30, 2020 and June 30, 2022, the Board entered into direct placement installment purchase contracts for \$188,440, and \$104,809, respectively, 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, 2022 are as follows:

|                                |                  |
|--------------------------------|------------------|
| <b>Year Ending<br/>June 30</b> |                  |
| 2023                           | \$ <u>47,110</u> |

**Board of Education of Columbus County Schools**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

(7) 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, 2022:

|  | <u>Beginning<br/>Balances</u> | <u>Increases</u>    | <u>Decreases</u>     | <u>Ending<br/>Balances</u> | <u>Current<br/>Portion</u> |
|--|-------------------------------|---------------------|----------------------|----------------------------|----------------------------|
| <b>Governmental activities:</b>        |                               |                     |                      |                            |                            |
| Direct placement installment purchases | \$ 405,713                    | \$ -                | \$ 358,603           | \$ 47,110                  | \$ 47,110                  |
| Net pension liability                  | 23,101,936                    | -                   | 14,658,288           | 8,443,648                  | -                          |
| Net OPEB liability                     | 46,144,721                    | 2,305,643           | -                    | 48,450,364                 | -                          |
| Lease liabilities                      | -                             | 321,425             | 43,495               | 277,930                    | 103,936                    |
| Compensated absences                   | 3,158,633                     | 2,078,451           | 2,058,577            | 3,178,507                  | 1,558,700                  |
| Total                                  | <u>\$ 72,811,003</u>          | <u>\$ 4,705,519</u> | <u>\$ 17,118,963</u> | <u>\$ 60,397,559</u>       | <u>\$ 1,709,746</u>        |
| <b>Business-type activities:</b>       |                               |                     |                      |                            |                            |
| Net pension liability                  | \$ 933,989                    | \$ -                | \$ 571,538           | \$ 362,451                 | \$ -                       |
| Net OPEB liability                     | 1,700,319                     | -                   | -                    | 1,787,958                  | -                          |
| Compensated absences                   | 157,114                       | 92,837              | 92,768               | 157,183                    | 71,642                     |
| Total                                  | <u>\$ 2,791,422</u>           | <u>\$ 92,837</u>    | <u>\$ 664,306</u>    | <u>\$ 2,307,592</u>        | <u>\$ 71,642</u>           |

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

(8) Interfund Activity

Balances due to/from other funds at June 30, 2022, consist of the following:

|   | <u>Amount</u> |
|---|---------------|
| From the Other Local Current Expense Fund to the Federal Grants Fund for sales tax refund reimbursement not made in previous years      | \$ 38,106     |
| 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 School Food Service Fund to the Other Local Current Expense Fund for reimbursable costs  | \$ 244,225    |
| From the Other Local Current Expense Fund to the Scholarship Fund for funds received in the wrong account in the prior year             | \$ 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 | \$ 4,781      |

**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.



**Board of Education of Columbus County Schools**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

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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.

All fund balance in the general fund at June 30, 2022 is unassigned.

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                        |

**4. 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.

**5. Change in Accounting Principle**

Effective July 1, 2021, the Board implemented the accounting and financial reporting requirements of GASB 87. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use the underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible leased asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. At July 1, 2021, the Board determined that it had not entered into any contracts that meet the reporting requirements of GASB 87.

## ***Required Supplementary Information***

This section contains additional information required by generally accepted accounting principles.

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

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 Nine Fiscal Years\*

Schedule 1

|  | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         | 2014         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Board's proportion of the net pension liability  | 0.188%       | 0.199%       | 0.200%       | 0.212%       | 0.224%       | 0.226%       | 0.226%       | 0.220%       | 0.231%       |
| Board's proportionate share of the net pension liability   | 8,806,099    | \$24,035,925 | \$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  | \$31,696,623 | \$31,934,991 | \$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<br>as a percentage of its covered payroll | 27.78%       | 75.27%       | 63.88%       | 64.69%       | 53.83%       | 64.48%       | 25.55%       | 8.47%        | 8.27%        |
| Plan fiduciary net position as a percentage of<br>the total pension liability                      | 94.86%       | 92.01%       | 91.89%       | 89.51%       | 87.32%       | 94.64%       | 98.24%       | 90.60%       | 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 Nine Fiscal Years\***

**Schedule 2**

|   | <u>2022</u>      | <u>2021</u>      | <u>2020</u>      | <u>2019</u>      | <u>2018</u>      | <u>2017</u>      | <u>2016</u>      | <u>2015</u>      | <u>2014</u>      |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution                                     | \$ 5,806,233     | \$ 4,607,296     | \$ 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<br>contractually required contribution | <u>5,806,233</u> | <u>4,607,296</u> | <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>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| Board's covered payroll   | \$ 36,309,386    | \$ 31,696,623    | \$ 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<br>of covered payroll                     | 15.99%           | 14.54%           | 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 Six Fiscal Years\***

