

**Rowan-Salisbury Board of
Education, North Carolina**

Financial Statements

Year Ended June 30, 2023

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA

TABLE OF CONTENTS

<u>Exhibit</u>	<u>Page No.</u>
Independent Auditors' Report.....	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government – wide Financial Statements:	
1 Statement of Net Position.....	13
2 Statement of Activities.....	14
Fund Financial Statements:	
3 Balance Sheet – Governmental Funds	15
4 Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	17
5 Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund and Annually Budgeted Major Special Revenue Funds	19
6 Statement of Net Position – Proprietary Fund.....	23
7 Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund.....	24
8 Statement of Cash Flows – Proprietary Fund	25
Notes to the Financial Statements	27
Required Supplementary Information:	
Schedule of the Board's Proportionate Share of the Net Pension Liability – Teachers' and State Employees' Retirement System	54
Schedule of Board Contributions – Teachers' and State Employees' Retirement System	55
Schedule of the Board's Proportionate Share of the Net OPEB Liability – Retiree Health Benefit Fund	56
Schedule of Board Contributions – Retiree Health Benefit Fund	57
Schedule of the Board's Proportionate Share of the Net OPEB Liability – Disability Income Plan of North Carolina	58
Schedule of Board Contributions – Disability Income Plan of North Carolina	59
Individual Fund Budgetary Schedules:	
A-1 Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - General Fund	60
B-1 Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Outlay Fund	61
C-1 Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) – School Food Service Fund	62
Compliance Report.....	64



INDEPENDENT AUDITORS' REPORT

Rowan-Salisbury Board of Education, North Carolina
Salisbury, North Carolina

Opinions

We have audited accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Rowan-Salisbury County Board of Education, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise of the Rowan-Salisbury County Board of Education'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, and each major fund of Rowan-Salisbury County Board of Education as of June 30, 2023, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, the State Public School Fund, the Federal Grants Fund, and the Other Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller 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 Rowan-Salisbury County Board of Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Audit of the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 12 and the Schedule of the Proportionate Share of the Net Pension Liability, OPEB Liabilities and the Schedule of Board Contributions on pages 54 through 59, be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rowan-Salisbury County Board of Education's basic financial statements. The individual fund budgetary schedules, as well as the accompanying schedule of expenditures of federal and state awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, individual fund budgetary schedules and the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2023 on our consideration of Rowan-Salisbury County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rowan-Salisbury County Board of Education'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 Rowan-Salisbury County Board of Education's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

October 14, 2023
Elon, North Carolina
(336) 380-4123

**ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

This section of the Rowan-Salisbury Board of Education's (*the Board*) financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2023. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- On August 2, 2018, the North Carolina State Board of Education approved Rowan-Salisbury Schools as the first Renewal School District in the state. As a Renewal School District Rowan-Salisbury Schools has charter-like flexibilities around curriculum, finance, personnel, and school calendar. While the District must continue to comply with all federal guidelines and restrictions, much of the historical state control shifts locally to the Board, allowing innovative learning aligned with individual interests and needs of students. In addition, Renewal District status allows Rowan-Salisbury Schools to be more responsive to community values and expectations. The District has developed a related directional system that summarizes a focus on three specific areas to ensure all learners are engaged. The Rowan-Salisbury Schools learner will master fundamental standards in English, Math, Science, and Social Studies; set goals based on their unique smartness, career aspirations, and personal passions; and develop skills for interacting with other people. These engaged learners will graduate enrolled, enlisted, or employed, ready to thrive as productive and contributing citizens. The Directional System is supported by a recently updated strategic plan. Renewal in Action 2028 which includes the following District priorities:

- Building Academic Excellence
- Growing through Engaging Experiences
- Reinforcing Wellness
- Investing in Talent
- Supporting Organizational Foundations



ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

- Average Daily Membership for 2022-23 was 18,396 compared to 18,402 in 2021-22, representing a slight decrease.
- The Board has a continued need to optimize the number and condition of schools operated by the Rowan-Salisbury School System. In addition, there is an on-going need for maintenance and repair of current facilities and equipment.
- State allotments provided 64% of operating revenues. The county appropriation and federal allotments provided 18% and 13%, respectively. The remaining 4% was funded by other state, local, and federal sources.
- State funding increased by approximately \$4.6 million (3.60%), in 2022-2023 primarily due to state mandated increases in salaries and benefits.
- Salaries and related benefits accounted for approximately 80% of operating expenditures. Rowan-Salisbury Schools is the second largest employer in Rowan County.

Overview of the Financial Statements

The audited financial statements of the Rowan-Salisbury Board of Education consist of five components. They are as follows:

- *Independent Auditors' Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplementary information that presents the Board's share of the net pension liability and retirement system contributions*
- *Other supplemental section that presents budgetary statements for certain governmental funds and a budgetary statement for the enterprise fund*

The *Basic Financial Statements* include two types of statements that present different views of the Board's finances. The first is the *government-wide statements*. The government-wide statements are presented on the full accrual basis of accounting and include the statement of net position and the statement of activities. The statement of net position includes all of the Board's assets and liabilities. 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 and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement. The Statement of Activities summarizes the Board's revenues and expenses for the current year. A net (expense) revenue format is used to indicate to what extent each function is self-sufficient.

The second type of statement included in the basic financial statements is the *Fund Financial Statements*, which are presented for the Board's governmental funds and proprietary funds. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

the next fiscal year. The proprietary fund is presented on the full accrual basis of accounting. The fund financial statements focus on the Board's most significant funds. Because a different basis of accounting is used in the government-wide statements, reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statements provide information about the Board as an economic unit while the fund financial statements provide information on the financial resources of each of the Board's major funds.

Government-wide Statements

The government-wide statements report information about the unit as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Board's assets, 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 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 Board's 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 are an indicator of whether its financial position is improving or deteriorating.
- To assess the Board's overall health, one should consider additional non-financial factors such as changes in Rowan County's (the "County") property tax base and the condition of its school buildings and other physical assets.

The Board'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 in this activity.

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 and the Other Special Revenue funds.

**ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

Rowan-Salisbury Board of Education has two types of funds:

Governmental funds: Most of the Board's basic services are included in the governmental funds, which generally focus on two things – how cash and other assets can readily be converted to cash flow in and out, and the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the 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 funds 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 Special Revenue Fund and the Federal Grants Fund.

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

Proprietary fund: 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 has one proprietary fund, which is an enterprise fund, the School Food Service Fund.

The proprietary fund statements are shown as Exhibits 6, 7, and 8 of this report.

Financial Analysis of the Schools as a Whole

Net position is an indicator of the fiscal health of the Board. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$(103,648,177) as of June 30, 2023, an increase of 20.58%, as compared to the net position at June 30, 2022 of \$(130,513,011). The largest component of net position is net investment in capital assets of \$115,129,551 as of June 30, 2023 as compared to \$118,555,381 as of June 30, 2022.

**ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

Following is a summary of the Statement of Net Position:

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2023	6/30/2022	6/30/2023	6/30/2022	6/30/2023	6/30/2022
Current assets	\$ 34,915,518	\$ 25,635,223	\$ 5,356,838	\$ 6,236,474	\$ 40,272,356	\$ 31,871,697
Capital assets	116,763,834	123,893,508	799,792	880,393	117,563,626	124,773,901
Total assets	<u>151,679,352</u>	<u>149,528,731</u>	<u>6,156,630</u>	<u>7,116,867</u>	<u>157,835,982</u>	<u>156,645,598</u>
Deferred outflows of resources	<u>82,936,867</u>	<u>54,929,361</u>	<u>2,986,676</u>	<u>1,790,542</u>	<u>85,923,543</u>	<u>56,719,903</u>
Current liabilities	7,615,908	4,720,254	193,061	165,747	7,808,969	4,886,001
Long-term liabilities	248,597,022	224,062,960	8,727,746	6,991,252	257,324,768	231,054,212
Total liabilities	<u>256,212,930</u>	<u>228,783,214</u>	<u>8,920,807</u>	<u>7,156,999</u>	<u>265,133,737</u>	<u>235,940,213</u>
Deferred inflows of resources	<u>79,414,146</u>	<u>104,530,889</u>	<u>2,859,819</u>	<u>3,407,410</u>	<u>82,273,965</u>	<u>107,938,299</u>
Net investment in capital assets	114,329,759	117,674,988	799,792	880,393	115,129,551	118,555,381
Restricted net position	9,008,959	8,296,850	-	3,117	9,008,959	8,299,967
Unrestricted net position	<u>(224,349,575)</u>	<u>(254,827,849)</u>	<u>(3,437,112)</u>	<u>(2,540,510)</u>	<u>(227,786,687)</u>	<u>(257,368,359)</u>
Total net position	<u>\$(101,010,857)</u>	<u>\$(128,856,011)</u>	<u>\$(2,637,320)</u>	<u>\$(1,657,000)</u>	<u>\$(103,648,177)</u>	<u>\$(130,513,011)</u>

Note that net position of governmental activities increased during the year, indicating an improvement in the financial condition of the Board. The increase in net position was 26% of net position and is primarily due to a decrease in pension liability. Also note that the Board carries capital assets for which Rowan County carries the offsetting debt.

The following table shows the revenues and expenses for the Board for the current and most recent prior fiscal years.

**ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/23	6/30/22	6/30/23	6/30/22	6/30/23	6/30/22
Revenues:						
Program revenues:						
Charges for services	\$ 5,897,602	\$ 5,188,877	\$ 1,664,523	\$ 391,424	\$ 7,562,125	\$ 5,580,301
Operating grants and contributions	163,166,140	155,804,264	10,717,112	12,904,023	173,883,252	168,708,287
Capital grants and contributions	343,984	1,022,342	-	-	343,984	1,022,342
General revenues:						
Other revenues	63,101,735	56,669,474	42,349	32,153	63,144,084	56,701,627
Total revenues	<u>232,509,461</u>	<u>218,684,957</u>	<u>12,423,984</u>	<u>13,327,600</u>	<u>244,933,445</u>	<u>232,012,557</u>
Expenses:						
Governmental activities:						
Instructional services	151,556,413	149,154,085	-	-	151,556,413	149,154,085
System-wide support services	45,264,621	37,658,106	-	-	45,264,621	37,658,106
Ancillary services	241,907	600,258	-	-	241,907	600,258
Non-programmed charges	2,147,071	1,823,512	-	-	2,147,071	1,823,512
Interest on long term debt	94,445	144,271	-	-	94,445	144,271
Depreciation	5,310,939	5,126,762	-	-	5,310,939	5,126,762
Business-type activities:						
School food service	-	-	13,453,215	11,314,385	13,453,215	11,314,385
Total expenses	<u>204,615,396</u>	<u>194,506,994</u>	<u>13,453,215</u>	<u>11,314,385</u>	<u>218,068,611</u>	<u>205,821,379</u>
Transfers	(48,911)	(121,516)	48,911	121,516	-	-
Increase (decrease) in net position	27,845,154	24,056,447	(980,320)	2,134,731	26,864,834	26,191,178
Beginning net position	(128,856,011)	(152,912,458)	(1,657,000)	(3,791,731)	(130,513,011)	(156,704,189)
Ending net position	<u>\$(101,010,857)</u>	<u>\$(128,856,011)</u>	<u>\$(2,637,320)</u>	<u>\$(1,657,000)</u>	<u>\$(103,648,177)</u>	<u>\$(130,513,011)</u>

Governmental activities generated revenues of \$232.5 million for fiscal year 2023 compared to \$218.7 million for the previous year. Governmental activities expenses totaled \$204.6 million for fiscal year 2023 compared to \$194.5 million for the previous year. The increase in net position stands at \$27,845,154. Instructional expenses comprised 74% of total governmental-type expenses while support services made up 22% of those expenses. County funding comprised 19% of total governmental revenue. Much of the remaining total governmental revenue consisted of restricted State and federal money. Business-type activities generated revenue of \$12.4 million and had expenses of \$13.5 million. Net position after transfers in from governmental activities decreased in the business-type activities by \$980,320.

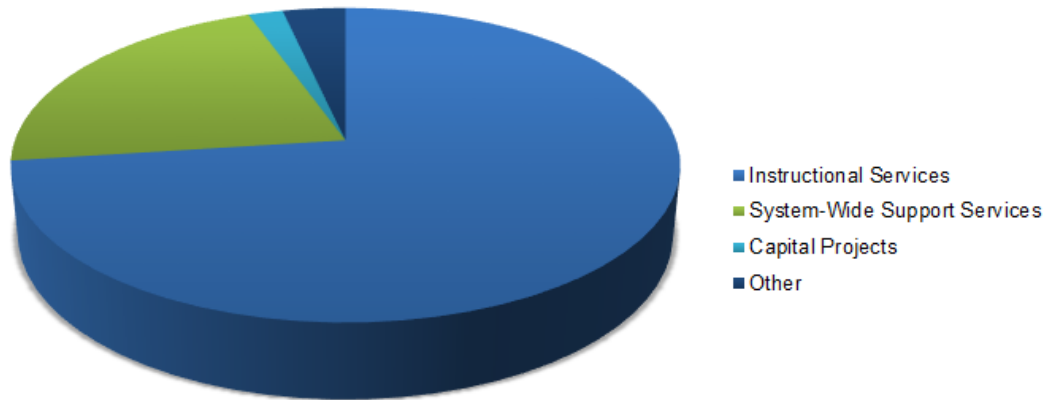
Financial Analysis of the Board's Funds

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

The Board's governmental funds reported a combined fund balance of \$27,299,610, a \$6,480,276 increase from the 2022 fiscal year. The General Fund increased by \$1,694,956.

Proprietary Fund: The Board's business-type fund had a decrease in net position in the past year of \$980,320. Net position of the School Food Service Fund stands at \$(2,637,320) at June 30, 2023.

Categorization of Expenditures for Governmental Funds



Expenditures are presented on the modified accrual basis of accounting.

General Fund Budgetary Highlights

The Board approved several budget amendments to account for changes in revenue and expenditure projections. Budget amendments are submitted to the Board on a monthly basis to reflect new revenues not measurable or known at the time of the original budget resolution. State and federal budgets are not approved at the State level until after the fiscal year begins and amendments are needed to reconcile the initial budget to final approved State and federal budgets. The State may send new allotments throughout the year and require additional budget amendments. There were no significant budget amendments during the year and there were no significant expenditures in excess of the budgeted expenditures.

**ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

Capital Assets

Capital assets decreased by \$7,210,275 (5.8%) from the previous year. This was due to depreciation expense exceeding current year capital additions.

The following is a summary of the capital assets, net of depreciation at year-end.

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2023	6/30/2022	6/30/2023	6/30/2022	6/30/2023	6/30/2022
Land	\$ 5,115,184	\$ 5,115,184	\$ -	\$ -	\$ 5,115,184	\$ 5,115,184
Construction in progress	1,188,468	2,128,305	-	-	1,188,468	2,128,305
Buildings and improvements	94,561,840	97,727,345	-	-	94,561,840	97,727,345
Equipment and furniture	12,143,278	14,626,703	799,792	880,393	12,943,070	15,507,096
Vehicles	3,755,064	4,295,971	-	-	3,755,064	4,295,971
Total	\$ 116,763,834	\$ 123,893,508	\$ 799,792	\$ 880,393	\$ 117,563,626	\$ 124,773,901

Debt Outstanding

During the year the Board's outstanding debt for installment purchases decreased by \$3.8 million due to principal payments. The Board uses installment financing to pay for school buses. The Board is limited by North Carolina Statutes with regards to the types of debt it can issue and for what purpose that debt can be used. Rowan County holds virtually all debt issued for school capital construction.

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. Rowan County has a commitment to education with the largest portion of the county's budget being allocated to Rowan-Salisbury Schools.

The County's estimated population of 149,410 ranks twentieth among North Carolina's one hundred counties. Ideally situated between the Charlotte and Piedmont Triad metro regions of North Carolina, Rowan County is part of the growing corridor along Interstate-85 (I-85). A unique mix of urban and rural areas distinguishes Rowan from other counties in North Carolina. The economy in Rowan County continued to grow in fiscal year 2023 as demonstrated by the labor market and successful economic development efforts including a related influx of new businesses in the County.

The county has experienced a decrease in the unemployment rate from 4.0% in June 2022 to 3.4% in June 2023. Rowan County leaders work to continue the trend of economic growth and vitality in the community through the development of land and buildings, maintenance of a strong business environment, and emphasis on employee recruitment. The County's focus on business attraction and support has and will continue to promote the community, bringing in more jobs and investment.

**ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

Requests for Information

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

Carol Herndon, Chief Resources Officer
Rowan-Salisbury Board of Education
P.O. Box 2349
Salisbury, NC 28145-2349

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2023

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 33,042,568	\$ 3,952,860	\$ 36,995,428
Due from other governments	1,801,987	1,128,441	2,930,428
Receivables (net)	70,963	-	70,963
Inventories	-	275,537	275,537
Capital assets:			
Land and construction in progress	6,303,652	-	6,303,652
Other capital assets, net of depreciation	110,460,182	799,792	111,259,974
Total capital assets	116,763,834	799,792	117,563,626
Total assets	151,679,352	6,156,630	157,835,982
DEFERRED OUTFLOWS OF RESOURCES	82,936,867	2,986,676	85,923,543
LIABILITIES			
Accounts payable and accrued expenses	7,615,908	87,676	7,703,584
Unearned revenue	-	105,385	105,385
Long-term liabilities:			
Net pension liability	98,108,114	3,533,016	101,641,130
Net OPEB liability	138,312,004	4,980,816	143,292,820
Due within one year	5,076,178	133,568	5,209,746
Due in more than one year	7,100,726	80,346	7,181,072
Total liabilities	256,212,930	8,920,807	265,133,737
DEFERRED INFLOWS OF RESOURCES	79,414,146	2,859,819	82,273,965
NET POSITION			
Net investment in capital assets	114,329,759	799,792	115,129,551
Restricted for:			
Individual school activities	3,256,167	-	3,256,167
Stabilization by State statute	136,747	-	136,747
School Capital Outlay	5,616,045	-	5,616,045
Unrestricted	(224,349,575)	(3,437,112)	(227,786,687)
Total net position	<u>\$ (101,010,857)</u>	<u>\$ (2,637,320)</u>	<u>\$ (103,648,177)</u>