**Schedule 3**

|   | <u>2022</u>   | <u>2021</u>   | <u>2020</u>   | <u>2019</u>   | <u>2018</u>   | <u>2017</u>   |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Board's proportion of the net OPEB liability  | 0.163%        | 0.172%        | 0.177%        | 0.188%        | 0.199%        | 0.193%        |
| Board's proportionate share of the net OPEB liability   | \$ 50,238,322 | \$ 47,845,040 | \$ 55,901,670 | \$ 53,512,528 | \$ 65,370,641 | \$ 84,064,050 |
| Board's covered payroll   | \$ 31,696,623 | \$ 31,934,991 | \$ 32,505,528 | \$ 32,585,498 | \$ 32,998,365 | \$ 32,201,029 |
| Board's proportionate share of the net OPEB liability<br>as a percentage of its covered payroll | 158.50%       | 149.82%       | 171.98%       | 164.22%       | 198.10%       | 261.06%       |
| Plan fiduciary net position as a percentage of<br>the total OPEB liability                      | 7.72%         | 4.40%         | 3.52%         | 3.52%         | 2.41%         | 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>2022</u>      | <u>2021</u>      | <u>2020</u>      | <u>2019</u>      | <u>2018</u>      | <u>2017</u>      | <u>2016</u>      | <u>2015</u>      | <u>2014</u>      | <u>2013</u>      |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution                                     | \$ 2,235,210     | \$ 2,082,323     | \$ 2,113,405     | \$ 2,038,097     | \$ 1,971,423     | \$ 1,914,585     | \$ 1,803,258     | \$ 1,789,827     | \$ 1,645,986     | \$ 1,698,521     |
| Contributions in relation to the<br>contractually required contribution | <u>2,235,210</u> | <u>2,082,323</u> | <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> |
| 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   | \$ 36,309,386    | \$ 31,696,623    | \$ 31,934,991    | \$ 32,505,528    | \$ 32,585,498    | \$ 32,998,365    | \$ 32,201,029    | \$ 32,601,590    | \$ 30,481,216    | \$ 32,047,567    |
| Contributions as a percentage<br>of covered payroll                     | 6.16%            | 6.57%            | 6.62%            | 6.27%            | 6.05%            | 5.80%            | 5.60%            | 5.49%            | 5.40%            | 5.30%            |

**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 Six Fiscal Years\***

**Schedule 5**

|   | <u>2022</u>   | <u>2021</u>   | <u>2020</u>   | <u>2019</u>   | <u>2018</u>   | <u>2017</u>   |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Board's proportion of the net OPEB asset  | 0.165%        | 0.173%        | 0.175%        | 0.186%        | 0.197%        | 0.200%        |
| Board's proportionate share of the net OPEB asset   | \$ 27,000     | \$ 85,135     | \$ 75,672     | \$ 56,381     | \$ 120,345    | \$ 124,343    |
| Board's covered payroll   | \$ 31,696,623 | \$ 31,934,991 | \$ 32,505,528 | \$ 32,585,498 | \$ 32,998,365 | \$ 32,201,029 |
| Board's proportionate share of the net OPEB asset<br>as a percentage of its covered payroll | 0.09%         | 0.27%         | 0.23%         | 0.17%         | 0.36%         | 0.39%         |
| Plan fiduciary net position as a percentage of<br>the net OPEB asset                        | 105.18%       | 116.47%       | 116.37%       | 116.23%       | 116.06%       | 117.06%       |

\* 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>2022</u>   | <u>2021</u>   | <u>2020</u>   | <u>2019</u>   | <u>2018</u>   | <u>2017</u>    | <u>2016</u>    | <u>2015</u>    | <u>2014</u>    | <u>2013</u>    |
|---|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|
| Contractually required contribution                                     | \$ 31,951     | \$ 28,055     | \$ 32,665     | \$ 45,508     | \$ 45,620     | \$ 125,394     | \$ 132,024     | \$ 133,667     | \$ 134,117     | \$ 141,009     |
| Contributions in relation to the<br>contractually required contribution | <u>31,951</u> | <u>28,055</u> | <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> |
| 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   | \$ 36,309,386 | \$ 31,696,623 | \$ 31,934,991 | \$ 32,505,528 | \$ 32,585,498 | \$ 32,998,365  | \$ 32,201,029  | \$ 32,601,590  | \$ 30,481,216  | \$ 32,047,567  |
| Contributions as a percentage<br>of covered payroll                     | 0.09%         | 0.09%         | 0.10%         | 0.14%         | 0.14%         | 0.38%          | 0.41%          | 0.41%          | 0.44%          | 0.44%          |