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental Activities:							
Instructional services:							
Regular instructional	\$ 92,865,361	\$ 75,283	\$ 84,774,147	\$ -	\$ (8,015,931)	\$ -	\$ (8,015,931)
Special populations	19,568,771	-	20,031,207	-	462,436	-	462,436
Alternative programs	10,650,338	-	10,670,548	-	20,210	-	20,210
School leadership	10,711,236	-	10,343,665	-	(367,571)	-	(367,571)
Co-curricular services	5,949,847	4,780,233	2,153	-	(1,167,461)	-	(1,167,461)
School-based support	11,810,860	-	11,168,173	-	(642,687)	-	(642,687)
System-wide support services							
Support and development	2,309,568	-	1,626,990	-	(682,578)	-	(682,578)
Special population support and development	1,298,905	-	1,347,939	-	49,034	-	49,034
Alternative programs and services support and development	176,725	-	74,207	-	(102,518)	-	(102,518)
Technology support	2,425,938	736,408	831,506	-	(858,024)	-	(858,024)
Operational support	32,375,819	305,678	17,831,332	343,984	(13,894,825)	-	(13,894,825)
Financial and human resource services	240,810	-	1,413,446	-	1,172,636	-	1,172,636
Accountability	594,750	-	165,325	-	(429,425)	-	(429,425)
System-wide pupil support	4,058,196	-	327,974	-	(3,730,222)	-	(3,730,222)
Policy, leadership and public relations	1,783,910	-	1,312,766	-	(471,144)	-	(471,144)
Ancillary services	241,907	-	224,989	-	(16,918)	-	(16,918)
Non-programmed charges	2,147,071	-	1,019,773	-	(1,127,298)	-	(1,127,298)
Interest on long-term debt	94,445	-	-	-	(94,445)	-	(94,445)
Unallocated depreciation expense**	5,310,939	-	-	-	(5,310,939)	-	(5,310,939)
Total governmental activities	204,615,396	5,897,602	163,166,140	343,984	(35,207,670)	-	(35,207,670)
Business-type activities:							
School food service	13,453,215	1,664,523	10,717,112	-	-	(1,071,580)	(1,071,580)
Total primary government	\$ 218,068,611	\$ 7,562,125	\$ 173,883,252	\$ 343,984	(35,207,670)	(1,071,580)	(36,279,250)
General revenues:							
Unrestricted county appropriations - operating					39,541,641	-	39,541,641
Unrestricted county appropriations - capital					3,592,905	-	3,592,905
Unrestricted Federal grants - operating					7,101,062	-	7,101,062
Investment earnings, unrestricted					1,127,204	27,719	1,154,923
Miscellaneous, unrestricted					11,738,923	14,630	11,753,553
Transfers					(48,911)	48,911	-
Total general revenues and transfers					63,052,824	91,260	63,144,084
Change in net position					27,845,154	(980,320)	26,864,834
Net position-beginning					(128,856,011)	(1,657,000)	(130,513,011)
Net position-ending					\$ (101,010,857)	\$ (2,637,320)	\$ (103,648,177)

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

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2023

Exhibit 3

	Major Funds						Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants	Other Special Revenue	
ASSETS							
Cash and cash equivalents	\$ 14,045,076	\$ -	\$ 3,256,167	\$ 4,645,380	\$ -	\$ 11,095,945	\$ 33,042,568
Due from other governments	65,784	-	-	1,209,836	526,367	-	1,801,987
Receivables (net)	13,729	-	-	-	-	57,234	70,963
Total assets	<u>\$ 14,124,589</u>	<u>\$ -</u>	<u>\$ 3,256,167</u>	<u>\$ 5,855,216</u>	<u>\$ 526,367</u>	<u>\$ 11,153,179</u>	<u>\$ 34,915,518</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 6,737,553	\$ -	\$ -	\$ 239,171	\$ 526,367	\$ 112,817	\$ 7,615,908
Fund balances:							
Restricted:							
Stabilization by State statute	79,513	-	-	-	-	57,234	136,747
Individual schools	-	-	3,256,167	-	-	-	3,256,167
School capital outlay	-	-	-	5,616,045	-	-	5,616,045
Assigned:							
Special revenues	-	-	-	-	-	10,983,128	10,983,128
Unassigned	7,307,523	-	-	-	-	-	7,307,523
Total fund balances	<u>7,387,036</u>	<u>-</u>	<u>3,256,167</u>	<u>5,616,045</u>	<u>-</u>	<u>11,040,362</u>	<u>27,299,610</u>
Total liabilities and fund balances	<u>\$ 14,124,589</u>	<u>\$ -</u>	<u>\$ 3,256,167</u>	<u>\$ 5,855,216</u>	<u>\$ 526,367</u>	<u>\$ 11,153,179</u>	<u>\$ 34,915,518</u>

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2023

Exhibit 3
(Continued)

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

Total fund balances - governmental funds	\$ 27,299,610
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	116,763,834
Deferred outflows of resources related to pensions	58,962,273
Deferred outflows of resources related to OPEB	23,974,594
Deferred inflows of resources related to pensions	(4,173,181)
Deferred inflows of resources related to OPEB	(75,240,965)
Liabilities for long-term debt are not payable with current financial resources and therefore are not reported in the funds:	
Net pension liability	(98,108,114)
Net OPEB liability	(138,312,004)
Compensated absences	(9,742,829)
Installment purchase contracts	<u>(2,434,075)</u>
Net position of governmental activities	<u><u>\$ (101,010,857)</u></u>

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit 4

	Major Funds						Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants	Other Special Revenue	
REVENUES							
State of North Carolina	\$ -	\$ 138,071,850	\$ -	\$ 343,984	\$ -	\$ -	\$ 138,415,834
Rowan County	39,541,641	-	-	3,592,905	-	-	43,134,546
U.S. Government	-	-	-	-	28,666,744	7,101,062	35,767,806
Other	1,653,804	-	4,780,233	3,463,741	-	5,702,626	15,600,404
Total revenues	41,195,445	138,071,850	4,780,233	7,400,630	28,666,744	12,803,688	232,918,590
EXPENDITURES							
Current:							
Instructional services:							
Regular instructional	7,579,580	78,196,903	-	268,994	6,577,244	7,174,786	99,797,507
Special populations	1,766,493	13,558,542	-	-	6,472,665	-	21,797,700
Alternative programs	177,959	2,815,288	-	-	7,855,260	833,195	11,681,702
School leadership	1,720,789	9,975,832	-	-	367,833	-	12,064,454
Co-curricular services	1,270,720	-	5,401,641	-	2,153	35,494	6,710,008
School-based support	1,865,000	10,075,188	-	240,550	1,092,985	444	13,274,167
System-wide support services:							
Support and development	771,138	795,376	-	-	831,614	171,666	2,569,794
Special population support and development	111,390	1,215,727	-	-	132,212	-	1,459,329
Alternative programs	124,106	69,901	-	-	4,306	-	198,313
Technology support	1,743,503	807,823	-	-	23,683	-	2,575,009
Operational support	15,432,438	13,995,302	-	818,372	3,836,030	515,968	34,598,110
Financial and human resource services	3,046,702	1,335,978	-	-	77,468	116,501	4,576,649
Accountability	106,255	163,172	-	-	2,153	-	271,580
System-wide pupil support	342,772	197,219	-	-	130,755	-	670,746
Policy, leadership and public relations	678,385	1,297,145	-	-	15,621	15,217	2,006,368
Ancillary services	10,343	-	-	-	224,989	36,830	272,162
Non-programmed charges	2,451,735	-	-	-	1,019,773	99,985	3,571,493
Debt service:							
Principal payments	239,173	3,491,106	-	343,984	-	-	4,074,263
Interest and other charges	62,008	32,437	-	-	-	-	94,445
Capital outlay	-	-	-	4,415,422	-	-	4,415,422
Total expenditures	39,500,489	138,022,939	5,401,641	6,087,322	28,666,744	9,000,086	226,679,221
Revenues over (under) expenditures	1,694,956	48,911	(621,408)	1,313,308	-	3,803,602	6,239,369
OTHER FINANCING SOURCES (USES)							
Transfers from (to) other funds	-	(48,911)	-	-	-	-	(48,911)
Installment purchase obligations issued	-	-	-	289,818	-	-	289,818
Total other financing sources (uses)	-	(48,911)	-	289,818	-	-	240,907
Net change in fund balance	1,694,956	-	(621,408)	1,603,126	-	3,803,602	6,480,276
Fund balances-beginning	5,692,080	-	3,877,575	4,012,919	-	7,236,760	20,819,334
Fund balances-ending	\$ 7,387,036	\$ -	\$ 3,256,167	\$ 5,616,045	\$ -	\$ 11,040,362	\$ 27,299,610

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit 4
(Continued)

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

Net changes in fund balances - total governmental funds	\$ 6,480,276
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:	
Capital outlay	4,253,764
Depreciation	(10,974,309)
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities.	18,572,110
Contributions to the OPEB plan in the current fiscal year are not included in the Statement of Activities.	7,469,450
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	1,050,034
The issuance of long-term debt provides current financial resources to governmental	
Issuance of long-term debt	(289,818)
Repayment on long-term debt	4,074,263
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	(19,608,602)
Net OPEB expense	17,265,909
Net change in compensated absences	(38,794)
Remaining net book value on disposed fixed assets	<u>(409,129)</u>
Total changes in net position of governmental activities	<u><u>\$ 27,845,154</u></u>

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE
For the Year Ended June 30, 2023

Exhibit 5

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Rowan County	39,400,239	37,285,713	39,541,641	2,255,928
U.S. Government	-	-	-	-
Other	455,236	2,662,796	1,653,804	(1,008,992)
Total revenues	<u>39,855,475</u>	<u>39,948,509</u>	<u>41,195,445</u>	<u>1,246,936</u>
Expenditures:				
Current:				
Instructional services	15,629,380	14,731,371	14,380,541	350,830
System-wide support services	21,802,700	22,289,207	22,356,689	(67,482)
Ancillary services	6,938	11,938	10,343	1,595
Non-programmed charges	2,115,276	2,614,526	2,451,735	162,791
Capital Outlay	-	286	-	286
Debt service:				
Principal payments	239,173	239,173	239,173	-
Interest payments	62,008	62,008	62,008	-
Total expenditures	<u>39,855,475</u>	<u>39,948,509</u>	<u>39,500,489</u>	<u>448,020</u>
Revenues over (under) expenditures	-	-	1,694,956	1,694,956
Other financing sources (uses):				
Transfers from (to) other funds	-	-	-	-
Proceeds from installment contract	-	-	-	-
Revenue and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	1,694,956	<u>\$ 1,694,956</u>
Fund balances, beginning of year			<u>5,692,080</u>	
Fund balances, end of year			<u>\$ 7,387,036</u>	

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE
For the Year Ended June 30, 2023

Exhibit 5 (continued)

	State Public School Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
State of North Carolina	\$ 132,608,576	\$ 138,658,510	\$ 138,071,850	\$ (586,660)
Rowan County	-	-	-	-
U.S. Government	-	-	-	-
Other	-	-	-	-
Total revenues	<u>132,608,576</u>	<u>138,658,510</u>	<u>138,071,850</u>	<u>(586,660)</u>
Expenditures:				
Current:				
Instructional services	114,480,493	115,019,684	114,621,753	397,931
System-wide support services	14,501,473	20,012,216	19,877,643	134,573
Ancillary services	-	-	-	-
Non-programmed charges	-	-	-	-
Capital Outlay	-	-	-	-
Debt service:				
Principal payments	3,491,106	3,491,106	3,491,106	-
Interest payments	32,437	32,437	32,437	-
Total expenditures	<u>132,505,509</u>	<u>138,555,443</u>	<u>138,022,939</u>	<u>532,504</u>
Revenues over (under) expenditures	103,067	103,067	48,911	(54,156)
Other financing sources (uses):				
Transfers from (to) other funds	(103,067)	(103,067)	(48,911)	54,156
Proceeds from installment contract	-	-	-	-
Revenue and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning of year			<u>-</u>	
Fund balances, end of year			<u>\$ -</u>	

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE
For the Year Ended June 30, 2023

Exhibit 5 (continued)

	Federal Grants Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Rowan County	-	-	-	-
U.S. Government	63,365,924	83,084,170	28,666,744	(54,417,426)
Other	-	-	-	-
Total revenues	<u>63,365,924</u>	<u>83,084,170</u>	<u>28,666,744</u>	<u>(54,417,426)</u>
Expenditures:				
Current:				
Instructional services	28,260,798	40,600,557	22,368,140	18,232,417
System-wide support services	32,846,297	39,247,459	5,053,842	34,193,617
Ancillary services	-	354,590	224,989	129,601
Non-programmed charges	2,258,829	2,881,564	1,019,773	1,861,791
Capital Outlay	-	-	-	-
Debt service:				
Principal payments	-	-	-	-
Interest payments	-	-	-	-
Total expenditures	<u>63,365,924</u>	<u>83,084,170</u>	<u>28,666,744</u>	<u>54,417,426</u>
Revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Transfers from (to) other funds	-	-	-	-
Proceeds from installment contract	-	-	-	-
Revenue and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances, beginning of year			-	
Fund balances, end of year			<u>\$ -</u>	

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE
For the Year Ended June 30, 2023

Exhibit 5 (continued)

	Other Special Revenue Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
State of North Carolina	\$ 813,008	\$ 813,008	\$ -	\$ (813,008)
Rowan County	12,000	12,000	-	(12,000)
U.S. Government	414,296	8,425,850	7,101,062	(1,324,788)
Other	4,070,013	4,984,453	5,702,626	718,173
Total revenues	<u>5,309,317</u>	<u>14,235,311</u>	<u>12,803,688</u>	<u>(1,431,623)</u>
Expenditures:				
Current:				
Instructional services	4,835,604	13,210,160	8,043,919	5,166,241
System-wide support services	406,079	819,352	819,352	-
Ancillary services	16,402	50,277	36,830	13,447
Non-programmed charges	51,232	155,522	99,985	55,537
Capital Outlay	-	-	-	-
Debt service:				
Principal payments	-	-	-	-
Interest payments	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>5,309,317</u>	<u>14,235,311</u>	<u>9,000,086</u>	<u>5,235,225</u>
Revenues over (under) expenditures	-	-	3,803,602	3,803,602
Other financing sources (uses):				
Transfers from (to) other funds	-	-	-	-
Proceeds from installment contract	-	-	-	-
Revenue and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	3,803,602	<u>\$ 3,803,602</u>
Fund balances, beginning of year			<u>7,236,760</u>	
Fund balances, end of year			<u>\$ 11,040,362</u>	

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2023

Exhibit 6

	<u>Enterprise Fund</u>
	<u>Major Fund</u>
	<u>School Food Service</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,952,860
Due from other governments	1,128,441
Inventories	275,537
Total current assets	<u>5,356,838</u>
Noncurrent assets:	
Capital assets, net	799,792
Total assets	<u>6,156,630</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>2,986,676</u>
LIABILITIES	
Current liabilities:	
Accounts payable	87,676
Compensated absences	133,568
Unavailable revenue	105,385
Total current liabilities	<u>326,629</u>
Noncurrent liabilities:	
Net pension liability	3,533,016
Net OPEB liability	4,980,816
Compensated absences	80,346
Total liabilities	<u>8,920,807</u>
DEFERRED INFLOWS OF RESOURCES	<u>2,859,819</u>
NET POSITION	
Net investment in capital assets	799,792
Unrestricted	(3,437,112)
Total net position	<u>\$ (2,637,320)</u>

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUND
For the Year Ended June 30, 2023

Exhibit 7

	<u>Enterprise Fund</u>
	<u>Major Fund</u>
	<u>School Food Service</u>
OPERATING REVENUES	
Food sales	\$ 1,664,523
OPERATING EXPENSES	
Food cost	5,810,749
Salaries and benefits	6,251,374
Indirect costs	513,173
Materials and supplies	115,037
Contracted services	293,339
Noncapital equipment	10,421
Repairs and maintenance	231,298
Depreciation	176,748
Travel	38,815
Other	73,791
Total operating expenses	<u>13,514,745</u>
Operating income (loss)	<u>(11,850,222)</u>
NONOPERATING REVENUES	
Federal reimbursements	9,925,398
Federal commodities	756,084
State reimbursements	35,630
Interest earned	27,719
Indirect costs not paid	61,530
Gain on sale of capital assets	12,391
Other	2,239
Total nonoperating revenues	<u>10,820,991</u>
Income (loss) before transfers	(1,029,231)
Operating transfer from the State Pubic School Fund	<u>48,911</u>
Change in net position	(980,320)
Total net position - beginning	<u>(1,657,000)</u>
Total net position - ending	<u><u>\$ (2,637,320)</u></u>

The accompanying notes are an integral part of the basic financial statements.

Page 24

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Year Ended June 30, 2023

Exhibit 8

	<u>Enterprise Fund</u>
	<u>Major Fund</u>
	<u>School Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,676,261
Cash paid for goods and services	(6,358,836)
Cash paid to employees for services	<u>(6,206,577)</u>
Net cash provided (used) by operating activities	<u>(10,889,152)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal reimbursements	8,963,162
State reimbursements	35,630
Due to other funds	(172,950)
Other revenues	<u>2,239</u>
Net cash provided by noncapital financing activities	<u>8,828,081</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from the sale of capital assets	15,199
Acquisition of capital assets	<u>(98,955)</u>
Net cash provided (used) by capital and related financing activities	<u>(83,756)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments and other	<u>27,719</u>
Net increase (decrease) in cash and cash equivalents	(2,117,108)
Balances-beginning of the year	<u>6,069,968</u>
Balances-end of the year	<u><u>\$ 3,952,860</u></u>

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Year Ended June 30, 2023

Exhibit 8
(Continued)

Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (11,850,222)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	176,748
Donated commodities consumed	756,084
Transfers from other funds	48,911
Indirect costs not paid	61,530
Changes in assets, deferred outflows of resources and liabilities:	
(Increase) decrease in accounts receivable	40
(Increase) decrease in inventory	(105,443)
Increase (decrease) in accounts payable	15,616
(Increase) decrease in net OPEB asset	3,117
(Increase) decrease in deferred outflows	(1,196,134)
Increase (decrease) in net pension liability	2,524,168
Increase (decrease) in OPEB liability	(795,122)
Increase (decrease) in deferred inflows	(547,591)
Increase (decrease) in unavailable revenues	11,698
Increase (decrease) in compensated absences	7,448
Total adjustments	<u>961,070</u>
Net cash provided (used) by operating activities	<u>\$ (10,889,152)</u>

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

Indirect costs of \$61,530 that would be due to the General Fund were not paid. These unpaid costs are reflected as a nonoperating revenue and an operating expense on Exhibit 7.

The State Public School Fund paid salaries and benefits of \$48,911 to personnel of the School Food Service Fund during the fiscal year. The payment is reflected as a transfer in and as an operating expense on Exhibit 7.

The School Nutrition Fund received donated commodities with a value of \$756,084 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue.

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Rowan-Salisbury Board of Education, North Carolina conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

Reporting Entity

The Rowan-Salisbury Board of Education (Board) is a Local Education Agency empowered by State law [Chapter 115C of the North Carolina General Statutes] with the responsibility to oversee and control all activities related to public school education in Rowan County, North Carolina. The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity.

Basis of Presentation

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

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

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

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

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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 accounted for in another fund. This fund is also referred to as 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.

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. The Individual Schools Fund is reported as a special revenue fund.

Other Special Revenue Fund. The Other Special Revenue Fund accounts for proceeds from reimbursements including indirect costs, fees for actual costs, tuition, sales tax refunds, gifts and grants restricted as to use, trust funds, federal appropriations made directly to local school administrative units, funds received for pre-kindergarten programs, and special programs that are not accounted for in the General Fund or other special revenue funds pursuant to G.S. 115C-426(c).

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

Federal Grants Fund. The Federal Grants Fund includes appropriations from the federal government for the funding of specific federal programs.

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 and is reported as an enterprise fund.

Measurement Focus and Basis of Accounting

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

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Board considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. These could include federal, State, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Board funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Board's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the purpose level for all annually budgeted funds. The Superintendent and Finance Officer are authorized to transfer appropriations within a purpose code within a fund with proper justification. Transfers between funds require governing board approval. During the year, several amendments to the original budget were necessary and were appropriately approved by the Board. 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.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position

Deposits and Investments

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

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

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

Investment Fund (STIF). The 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 amortized cost or at fair value determined by either quoted market prices or a matrix pricing model. Bank deposits are measured at amortized cost. Ownership interest in the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian. All investments are measured using the market approach. The STIF is classified as Level 2 in the fair value hierarchy and is valued using prices that are either directly or indirectly observable for an asset or liability. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

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.

Inventories

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

Capital Assets

Donated assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other assets are recorded at original cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 1, 1970 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

It is the policy of the Board to capitalize all capital assets costing more than \$5,000 with an estimated useful life of two or more years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Rowan County holds title to certain properties, which are reflected as capital assets in the financial statements of the Board. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board gives the schools full use of the facilities, full responsibility for maintenance of the facilities, and provides that the County will convey title of the property back to the Board, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met.