***Individual Fund Statements and Schedules***

**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, 2022**

**Schedule 7**

|  | <u>Budget</u>    | <u>Actual</u>       | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|------------------|---------------------|---|
| Revenues:  |                  |                     |   |
| State of North Carolina:   |                  |                     |   |
| State appropriations - buses   | \$ 708,603       | \$ 358,603          | \$ (350,000)                                |
| Columbus County:   |                  |                     |   |
| Appropriations - operating   | 650,978          | 650,978             | -   |
| Other:   |                  |                     |   |
| Miscellaneous revenues   | <u>1,704,871</u> | <u>2,293,623</u>    | <u>588,752</u>                              |
| Total revenues   | <u>3,064,452</u> | <u>3,303,204</u>    | <u>238,752</u>                              |
| Expenditures:  |                  |                     |   |
| Capital outlay:  |                  |                     |   |
| Real property and buildings  |                  | 2,456,077           |   |
| Furniture and equipment  |                  | 808,542             |   |
| Buses and motor vehicles   |                  | 10,503              |   |
| Total capital outlay   | <u>4,451,400</u> | <u>3,275,122</u>    | <u>1,176,278</u>                            |
| Debt service:  |                  |                     |   |
| Principal  | <u>708,603</u>   | <u>358,603</u>      | <u>350,000</u>                              |
| Total expenditures   | <u>5,160,003</u> | <u>3,633,725</u>    | <u>1,526,278</u>                            |
| Revenues under expenditures  | (2,095,551)      | (330,521)           | 1,765,030                                   |
| Other financing sources:   |                  |                     |   |
| Installment purchase obligations issued  | <u>-</u>         | <u>321,425</u>      | <u>321,425</u>                              |
| Fund balance appropriated  | <u>2,095,551</u> | -                   | <u>(2,095,551)</u>                          |
| Net change in fund balance   | <u>\$ -</u>      | <u>(9,096)</u>      | <u>\$ (9,096)</u>                           |
| Fund balance:  |                  |                     |   |
| Beginning of year  |                  | <u>7,002,099</u>    |   |
| End of year  |                  | 6,993,003           |   |
| Amounts reported on the Statement of Revenue, Expenditures and Changes in Fund Balance are different from the Budget and Actual Statement due to capital outlay activity incurred by Columbus County on behalf of the Board: |                  |                     |   |
| Capital outlay contributed to the Board  |                  | 21,663,159          |   |
| County expenditures - financed through local sources   |                  | <u>(21,663,159)</u> |   |
| Fund balance   |                  | <u>\$ 6,993,003</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, 2022

Schedule 8

|   | <u>Budget</u>      | <u>Actual</u>       | <u>Variance<br/>Positive<br/>(Negative)</u> |
|---|--------------------|---------------------|---|
| Operating revenues:                                       |                    |                     |   |
| Food sales  | \$ 372,782         | \$ 259,506          | \$ (113,276)                                |
| Operating expenditures:                                   |                    |                     |   |
| Business support services:                                |                    |                     |   |
| Food cost:  |                    |                     |   |
| Purchase of food  |                    | 1,618,907           |   |
| Donated commodities                                       |                    | 311,581             |   |
| Salaries and benefits                                     |                    | 2,170,087           |   |
| Indirect costs  |                    | 244,225             |   |
| Purchased services  |                    | 64,323              |   |
| Materials and supplies                                    |                    | 227,387             |   |
| Total operating expenditures                              | <u>5,075,707</u>   | <u>4,636,510</u>    | <u>439,197</u>                              |
| Operating loss  | <u>(4,702,925)</u> | <u>(4,377,004)</u>  | <u>325,921</u>                              |
| Nonoperating revenues:                                    |                    |                     |   |
| Federal reimbursements                                    | 4,226,313          | 4,882,936           | 656,623                                     |
| Federal commodities                                       | 311,581            | 311,581             | -   |
| Other   | 165,031            | 2,200               | (162,831)                                   |
| Total nonoperating revenues                               | <u>4,702,925</u>   | <u>5,196,717</u>    | <u>493,792</u>                              |
| Excess revenues and other sources<br>over expenditures    | <u>\$ -</u>        | 819,713             | <u>\$ 819,713</u>                           |
| Reconciliation of modified accrual to full accrual basis: |                    |                     |   |
| Reconciling items:  |                    |                     |   |
| Depreciation  |                    | (37,367)            |   |
| State OPEB contribution                                   |                    | 11,128              |   |
| Increase in inventories                                   |                    | 40,672              |   |
| Decrease in net OPEB asset                                |                    | (2,129)             |   |
| Increase deferred outflows of resources                   |                    | 62,436              |   |
| Increase in compensated absences payable                  |                    | (69)                |   |
| Decrease in net pension liability                         |                    | 571,538             |   |
| Increase in net OPEB liability                            |                    | (87,639)            |   |
| Increase deferred inflows of resources                    |                    | (167,456)           |   |
| Change in net position (full accrual)                     |                    | <u>\$ 1,210,827</u> |   |

**Board of Education of Columbus County Schools**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Individual Schools Fund**  
**For the Fiscal Year Ended June 30, 2022**

**Schedule 9**

|                              | <u>Revenues</u>     | <u>Transfers<br/>and<br/>Expenditures</u> | <u>Net change<br/>in<br/>fund balance</u> | <u>Fund<br/>balances<br/>July 1, 2021</u> | <u>Fund<br/>balances<br/>June 30, 2022</u> |
|------------------------------|---------------------|---|---|---|--|
| Acme-Delco Elementary        | \$ 23,304           | \$ 26,224                                 | \$ (2,920)                                | \$ 28,272                                 | \$ 25,352                                  |
| Cerro Gordo Elementary       | 53,654              | 50,255                                    | 3,399                                     | 22,555                                    | 25,954                                     |
| Chadbourn Elementary         | 25,805              | 24,167                                    | 1,638                                     | 10,516                                    | 12,154                                     |
| East Columbus High           | 322,472             | 294,874                                   | 27,598                                    | 190,350                                   | 217,948                                    |
| Evergreen Elementary         | 48,056              | 51,113                                    | (3,057)                                   | 23,616                                    | 20,559                                     |
| Hallsboro/Artesia Elementary | 51,636              | 45,345                                    | 6,291                                     | 8,361                                     | 14,652                                     |
| Old Dock Elementary          | 69,769              | 76,690                                    | (6,921)                                   | 53,081                                    | 46,160                                     |
| South Columbus High          | 534,853             | 486,204                                   | 48,649                                    | 313,401                                   | 362,050                                    |
| Tabor City Elementary        | 59,624              | 56,589                                    | 3,035                                     | 44,224                                    | 47,259                                     |
| Tabor City Middle            | 75,047              | 74,744                                    | 303                                       | 30,097                                    | 30,400                                     |
| West Columbus High           | 252,762             | 273,832                                   | (21,070)                                  | 326,622                                   | 305,552                                    |
| Williams Township            | 135,749             | 122,119                                   | 13,630                                    | 51,262                                    | 64,892                                     |
| Nakina Middle                | 93,269              | 92,068                                    | 1,201                                     | 84,995                                    | 86,196                                     |
| SE Early College             | 36,987              | 54,792                                    | (17,805)                                  | 87,663                                    | 69,858                                     |
|                              | <u>\$ 1,782,987</u> | <u>\$ 1,729,016</u>                       | <u>\$ 53,971</u>                          | <u>\$ 1,275,015</u>                       | <u>\$ 1,328,986</u>                        |

## ***Compliance Section***

## **Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

### **Independent Auditor's Report**

Board of Education  
Columbus County Schools  
Whiteville, NC

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 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, 2022, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated April 24, 2023.

#### ***Report on 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 the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 identified 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-002 and 2022-003 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 deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-004, and 2022-005 to be significant deficiencies.

## ***Report on 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 matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as items 2022-005 and 2022-006.

## ***Board's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Board's responses to the finding identified in our audit and 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.

FORVIS,LLP

Winston-Salem, NC  
April 24, 2023

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

### **Independent Auditor's Report**

Board of Education  
Columbus County Schools  
Whiteville, NC

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited the Board of Education of Columbus County Schools, North Carolina ("Board") compliance with the types of compliance requirements identified as subject to audit 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 Board's major federal programs for the year ended June 30, 2022. The Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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, 2022.

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

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

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

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

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



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

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

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

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

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

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a 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 "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

# FORVIS

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

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

**FORVIS, LLP**

**Winston-Salem, NC  
April 24, 2023**

## **Report on Compliance for Each Major State Program and Report on Internal Control over Compliance Required by the OMB Uniform Guidance and the State Single Audit Implementation Act**

### **Independent Auditor's Report**

Board of Education  
Columbus County Schools  
Whiteville, NC

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

#### ***Opinion on 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 identified as subject to audit 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 Board's major state programs for the year ended June 30, 2022. The Board's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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 state programs for the year ended June 30, 2022.

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

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

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

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

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

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

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

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

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

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

## ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-007 and 2022-008. Our opinion on each major state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Board's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Board's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response. The Board is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Board's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

## ***Report on Internal Control over Compliance***

Our consideration of internal control over compliance was for the limited purpose described in the “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance 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, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-007 and 2022-008 to be significant deficiencies.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the Board’s response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Board’s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response. The Board is responsible for preparing a corrective action plan to address each audit finding included in our auditor’s report. The Board’s corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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.