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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

	<u>Years</u>
Buildings	50
Building improvements	20
Furniture and Equipment	10
Vehicles	6

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. The Board carries certain capital assets for which Rowan County carries the offsetting debt.

Deferred outflows and inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an expense or expenditure until then. The Board has several items that meet this criterion - pension and OPEB related deferrals and contributions made to the plans subsequent to the measurement date. The statement of financial position also reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as revenue until then. The Board has several items that meet this criterion - pension and OPEB related deferrals.

Long-term obligations

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

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, 2023 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years’ records, of the current portion of compensated absences.

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

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

Net Position/Fund Balances

Net position in the government-wide and proprietary fund financial statements are classified net investment in capital assets; restricted; and unrestricted. Restricted net position represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments, or imposed by law through State statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of three 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 of Education intends to use for specific purposes.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

Special revenues – portion of fund balance that represents the residual amount of revenues from certain grants, reimbursements, indirect costs and other financial resources in excess of related expenditures that the Board of Education has assigned to be expended for educational services. This amount can be expended on instructional services, system-wide support services, ancillary services or non-programmed charges.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The Rowan-Salisbury Board of Education, North Carolina 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

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly, unassigned fund balance.

Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$(128,310,467) consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets at historical cost on government-wide statement in governmental activities column)	\$ 234,330,033
Less Accumulated Depreciation	<u>117,566,199</u>
Net capital assets	116,763,834
Pension related deferred outflows of resources	58,962,273
OPEB related deferred outflows of resources	23,974,594
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Installment financing	(2,434,075)
Compensated absences	(9,742,829)
Net pension liability	(98,108,114)
Net OPEB liability	(138,312,004)
Deferred inflows of resources related to pensions	(4,173,181)
Deferred inflows of resources related to OPEB	<u>(75,240,965)</u>
Total adjustment	<u>\$ (128,310,467)</u>

- B. 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 of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$21,364,878 as follows:

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 4,253,764
Depreciation expenses, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(10,974,309)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	18,572,110
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	7,469,450
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	1,050,034
New debt issued during the year is recorded as a source of funds on the fund statements; it has no affect on the statement of activities - it only affects the government-wide statement of net position	(289,818)
Principal payments on debt owed are recorded as a use of funds on the fund statements but affects only the statement of net position in the government-wide statements.	4,074,263
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	(19,608,602)
Net OPEB expense	17,265,909
Remaining net book value on disposed fixed assets	(409,129)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(38,794)
Total adjustment	<u>\$ 21,364,878</u>

Defined Benefit Pension Plan and OPEB Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' and State Employees' Retirement System (TSERS), the Retiree Health Benefit Fund (RHBF), 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

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures Over Appropriations

During the fiscal year ended June 30, 2023, the Board reported expenditures that violated State law [G.S. 115C-441] due to actual expenditures exceeding the budget within the General Fund which is in violation of North Carolina General Statutes. Expenditures in excess of budgeted amounts can be seen in the accompanying budget-to-actual financial statements.

NOTE 3 – DETAIL NOTES ON ALL FUNDS

Assets

Deposits

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

At June 30, 2023, the Board had deposits in financial institutions with a carrying amount of \$25,414,952 and with the State Treasurer of \$0. The bank balances with the financial institutions and the State Treasurer were \$25,887,608 and \$671,236, respectively. Of these balances, \$3,239,872 was covered by federal depository insurance and \$23,318,972 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

Investments

At June 30, 2023, the Board had \$11,580,476 invested with the State Treasurer in the STIF. The STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2023. The Board has no policy for managing interest rate risk or credit risk.

Accounts Receivable

Receivables at the government-wide level at June 30, 2023, were as follows:

	Due from other governments	Other
Governmental activities:		
General Fund	\$ 65,784	\$ 13,729
Other governmental activities	1,736,203	57,234
Total	<u>\$ 1,801,987</u>	<u>\$ 70,963</u>
Business-type activities:		
School Food Service	<u>\$ 1,128,441</u>	<u>\$ -</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 47,219	Rowan County
General Fund	17,543	Internal Revenue Service
General Fund	1,022	NC Department of Revenue
Federal Grants Fund	526,367	NC Department of Public Instruction
Capital Outlay Fund	1,209,836	Rowan County
Total	<u>\$ 1,801,987</u>	
Business-type activities:		
School Food Service Fund	<u>\$ 1,128,441</u>	USDA grant reimbursement

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

Capital Assets

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

	Beginning Balances	Increases	Retirements and transfers	Ending Balances
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,115,184	\$ -	\$ -	\$ 5,115,184
Construction in progress	2,128,305	1,426,099	2,365,936	1,188,468
Total capital assets not being depreciated	<u>7,243,489</u>	<u>1,426,099</u>	<u>2,365,936</u>	<u>6,303,652</u>
Capital assets being depreciated:				
Buildings and improvements	177,822,674	826,737	260,335	178,389,076
Furniture and equipment	31,293,106	3,054,535	8,426,722	25,920,919
Vehicles	22,782,379	1,312,329	378,322	23,716,386
Total capital assets being depreciated	<u>231,898,159</u>	<u>5,193,601</u>	<u>9,065,379</u>	<u>228,026,381</u>
Less accumulated depreciation for:				
Buildings and improvements	80,095,329	3,968,587	236,680	83,827,236
Furniture and equipment	16,666,403	5,310,939	8,199,701	13,777,641
Vehicles	18,486,408	1,694,783	219,869	19,961,322
Total accumulated depreciation	<u>115,248,140</u>	<u>10,974,309</u>	<u>8,656,250</u>	<u>117,566,199</u>
Total capital assets being depreciated, net	<u>116,650,019</u>			<u>110,460,182</u>
Governmental activity capital assets, net	<u>\$123,893,508</u>			<u>\$116,763,834</u>
	Beginning Balances	Increases	Decreases	Ending Balances
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Furniture and equipment	\$ 5,635,466	\$ 98,955	\$ 51,501	\$ 5,682,920
Less accumulated depreciation for:				
Furniture and equipment	4,755,073	176,748	48,693	4,883,128
School Food Service capital assets, net:	<u>\$ 880,393</u>			<u>\$ 799,792</u>

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

Depreciation was charged to governmental functions as follows:

Instructional services	\$ 3,968,587
System-wide support services	1,694,783
Unallocated depreciation	<u>5,310,939</u>
Total	<u>\$ 10,974,309</u>

Construction Commitments

The board had active construction projects at June 30, 2023. At year end, the commitment with contracts for school construction was as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
SHS Fencing Project	\$ 829,097	\$ 22,536
WRMS - HVAC Improvements	<u>359,371</u>	<u>2,871,329</u>
	<u>\$ 1,188,468</u>	<u>\$ 2,893,865</u>

Liabilities

Pension Plan Obligations

a. Teachers' and State Employees' Retirement System

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

Benefits Provided. TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2023, was 17.38% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$19,240,918 for the year ended June 30, 2023.

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

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

At June 30, 2023, the Board reported a liability of \$101,641,130 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

TSERS employers, actuarially determined. At June 30, 2022 and at June 30, 2021, the Board's proportion was 0.68%.

For the year ended June 30, 2023, the Board recognized pension expense of \$20,459,101. At June 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 442,552	\$ 1,385,384
Changes of assumptions	8,019,098	-
Net difference between projected and actual earnings on pension plan investments	33,383,022	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	-	2,938,080
Board contributions subsequent to the measurement date	<u>19,240,918</u>	<u>-</u>
Total	<u>\$ 61,085,590</u>	<u>\$ 4,323,464</u>

\$19,240,918 reported as deferred outflows of resources related to pensions resulting from the 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 outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$ 9,529,142
2025	8,926,854
2026	3,062,325
2027	16,002,887
2028	-
Thereafter	-
Total	<u>\$ 37,521,208</u>

Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement:

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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 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 actuarial assumptions used in the December 31, 2021 actuarial valuation were based on the actuarial experience study for the prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections.

Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 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%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2021 asset, liability and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.50%. All rates of return and inflation are annualized.

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

Discount Rate. The discount rate used to measure the total pension liability reported at June 30, 2023 and 2022 was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Board’s proportionate share of the net pension asset to changes in the discount rate. The following presents the Board’s proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Board’s proportionate share of the net pension asset or net pension liability would be if calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	<u>1% Decrease</u> <u>(5.50%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(6.50%)</u>	<u>1% Increase</u> <u>(7.50%)</u>
Board's proportionate share of the net pension liability (asset)	\$179,706,697	\$ 101,641,130	\$ 37,204,248

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

b. Other Post-employment Benefits

Healthcare Benefits

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

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members. RHBF is supported by a percent of payroll contribution from participating employing units. Each year the percentage is set in legislation, as are 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.

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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 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, Article 1 and Chapter 135, Article 3B of the General Statutes and may be amended only by the North Carolina General Assembly. RHBF does not provide for automatic post-retirement benefit increases.

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state-supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the Board contributed 6.89% of covered payroll which

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

amounted to \$7,627,729. During the current fiscal year, the plan also recognized a one-time transfer of excess funding from the Public Employees Health Benefits Fund totaling \$187.0 million, which was isolated from the OPEB expense and allocated to participating employers as a separate revenue item. The Board's proportionate share of this allocation totaled \$1,087,847.

At June 30, 2023, Board reported a liability of \$143,113,675 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. The total OPEB liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2022 and at June 30, 2021, the Boards proportion was 0.60% and 0.59%, respectively.

\$7,627,729 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2024	\$ (21,797,223)
2025	(14,954,645)
2026	(15,298,594)
2027	(9,175,135)
2028	-
Thereafter	-
Total	<u>\$ (61,225,597)</u>

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

Inflation	2.50%
Salary increases	3.25% to 8.05%, including a 3.25% inflation and productivity factor
Investment rate of return	6.50%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate – medical	5.00% - 6.00%
Healthcare cost trend rate – prescription drug	5.00% - 9.50%
Healthcare cost trend rate – administrative	3.00%
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 rates used to measure the total OPEB liability for the RHBF was 3.54%, the same as June 30, 2022. The projection of cash flow used to determine the discount rate assumed

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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 3.54% was used as the discount rate used to measure the total OPEB liability. The 3.54% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2022.

Sensitivity of the Board’s proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board’s proportionate share of the net OPEB liability, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage point higher (4.54 percent) than the current discount rate:

	<u>1% Decrease (2.54%)</u>	<u>Current Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
Net OPEB liability	\$ 168,571,420	\$ 143,113,675	\$ 122,321,608

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates (6.50% Medical, 7.25% Rx, 3.00% Administrative Expenses)</u>	<u>1% Increase in Trend Rates</u>
Net OPEB liability	\$ 117,805,448	\$ 143,113,675	\$ 175,828,175

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.

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

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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.

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2023, employers made a statutory contribution of 0.10% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$110,707 for the year ended June 30, 2023.

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.

At June 30, 2023, Board reported an OPEB liability of \$179,145 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. The total OPEB liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2022 and at June 30, 2021, the Boards proportion was .60% and .61%, respectively.

\$110,707 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

liability in the year ending June 30, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2024	\$ 93,075
2025	106,120
2026	77,830
2027	60,492
2028	13,844
Thereafter	23,252
Total	<u>\$ 374,613</u>

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

Inflation	2.50%
Salary increases	3.25% to 8.05%, including a 3.25% inflation and productivity factor
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00 percent) or 1-percentage point higher (4.00 percent) than the current discount rate:

	<u>1% Decrease (2.00%)</u>	<u>Current Discount Rate (3.00%)</u>	<u>1% Increase (4.00%)</u>
Net OPEB liability	\$ 220,596	\$ 179,145	\$ 137,593

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

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

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

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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

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

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

	<u>RHBF</u>	<u>DIPNC</u>	<u>Total</u>
OPEB expense	\$ 17,409,681	\$ (59,542)	\$ 17,350,139
OPEB liability (asset)	143,113,675	179,145	143,292,820
Proportionate share of the net OPEB liability (asset)	0.603%	0.602%	
Deferred of Outflows of Resources			
Differences between expected and actual experience	\$ 1,389,445	\$ 200,807	\$ 1,590,252
Changes of assumptions	11,458,109	11,514	11,469,623
Net difference between projected and actual earnings on plan investments	1,239,302	189,479	1,428,781
Changes in proportion and defferences between Board contributions and proportionate share of contributions	2,595,272	15,589	2,610,861
Board contributions subsequent to the measurement date	<u>7,627,729</u>	<u>110,707</u>	<u>7,738,436</u>
Total Deferred Outflows of Resources	<u>\$ 24,309,857</u>	<u>\$ 528,096</u>	<u>\$ 24,837,953</u>
Deferred of Inflows of Resources			
Differences between expected and actual experience	\$ 396,010	\$ -	\$ 396,010
Changes of assumptions	65,134,403	33,188	65,167,591
Changes in proportion and differences between Board contributions and proportionate share of contributions	<u>12,377,312</u>	<u>9,588</u>	<u>12,386,900</u>
Total Deferred Inflows of Resources	<u>\$ 77,907,725</u>	<u>\$ 42,776</u>	<u>\$ 77,950,501</u>

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

Accounts Payable

Accounts payable at June 30, 2023, are as follows:

	<u>Vendors</u>
Governmental Activities:	
General Fund	\$ 6,737,553
Other Governmental	878,355
Total - Governmental Activities	<u>\$ 7,615,908</u>
Business-type Activities	
School Food Service Fund	<u>\$ 87,676</u>

Unavailable Revenues

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

	<u>Unavailable Revenue</u>
Prepaid lunch balances (School Food Service Fund)	<u>\$ 105,385</u>

Deferred Outflows and Deferred Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between Board contributions and proportionate share of contributions	\$ 2,610,861	\$ 15,324,980
Changes in assumptions	19,488,721	65,167,591
Difference between projected and actual earnings on plan investments	34,811,802	-
Board contributions subsequent to the measurement date	26,979,355	-
Difference between expected and actual experience	<u>2,032,804</u>	<u>1,781,394</u>
Total	<u>\$ 85,923,543</u>	<u>\$ 82,273,965</u>

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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 purchases insurance coverage through private insurance carriers. The Board maintains general liability and errors and omissions coverage of \$1 million each occurrence limit, which are purchased through EMC Insurance Company. The Board purchases workers' compensation insurance through Prescient National Insurance Company and the coverage provides the statutory limits for employees to the extent they are paid from federal and local funds. The State of North Carolina provides workers' compensation for employees to the extent they are paid from State funds. EMC Insurance Company has an annual aggregate limit for general liability of \$2,000,000 and \$2,000,000 for errors and omissions. The Board also purchases property insurance through the EMC Insurance Company to insure the tangible property assets of the Board. The Board's property insurance policy provides a blanket insurance limit of approximately \$679,331,298 on the Buildings and Contents. There is no co-insurance and the property is insured on a replacement cost basis. The property deductible is \$5,000 per occurrence. The property policy provides a \$5,000,000 limit for Flood and Earthquake with a \$50,000 deductible for flood and 5% deductible on earthquake. EMC is rated A+ by AM Best and Prescient National Insurance Company is rated A by AM Best.

The Board also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan, a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. The Board pays the majority of the cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

In accordance with G.S. 115C-442, the Board's employees who have custody of the Board's monies at any given time of the Board's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$250,000. The remaining employees that have access to funds are bonded under a blanket bond for \$500,000.

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.

Long-Term Obligations

Direct Placement Installment Purchases

Energy Conservation

The Board is authorized by State law G.S. 115C-528(a), to enter into installment purchase contracts to finance energy conservation measures that will reduce its operating costs. The Board entered into a direct placement contract to reduce energy costs associated with the administrative office and various schools. The financing contract requires quarterly principal payments for fifteen years beginning in the fiscal year 2016 with an interest rate of 2.65%. The future minimum payments of the energy conservation installment purchase as of June 30, 2023 are as follows:

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 248,888	\$ 55,574
2025	258,901	48,879
2026	269,221	41,916
2027	279,856	34,677
2028	290,817	27,153
2029-2031	841,947	33,440
Total	<u>\$ 2,189,630</u>	<u>\$ 241,639</u>

School Buses

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 moneys 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 third party direct placement financing arrangements. As of June 30, 2023, the Board has entered into two such contracts for the purchase of school buses. The terms of the financing contracts require annual payments of \$99,537.

The future minimum payments of the installment purchases as of June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>
2024	\$ 171,992
2025	72,453
Totals	<u>\$ 244,445</u>

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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, 2023:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023	Maturities
Governmental activities:					
Direct placement	\$ 6,218,520	\$ 289,818	\$ 4,074,263	\$ 2,434,075	\$ 420,880
installment purchases					
Net pension liability	30,944,459	67,163,655	-	98,108,114	-
Net OPEB liability	177,165,629	-	38,853,625	138,312,004	-
Compensated absences	<u>9,704,035</u>	<u>8,953,879</u>	<u>8,915,085</u>	<u>9,742,829</u>	<u>4,655,298</u>
Total	<u>\$ 224,032,643</u>	<u>\$ 76,407,352</u>	<u>\$ 51,842,973</u>	<u>\$ 248,597,022</u>	<u>\$ 5,076,178</u>
Business-type activities:					
Net pension liability	\$ 1,013,356	\$ 2,519,660	\$ -	\$ 3,533,016	\$ -
Net OPEB liability	5,801,747	-	820,931	4,980,816	-
Compensated absences	<u>206,466</u>	<u>363,061</u>	<u>355,613</u>	<u>213,914</u>	<u>133,568</u>
Total	<u>\$ 7,021,569</u>	<u>\$ 2,882,721</u>	<u>\$ 1,176,544</u>	<u>\$ 8,727,746</u>	<u>\$ 133,568</u>

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

Interfund Balances and Activities

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

From the State Public School Fund to the School Food Service Fund for operating costs.	<u>\$ 48,911</u>
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ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

Fund Balance

The Board does not have a formal fund balance policy. In addition, all encumbrances lapse at the end of the year. Therefore, the entire amount of unassigned fund balance in the General Fund is available for appropriation.

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

Total fund balance - General Fund	\$ 7,387,036
Less:	
Stabilization by State statute	<u>79,513</u>
Remaining fund balance	<u>\$ 7,307,523</u>

NOTE 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 moneys.

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
*Last Ten Fiscal Years**

	2023	2022	2021	2020	2019
Board's proportion of the net pension liability (asset)	0.685%	0.682%	0.704%	0.712%	0.725%
Board's proportionate share of the net pension liability (asset)	\$ 101,641,130	\$ 31,957,815	\$ 85,064,508	\$ 73,794,073	\$ 72,196,579
Board's covered-employee payroll	\$ 107,910,315	\$ 105,876,324	\$ 105,741,548	\$ 106,038,674	\$ 103,186,391
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	94.19%	30.18%	80.45%	69.59%	69.97%
Plan fiduciary net position as a percentage of the total pension liability	84.14%	94.86%	85.98%	87.56%	87.61%

	2018	2017	2016	2015	2014
Board's proportion of the net pension liability (asset)	0.724%	0.718%	0.712%	0.724%	0.766%
Board's proportionate share of the net pension liability (asset)	\$ 57,470,743	\$ 66,005,403	\$ 26,229,765	\$ 8,483,052	\$ 46,504,006
Board's covered-employee payroll	\$ 100,345,581	\$ 96,569,923	\$ 97,060,667	\$ 95,501,243	\$ 95,501,243
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	57.27%	68.35%	27.02%	8.88%	48.69%
Plan fiduciary net position as a percentage of the total pension liability	89.51%	87.32%	94.64%	98.24%	90.60%

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

This schedule is required supplementary information.