**FORVIS,LLP**

**Winston-Salem, NC  
April 24, 2023**

**1. Summary of Auditor's Results**

***Financial Statements***

Type of auditor's 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

Noncompliance material to federal awards  yes  no

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:

**Federal Assistance  
 Listing Numbers**

**Names of Federal Program or Cluster**

|        |  |
|--------|--|
| 84.425 | COVID-19 Education Stabilization Fund                    |
| 21.027 | COVID-19 Coronavirus State and Local Fiscal Recovery Act |

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

Noncompliance material to state awards  yes  no

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:

| <b>Program Name</b>         |
|-----------------------------|
| State Public School Fund    |
| NC Pre-Kindergarten Program |

**2. Financial Statement Findings**

***Finding 2022-001***

***Information Technology General Controls***

**SIGNIFICANT DEFICIENCY**

*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 multiple control deficiencies, that result in a significant deficiency when aggregated, that should be addressed to improve the security, availability, and accuracy of information processed by the Board's employees:

1. Network and core application reviews are not performed and documented.
2. Key financial computer systems are not located in a separate area with appropriate environmental controls, including fire suppressions, raised flooring, and backup generator.

*Effect:* The Board was victim to a debilitating ransomware attack in fiscal year 2020. The Board continues to have an information technology risk that has not been reduced to an acceptable level.

*Identification of a repeat finding:* This is a repeat finding from the immediate previous audit, 2021-001.

*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.

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

**Finding 2022-002**

**Reconciliation of Cash Accounts**

MATERIAL WEAKNESS

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

*Condition:* Local bank reconciliations were not being performed accurately or timely. The local bank reconciliation as of June 30, 2022 was not completed and provided to the auditor for testing until March 2023.

*Effect:* Several audit adjustments were required subsequent to June 30, 2022 to adjust cash accounts to actual.

*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.

**Finding 2022-003**

**Reconciliation and Proper Recording of Certain Balance Sheet Accounts**

MATERIAL WEAKNESS

*Criteria:* Balance sheet accounts (including accounts receivable, accounts payable, internal balances, and unearned revenue) 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, 2022.

*Effect:* Several audit adjustments were required to adjust accounts to actual at June 30, 2022.

*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 2022-004***

***Maintenance of Capital Asset Reports***

SIGNIFICANT DEFICIENCY

*Criteria:* Capital asset reports should be updated on a periodic basis as assets are being purchased and sold to ensure proper accounting treatment and asset monitoring.

*Condition:* Capital asset reports were not updated throughout the year resulting in misstatements within the reports.

*Effect:* Several additions and disposals were identified by the auditors during testing which required adjustment to the government-wide statement of net position (deficit) at June 30, 2022.

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

*Recommendation:* Employees responsible for maintenance of capital asset reports should receive training how to perform the procedure appropriately. Capital asset reports 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.

***Finding 2022-005***

***Expenditures in excess of budget for General Fund and Federal Grants Fund***

SIGNIFICANT DEFICIENCY

*Criteria:* General statutes state that all monies received and expended by a local government or public authority should be included in the budget ordinance.

*Condition:* For the General Fund, the Board expended \$21,269 more for non-programmed charges than appropriated in the annual budget ordinance. For the Federal Grants Fund, the Board expended \$95,726 more for ancillary services than appropriated in the annual budget ordinance.

*Effect:* Monies were spent that had not been appropriated.

*Cause:* The Board received and expended funds in the General Fund and Federal Grants Fund that had not been budgeted for in the budget ordinance and a budget amendment was not adopted.

*Recommendation:* Budget amendments should be adopted when it is known that funds are going to be expended in a different budgetary control level than what was originally adopted prior to expending the funds.

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

***Finding 2022-006***

***Noncompliance with Laws and Regulations***

*Criteria:* North Carolina General Statute 159-34 requires each unit of local government and public authority to have its accounts audited each fiscal year and to submit a copy of the audit report to the Secretary of the Local Government Commission (LGC) as soon as possible after the close of the fiscal year. Audit reports for local governments are typically due by October 31st based on the terms of the local government's contract with its auditor. The LGC offers units a one-month grace period, after which a report is considered late.

*Condition:* The year-end closing process for the year ended June 30, 2022 extended over a prolonged period, which delayed the conclusion of the audit until April 2023.

*Effect:* The Board was not in compliance with North Carolina General Statute 159-34. The financial statements and related data were not available to management and the Board to aid in the decision-making process.

*Cause:* The Board experienced issues in reconciling bank accounts and other general ledger accounts which delayed completion of the audit.

*Recommendation:* The Board should implement a closing process to address the timeliness of accounting processes at year-end.

*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**

No findings and questioned cost related to the audit of federal awards aggregating \$25,000 or more were noted.