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF BOARD CONTRIBUTIONS
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 19,240,918	\$ 17,675,710	\$ 15,648,521	\$ 13,714,679	\$ 13,032,153
Contributions in relation to the contractually required contribution	<u>19,240,918</u>	<u>17,675,710</u>	<u>15,648,521</u>	<u>13,714,679</u>	<u>13,032,153</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 110,707,241	\$ 107,910,315	\$ 105,876,324	\$ 105,741,548	\$ 106,038,674
Contributions as a percentage of covered-employee payroll	17.38%	16.38%	14.78%	12.97%	12.29%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 11,123,493	\$ 10,014,489	\$ 8,836,148	\$ 8,881,051	\$ 8,299,058
Contributions in relation to the contractually required contribution	<u>11,123,493</u>	<u>10,014,489</u>	<u>8,836,148</u>	<u>8,881,051</u>	<u>8,299,058</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 103,186,391	\$ 100,345,581	\$ 96,569,923	\$ 97,060,667	\$ 95,501,243
Contributions as a percentage of covered-employee payroll	10.78%	9.98%	9.15%	9.15%	8.69%

This schedule is required supplementary information.

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
RETIREE HEALTH BENEFIT FUND
*Last Seven Fiscal Years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Board's proportion of the net OPEB liability (asset)	0.603%	0.592%	0.620%	0.646%	0.654%
Board's proportionate share of the net OPEB liability (asset)	\$ 143,113,675	\$ 182,967,376	\$ 171,945,048	\$ 198,371,446	\$ 184,012,858
Board's covered-employee payroll	\$ 107,910,315	\$ 105,876,324	\$ 105,741,548	\$ 106,038,674	\$ 103,186,391
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	132.62%	172.81%	162.61%	187.07%	178.33%
Plan fiduciary net position as a percentage of the total OPEB liability	7.72%	7.72%	6.92%	4.40%	4.40%

	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability (asset)	0.654%	0.625%
Board's proportionate share of the net OPEB liability (asset)	\$ 214,289,224	\$ 271,770,267
Board's covered-employee payroll	\$ 100,345,581	\$ 96,569,923
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	213.55%	281.42%
Plan fiduciary net position as a percentage of the total OPEB liability	3.52%	2.41%

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

This schedule is required supplementary information.

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF BOARD CONTRIBUTIONS
RETIREE HEALTH BENEFIT FUND
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 7,627,729	\$ 6,787,559	\$ 7,072,538	\$ 6,841,478	\$ 6,648,625
Contributions in relation to the contractually required contribution	<u>7,627,729</u>	<u>6,787,559</u>	<u>7,072,538</u>	<u>6,841,478</u>	<u>6,648,625</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 110,707,241	\$ 107,910,315	\$ 105,876,324	\$ 105,741,548	\$ 106,038,674
Contributions as a percentage of covered-employee payroll	6.89%	6.29%	6.68%	6.47%	6.27%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 6,242,777	\$ 5,830,078	\$ 5,407,916	\$ 5,328,631	\$ 5,157,067
Contributions in relation to the contractually required contribution	<u>6,242,777</u>	<u>5,830,078</u>	<u>5,407,916</u>	<u>5,328,631</u>	<u>5,157,067</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 103,186,391	\$ 100,345,581	\$ 96,569,923	\$ 97,060,667	\$ 95,501,243
Contributions as a percentage of covered-employee payroll	6.05%	5.81%	5.60%	5.49%	5.40%

This schedule is required supplementary information.

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
DISABILITY INCOME PLAN OF NORTH CAROLINA
*Last Seven Fiscal Years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Board's proportion of the net OPEB liability/asset	0.602%	0.605%	0.620%	0.632%	0.644%
Board's proportionate share of the net OPEB liability (asset)	\$ 179,145	\$ (98,752)	\$ (304,836)	\$ (272,544)	\$ (195,576)
Board's covered payroll	\$ 107,910,315	\$ 105,876,324	\$ 105,741,548	\$ 106,038,674	\$ 103,186,391
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered-employee payroll	0.17%	0.09%	0.29%	0.26%	0.19%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	90.34%	105.18%	115.57%	113.00%	108.47%

	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability/asset	0.640%	0.639%
Board's proportionate share of the net OPEB liability (asset)	\$ (390,997)	\$ (396,807)
Board's covered payroll	\$ 100,345,581	\$ 96,569,923
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered-employee payroll	0.39%	0.41%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	116.23%	116.06%

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

This schedule is required supplementary information.

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF BOARD CONTRIBUTIONS
DISABILITY INCOME PLAN OF NORTH CAROLINA
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 110,707	\$ 97,119	\$ 95,289	\$ 105,742	\$ 148,567
Contributions in relation to the contractually required contribution	<u>110,707</u>	<u>97,119</u>	<u>95,289</u>	<u>105,742</u>	<u>148,567</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 110,707,241	\$ 107,910,315	\$ 105,876,324	\$ 105,741,548	\$ 106,038,674
Contributions as a percentage of covered-employee payroll	0.10%	0.09%	0.09%	0.10%	0.14%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 144,461	\$ 381,313	\$ 395,937	\$ 397,949	\$ 420,205
Contributions in relation to the contractually required contribution	<u>144,461</u>	<u>381,313</u>	<u>395,937</u>	<u>397,949</u>	<u>420,205</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 103,186,391	\$ 100,345,581	\$ 96,569,923	\$ 97,060,667	\$ 95,501,243
Contributions as a percentage of covered-employee payroll	0.14%	0.38%	0.41%	0.41%	0.44%

This schedule is required supplementary information.

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2023

Exhibit A-1

	Budget	Actual	Positive (Negative) Variance
Revenues:			
Rowan County:			
County appropriations	\$ 37,285,713	\$ 39,541,641	\$ 2,255,928
Other:			
Fines and forfeitures		459,609	
Other		116,353	
Interest earned on investments		1,077,842	
Total	<u>2,662,796</u>	<u>1,653,804</u>	<u>(1,008,992)</u>
Total revenues	<u>39,948,509</u>	<u>41,195,445</u>	<u>1,246,936</u>
Expenditures:			
Instructional services	14,731,371	14,380,541	350,830
System-wide support services	22,289,207	22,356,689	(67,482)
Ancillary services	11,938	10,343	1,595
Non-programmed charges	2,614,526	2,451,735	162,791
Capital Outlay	286	-	286
Debt service:			
Principal payments	239,173	239,173	-
Interest expense	62,008	62,008	-
Total expenditures	<u>39,948,509</u>	<u>39,500,489</u>	<u>448,020</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>1,694,956</u>	<u>\$ 1,694,956</u>
Fund balances:			
Beginning of year, July 1		<u>5,692,080</u>	
End of year, June 30		<u>\$ 7,387,036</u>	

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL OUTLAY FUND
For the Year Ended June 30, 2023

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Revenues:			
State of North Carolina:			
State appropriations-buses	\$ 343,984	\$ 343,984	\$ -
Rowan County			
County appropriations	2,622,578	3,592,905	970,327
Other:			
Investment earnings		49,362	
Other		3,414,379	
	<u>3,477,276</u>	<u>3,463,741</u>	<u>(13,535)</u>
Total revenues	<u>6,443,838</u>	<u>7,400,630</u>	<u>1,300,776</u>
Expenditures:			
Instructional services	1,161,740	509,544	652,196
System-wide support services	818,372	818,372	-
Capital outlay	4,415,422	4,415,422	-
Debt service:			
Principal payments	343,984	343,984	-
Total expenditures	<u>6,739,518</u>	<u>6,087,322</u>	<u>652,196</u>
Revenues over (under) expenditures	(295,680)	1,313,308	1,608,988
OTHER FINANCING SOURCES			
Installment purchase obligations	295,680	289,818	(5,862)
Revenues over (under) expenditures	<u>\$ -</u>	1,603,126	<u>\$ 1,603,126</u>
Fund balances:			
Beginning of year, July 1		<u>4,012,919</u>	
End of year, June 30		<u>\$ 5,616,045</u>	

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-
GAAP) - SCHOOL FOOD SERVICE FUND
For the Year Ended June 30, 2023

Exhibit C-1

	Budget	Actual	Variance Positive (Negative)
Operating revenues:			
Food sales	\$ 2,226,087	\$ 1,676,261	\$ (549,826)
Operating expenditures:			
Business support services			
Food cost		5,916,192	
Salaries and benefits		6,209,694	
Indirect costs		451,643	
Materials and supplies		115,037	
Contracted services		293,339	
Noncapital equipment		10,421	
Repairs and maintenance		231,298	
Travel		38,815	
Other		73,791	
Total business support services	14,909,840	13,340,230	1,569,610
Capital outlay	490,000	98,955	391,045
Total operating expenditures	15,399,840	13,439,185	1,960,655
Operating loss	(13,173,753)	(11,762,924)	1,410,829
Nonoperating revenues:			
Federal reimbursements		9,925,398	
Federal commodities		756,084	
State reimbursements		35,630	
Interest earned		27,719	
Other nonoperating revenues		2,239	
Total nonoperating revenues	13,173,753	10,747,070	(2,426,683)
Revenues and other sources over (under) expenditures	\$ -	(1,015,854)	\$ (1,015,854)

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-
GAAP) - SCHOOL NUTRITION FUND
For the Year Ended June 30, 2023

Exhibit C-1
(Continued)

Reconciliation of modified accrual to full accrual basis:

Reconciling items:

Depreciation	(176,748)
Gain on disposal of capital assets	12,391
Capital outlay	98,955
Increase (decrease) in accounts receivable	(40)
Increase (decrease) in inventory	105,443
(Increase) decrease in unavailable revenues	(11,698)
(Increase) decrease in compensated absences	(7,448)
Net pension liability	(2,524,168)
Net OPEB liability	795,122
Deferred outflows - pension and OPEB	1,196,134
Deferred inflows - pension and OPEB	547,591
Change in net position	<u>\$ (980,320)</u>