**4. State Award Findings and Questioned Costs**

***Finding 2022-007***

***Noncompliance: Activities Allowed or Unallowed***

***NC Pre-Kindergarten Program***

**SIGNIFICANT DEFICIENCY**

*Criteria:* In accordance with program requirements, health assessments are required of students enrolled in the program. The Board is required to maintain adequate documentation of these health assessments.

*Condition:* For two of the twenty-five students selected for testing, the student's health assessment could not be located to support the student's admission into the program.

*Effect:* Students may have been admitted to the program without appropriate documentation.

*Cause:* Inadequate document maintenance controls caused documents to be misplaced.

*Recommendation:* The Board should implement internal control procedures that will ensure all documents are filed appropriately and maintained.

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

***Finding 2022-008***

***Noncompliance: Reporting***

***NC Pre-Kindergarten Program***

**SIGNIFICANT DEFICIENCY**

*Criteria:* In accordance with program requirements, the Board is required to submit monthly financial status reports and supporting attendance records by the tenth business day of the following month.

*Condition:* Of the five submissions selected, two were submitted past the required submission date.

*Effect:* Students may have been admitted to the program without appropriate documentation.

*Cause:* Lack of oversight regarding the required deadline.

*Recommendation:* The Board should implement a process to track due dates and create a work plan that enables the reports to be submitted timely.

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



**BOARD OF EDUCATION**

Randy Coleman  
Worley T. Edwards  
Steve Long  
Dan Strickland  
Ronnie Strickland

**ADMINISTRATION**

DEANNE MEADOWS  
Superintendent

JONATHAN WILLIAMS  
Associate Superintendent

**Board of Education of Columbus County Schools  
Corrective Action Plan  
For the Fiscal Year Ended June 30, 2022**

**Schedule 11**

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***Finding 2022-001***

Name of contact person: Jay Stanley, Finance Officer

Corrective action: The board continues to work on revising incident management and network security policies. The board has already restored our change management system and will continue to work on change management procedures. The board has updated the network security procedures to reflect the needed changes. As of 2018 the board moved the Core Application to a hosted solution at SAS. As of September 28, 2022, all other network Servers (Hyper V Hosts / Activate Directory / DHCP / DNS) have been relocated to an area that meets the required fire suppression requirements with raised tile flooring and a backup generator.

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

***Finding 2022-002***

Name of contact person: Jay Stanley, Finance Officer

Corrective action: The board has developed month-end processes 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. The Finance Officer will review the bank reconciliations on a monthly basis.

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

***Finding 2022-003***

Name of contact person: Jay Stanley, 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 to the monthly general ledger trial balance. The sheet will be signed by the responsible staff member. Any reconciling or outstanding items will be noted and the Finance Officer will review and approve. 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.



**BOARD OF EDUCATION**

Randy Coleman  
Worley T. Edwards  
Steve Long  
Dan Strickland  
Ronnie Strickland

**ADMINISTRATION**

DEANNE MEADOWS  
Superintendent

JONATHAN WILLIAMS  
Associate Superintendent

**Board of Education of Columbus County Schools  
Corrective Action Plan  
For the Fiscal Year Ended June 30, 2022**

**Schedule 11  
(Continued)**

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***Finding 2022-004***

Name of contact person: Jay Stanley, Finance Officer

Corrective action: Capital asset reports and records will be updated on a periodic basis as assets are being purchased and sold to ensure proper accounting treatment and asset monitoring. Employees responsible for the maintenance of capital asset reports will receive training in how to perform the procedure appropriately. Capital asset reports will also be reviewed in a timely manner as a detective internal control to ensure that errors are identified and rectified.

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

***Finding 2022-005***

Name of contact person: Jay Stanley, Finance Officer

Corrective action: All monies received and expended by Columbus County Schools will be appropriated and included in the budget ordinance. Budget Amendments will be adopted when it is known that funds are going to be expended in a different budgetary control level than what was originally adopted prior to expending the funds.

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

***Finding 2022-006***

Name of contact person: Jay Stanley, Finance Officer

Corrective action: The year-end closing process will be completed and reconciled as soon as possible after the close of the fiscal year. To prevent the recurrence of the late filing of financial statements, the board has provided additional training to the finance department staff regarding bank account reconciliations, internal controls and backup procedures.

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



**BOARD OF EDUCATION**

Randy Coleman  
Worley T. Edwards  
Steve Long  
Dan Strickland  
Ronnie Strickland

**ADMINISTRATION**

DEANNE MEADOWS  
Superintendent

JONATHAN WILLIAMS  
Associate Superintendent

**Board of Education of Columbus County Schools  
Corrective Action Plan  
For the Fiscal Year Ended June 30, 2022**

**Schedule 11  
(Continued)**

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***Finding 2022-007***

Name of contact person: Jay Stanley, Finance Officer

Corrective action: The Board will implement internal control procedures that ensure all Pre-Kindergarten health assessment documents are filed and maintained appropriately. In accordance with program requirements, health assessments will be required for all students enrolled in the program. The Board will maintain adequate documentation of these health assessments.

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

***Finding 2022-008***

Name of contact person: Jay Stanley, Finance Officer

Corrective action: The Board has implemented a process to track due dates and create a work plan that enables the required Pre-Kindergarten monthly financial status reports and supporting attendance records to be submitted by the tenth day of the following month.

The Board will implement these procedures immediately.

***Finding 2021-001***

Status: See Finding 2022-001

***Finding 2021-002***

Status: Corrected

**Board of Education of Columbus County Schools  
 Schedule of Expenditures of Federal and State Awards  
 For the Fiscal Year Ended June 30, 2022**

| <u>Grantor/Pass-through<br/>Grantor/Program Title</u>   | <u>Federal<br/>Assistance<br/>Listing<br/>Number</u> | <u>State/<br/>Pass-through<br/>Grantor's<br/>Number</u> | <u>Expenditures</u> |
|---|--|---|---------------------|
| <b>Federal Grants:</b>  |  |   |                     |
| <u>U.S. Department of Education</u>   |  |   |                     |
| Direct Programs   |  |   |                     |
| Indian Education Formula Grant Program  | 84.060A  | PRC 310   | <u>86,569</u>       |
| Passed-through the N.C. Department of Public Instruction                                      |  |   |                     |
| Title I Grants to Local Educational Agencies (Title I, Part A<br>of ESEA)                     | 84.010   | PRC 050   | 2,619,787           |
| Title I Grants to Local Education Agencies<br>- School Improvements (Title I, Part A of ESEA) | 84.010   | PRC 115   | <u>2,827</u>        |
| Total Title I Grants to Local Educational Agencies (Title I)                                  |  |   | <u>2,622,614</u>    |
| Migrant Education_State Grant Program   | 84.011   | PRC 051   | <u>172,076</u>      |
| Special Education Cluster:  |  |   |                     |
| Special Education - Grants to States (IDEA, Part B) -   |  |   |                     |
| Education of the Handicapped  | 84.027   | PRC 060   | 1,014,584           |
| Special Needs Targeted Assistance   | 84.027   | PRC 118   | 11,376              |
| ESSER III - 611 Grants to States  | 84.027X  | PRC 185   | 205,433             |
| Special Education - Preschool Grants (IDEA Preschool) -                                       |  |   |                     |
| Preschool Targeted Assistance   | 84.173   | PRC 119   | 1,841               |
| Preschool Handicapped   | 84.173   | PRC 049   | <u>44,035</u>       |
| Total Special Education Cluster   |  |   | <u>1,277,269</u>    |
| Career and Technical Education - Capacity Building Grant                                      | 84.048   | PRC 017   | <u>136,882</u>      |
| Education for Homeless Children and Youth   | 84.196   | PRC 026   | <u>3,341</u>        |
| Rural Education   | 84.358   | PRC 109   | <u>17,209</u>       |
| English Language Acquisition Grant  | 84.365   | PRC 104, 111  | <u>24,194</u>       |
| Supporting Effective Instruction State Grants   | 84.367   | PRC 103   | <u>355,861</u>      |
| Student Support and Academic Enrichment Program   | 84.424   | PRC 108   | <u>121,683</u>      |
| COVID-19 Education Stabilization Fund   |  |   |                     |
| ESSER I - K-12 Emergency Relief Fund  | 84.425D  | PRC 163   | 1,190,497           |
| ESSER I - Exceptional Children Grants   | 84.425D  | PRC 167   | 8,814               |
| GEER I - Specialized Instructional Support for COVID-19 Response                              | 84.425C  | PRC 169   | 134,061             |
| GEER I - Supplemental Instructional Services  | 84.425C  | PRC 170   | 93,849              |
| ESSER II - K-12 Emergency Relief Fund   | 84.425D  | PRC 171   | 4,387,998           |
| ESSER II - Supplemental Contracted Instructional Support Funding                              | 84.425D  | PRC 173   | 32,243              |
| ESSER II - School Nutritional COVID Support   | 84.425D  | PRC 174   | 37,560              |
| ESSER II - Learning Loss Funding  | 84.425D  | PRC 176   | 136,821             |
| ESSER II - Summer Career Accelerator Program  | 84.425D  | PRC 177   | 34,348              |
| ESSER III - K-12 Emergency Relief Fund  | 84.425U  | PRC 181   | 495,521             |
| ESSER III - Homeless I  | 84.425W  | PRC 183   | 20,001              |
| ESSER III - Homeless II   | 84.425W  | PRC 184   | 39,899              |
| ESSER III - Cyberbullying & Suicide Prevention  | 84.425U  | PRC 192   | 11,929              |
| ESSER III - Gaggle Grants   | 84.425U  | PRC 193   | 17,070              |
| ESSER III - Teacher Bonuses   | 84.425U  | PRC 203   | <u>362,754</u>      |
| Total COVID-19 Education Stabilization Fund   | 84.425   |   | <u>7,003,365</u>    |
| Total U. S. Department of Education   |  |   | <u>11,821,063</u>   |



Board of Education of Columbus County Schools  
 Schedule of Expenditures of Federal and State Awards  
 For the Fiscal Year Ended June 30, 2022

Schedule 13  
 Page 2 of 3

| <u>Grantor/Pass-through<br/>Grantor/Program Title</u>     | <u>Federal<br/>Assistance<br/>Listing<br/>Number</u> | <u>State/<br/>Pass-through<br/>Grantor's<br/>Number</u> | <u>Expenditures</u>      |
|---|--|---|--------------------------|
| <u>U. S. Department of Agriculture</u>                    |  |   |                          |
| <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   | \$ 311,581               |
| Total Non-Cash Assistance                                 |  |   | <u>311,581</u>           |
| Cash Assistance   |  |   |                          |
| Passed-through the N.C. Department of Public Instruction  |  |   |                          |
| School Breakfast Program                                  | 10.553   | PRC 035   | 1,462,956                |
| National School Lunch Program                             | 10.555   | PRC 035   | 3,329,708                |
| Summer Food Service Program for Children                  | 10.559   | PRC 050   | 90,272                   |
| Total Cash Assistance                                     |  |   | <u>4,882,936</u>         |
| Total Child Nutrition Cluster:                            |  |   | <u>5,194,517</u>         |
| Total U. S. Department of Agriculture                     |  |   | <u>5,194,517</u>         |
| <u>U.S. Department of Defense</u>                         |  |   |                          |
| Direct Program:   |  |   |                          |
| ROTC  | NONE   | PRC 031   | <u>207,363</u>           |
| <u>U.S. Department of Health and Human Services</u>       |  |   |                          |
| Passed-through the N.C. Department of Public Instruction: |  |   |                          |
| Title V State Sexual Risk Avoidance Education             |  |   |                          |
| (Title V State SRAE) Program                              | 93.235   | PRC 101   | <u>33,382</u>            |
| <u>U.S. Department of Treasury</u>                        |  |   |                          |
| Passed-through the N.C. Department of Public Instruction  |  |   |                          |
| COVID-19 Coronavirus State and Local Fiscal Recovery Fund | 21.027   | PRC 141   | <u>1,076,062</u>         |
| <b>Total Federal Assistance</b>                           |  |   | <b><u>18,332,387</u></b> |

| <b>State Grants:<br/>Grantor/Pass-through<br/>Grantor/Program Title</b> | <b>State<br/>Grantor's<br/>Number</b> | <b>Expenditures</b>         |
|---|---------------------------------------|-----------------------------|
| Cash Assistance   |                                       |                             |
| <u>N.C. Department of Public Instruction</u>                            |                                       |                             |
| State Public School Fund  |                                       | \$ 39,994,010               |
| Driver Training - SPSF  | PRC 012                               | 94,692                      |
| School Technology Fund - SPSF   | PRC 015                               | 61,767                      |
| Career and Technical Education  |                                       |                             |
| - State Months of Employment  | PRC 013                               | 2,193,782                   |
| - Program Support Funds   | PRC 014                               | 134,154                     |
| State Capital Infrastructure Fund                                       |                                       | 31,500                      |
| Total N.C. Department of Public Instruction                             |                                       | <u>42,509,905</u>           |
| <u>N.C. Department of Health and Human Services</u>                     |                                       |                             |
| Division of Child Development:  |                                       |                             |
| State School Nurse Initiative   |                                       | 418,230                     |
| NC Pre-Kindergarten Program   |                                       | <u>2,156,780</u>            |
| <u>N.C. Department of Public Safety</u>                                 |                                       |                             |
| Juvenile Crime Prevention Program                                       |                                       | <u>85,031</u>               |
| <u>N.C. Department of Natural and Cultural Resources</u>                |                                       |                             |
| N.C. Arts Council Grants  |                                       | <u>15,000</u>               |
| Non-Cash Assistance   |                                       |                             |
| <u>N.C. Department of Public Instruction</u>                            |                                       |                             |
| School Buses Appropriation  | PRC 120                               | <u>358,603</u>              |
| <b>Total State Assistance</b>   |                                       | <b><u>45,543,549</u></b>    |
| <b>Total Federal and State Assistance</b>                               |                                       | <b><u>\$ 63,875,936</u></b> |

**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, 2022. 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: 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 \$670,184 were received during the year ended June 30, 2022. These non-cash items received were included in the determination of federal and state awards expended for the year ended June 30,