COMPLIANCE SECTION



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

**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 AUDITORS' REPORT

To the Board of Education
Rowan-Salisbury Board of Education, North Carolina
Salisbury, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, the business-type activities, and each major fund of the Rowan-Salisbury Board of Education, North Carolina, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Rowan-Salisbury Board of Education, North Carolina, North Carolina's basic financial statements and have issued our report thereon dated October 14, 2023.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal

control, described in the accompanying schedule of findings and questioned costs as item 23-01 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Rowan-Salisbury Board of Education, North Carolina'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Rowan-Salisbury Board of Education's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Rowan-Salisbury Board of Education's response to findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Rowan-Salisbury Board of Education's response was not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anderson Smith & Wike PLLC

***October 14, 2023
Elon, North Carolina***



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Rowan-Salisbury Board of Education, North Carolina
Salisbury, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Rowan-Salisbury Board of Education's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Rowan-Salisbury Board of Education's major federal programs for the year ended June 30, 2023. Rowan-Salisbury Board of Education's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Rowan-Salisbury Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' 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 Rowan-Salisbury Board of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act 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 Rowan-Salisbury Board of Education's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act, 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 Rowan-Salisbury Board of Education's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Rowan-Salisbury Board of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of Rowan-Salisbury Board of Education's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Anderson Smith & Wike PLLC

October 14, 2023
Elon, North Carolina



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

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Rowan-Salisbury Board of Education, North Carolina
Salisbury, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Rowan-Salisbury Board of Education's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Rowan-Salisbury Board of Education's major state programs for the year ended June 30, 2023. The Rowan-Salisbury Board of Education's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Rowan-Salisbury Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

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

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

Responsibilities of Management for Compliance

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

Auditors' 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 Rowan-Salisbury Board of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act 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 Rowan-Salisbury Board of Education's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, 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 Rowan-Salisbury Board of Education's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Rowan-Salisbury Board of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of Rowan-Salisbury Board of Education's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

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

Anderson Smith & Wike PLLC

*October 14, 2023
Elon, North Carolina*

Rowan-Salisbury Board of Education, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I. Summary of Auditors' Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(s) 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 weakness(es) identified? yes no
- Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported

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

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

**Rowan-Salisbury Board of Education, North Carolina
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2023**

Identification of major federal programs:

<u>AL Numbers</u>	<u>Names of Federal Program or Cluster</u>
84.425	COVID 19 – Education Stabilization Fund
84.374	Teacher and School Leadership Incentive Program
84.027 84.173	Special Education Cluster Special Education Grants to States Special Education Ealy Intervening Services

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

\$ 1,393,479

Auditee qualified as low-risk auditee?

yes no

State Awards

Internal control over major State programs:

- Material weakness(es) identified? yes no
- Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported

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

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

yes no

Identification of major State programs:

Program Name
State Public School Fund

**Rowan-Salisbury Board of Education, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

Section II. Financial Statement Findings

Finding 23-01

SIGNIFICANT DEFICIENCY

Internal Controls over Retirement Reporting

Criteria: A primary component of a sound internal control environment requires accurate reporting of employee data to the NC Teachers and State Employees Retirement Program.

Condition: We noted the district did not collect the employee portion of retirement contributions or correctly report detailed employee wages, withholdings and district retirement contributions to the NC Teachers and State Employees Retirement Program for some employees that received a local supplement in October 2022.

Effect: As a result, some employees NC Teachers and State Employees Retirement accounts were not properly credited for the October 2022 supplement.

Cause: Oversight.

Identification of a Repeat finding: This is a similar finding from the immediate previous audit, Finding 22-05.

Recommendation: We recommend the district immediately take necessary steps to ensure employees retirement accounts are properly credited for their service.

Management Response: Management agrees with this finding and recommendation.

Section III. Federal Award Findings and Questioned Costs

None reported

Section IV. State Award Findings and Questioned Costs

None reported



**Corrective Action Plan
For the Year Ended June 30, 2023**

Section II. Financial Statement Findings

Finding 23-01

Name of Contact Person: Carol Herndon, Chief Resources Officer

Corrective Action Plan: Management will take the steps necessary to correct employee retirement accounts.

Proposed Completion Date: As soon as possible.

Section III. Federal Award Findings and Questioned Costs

Finding: None reported

Section IV. State Award Findings and Questioned Costs

Finding: None reported

**Rowan-Salisbury Board of Education, North Carolina
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023**

Finding 22-01: Corrected

Finding 22-02: Corrected

Finding 22-03: Corrected

Finding 22-04: Corrected

Finding 22-05: Repeat finding, see current year finding 23-01.

**ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2023**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>State / Pass-Through Grantor's Number</u>	<u>Expenditures</u>
Federal Grants:			
<u>U.S. Department of Agriculture</u>			
Food and Nutrition Service			
Child Nutrition Cluster:			
Passed-through the N.C. Department of Public Instruction:			
Noncash Assistance (Commodities):			
National School Lunch Program	10.555	PRC 035	\$ 756,084
Cash Assistance:			
School Breakfast Program	10.553	PRC 035	2,448,461
Supply Chain Assistance Grant	10.555	PRC 035	474,542
Fresh Fruit and Vegetable Program	10.582	PRC 035	227,359
National School Lunch Program	10.555	PRC 035	6,263,554
Summer Food Service Program for Children	10.559	PRC 035	306,851
Cash Assistance Subtotal			<u>9,720,767</u>
Total Child Nutrition Cluster			<u>10,476,851</u>
Passed-through the N.C. Department of Agriculture & Consumer Services			
Local Food for Schools Grant	10.185	PRC 353	33,875
Passed-through the N.C. Department of Health and Human Services:			
Child and Adult Care Food Program	10.558	N/A	<u>204,631</u>
Total U.S. Department of Agriculture			<u>10,715,357</u>
<u>U.S. Department of Education</u>			
Office of Elementary and Secondary Education			
Passed-through the N.C. Department of Public Instruction:			
Education Consolidation and Improvement Act of 1981			
Improving America School Act of 1994 (IASA)			
Title I, Grants to Local Educational Agencies			
Educationally Deprived Children	84.010	PRC 050, 105, & 115	6,263,507
Sexual Risk Avoidance Education Program	93.235	PRC 101	63,690
Student Support and Academic Enrichment Program	84.424	PRC 108	98,213
English Language Acquisition Grants	84.365	PRC 104	122,626
Education for Homeless Children and Youth	84.196	PRC 026	29,175
Supporting Effective Instruction State Grant	84.367	PRC 103	802,530
COVID-19 - Education Stabilization Fund			
CARES Act:			
ESSER I - K-12 Emergency Relief Fund	84.425D	PRC 163	15,279
ESSER I - Exceptional Children Grants	84.425D	PRC 167	64,152
GEER I - Supplemental Instructional Services	84.425C	PRC 170	562
CRRSA:			
ESSER II - K-12 Emergency Relief Fund	84.425D	PRC 171	10,915,271
ESSER II – Learning Loss Funding	84.425D	PRC 176	143,092
ESSER II – Summer Career Accelerator Program	84.425D	PRC 177	232,573
ESSER II - Competency-Based Assessment	84.425D	PRC 178	106,693
ARP:			
ESSER III - K-12 Emergency Relief Fund	84.425D	PRC 181	4,286,043

**ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2023**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>State / Pass-Through Grantor's Number</u>	<u>Expenditures</u>
COVID-19 - Education Stabilization Fund (Continued)			
ESSER III – Homeless I	84.425W	PRC 183	18,092
ESSER III – Homeless II	84.425W	PRC 184	4,514
ESSER III - Summer Career Acceleratory Programs	84.425U	PRC 188	7,764
ESSER III - Math Enrichment Programs	84.425U	PRC 189	102,165
ESSER III - Grants for Identification and Location of Missing Stude	84.425U	PRC 191	71,000
ESSER III - Gaggle Grants	84.425U	PRC 193	59,449
ESSER III - CTE-Hospitality	84.425U	PRC 194	4,874
ESSER III - Principal Retention Supplements	84.425U	PRC 206	10,077
Total COVID-19 - Education Stabilization Fund			<u>16,041,600</u>
Office of Special Education and Rehabilitative Services			
Passed-through the N.C. Department of Public Instruction:			
Special Education Cluster:			
Individuals with Disabilities Education Act			
Special Education - Grants to States	84.027	PRC 060	4,142,931
Special Education - Targeted Assistance	84.027	PRC 118	10,038
Special Education - Targeted Assistance for Preschool	84.027	PRC 119	2,823
COVID - 19 - ESSER III - ARP IDEA Grant to States	84.027	PRC 185	588,390
Special Education - Preschool Grants	84.173	PRC 049	145,087
COVID-19 - ESSER III - ARP IDEA Preschool Grants	84.173	PRC 186	16,748
Total Special Education Cluster			<u>4,906,017</u>
Special Education State Personnel Development	84.323	PRC 082	17,607
Passed-through the N.C. Department of Public Instruction:			
Carl D. Perkins Vocational and Applied Technology			
Education Act Amendments of 1990			
Basic Grants to States			
Program Development	84.048	PRC 017	321,779
Direct Program:			
Teacher and School Leadership Incentive Program	84.374A	N/A	<u>6,758,762</u>
Total U.S. Department of Education			<u>35,425,506</u>
Other Federal Assistance:			
<u>U.S. Department of Defense</u>			
Direct Program:			
JROTC	12.000		<u>308,425</u>
Total Federal Assistance			<u>46,449,288</u>

**ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 For the Year Ended June 30, 2023**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>State / Pass-Through Grantor's Number</u>	<u>Expenditures</u>
State Grants:			
<u>N.C. Department of Public Instruction:</u>			
State Public School Fund			138,071,850
Appropriations for School Buses (non-cash assistance)			<u>343,984</u>
Total N.C. Department of Public Instruction			<u>138,415,834</u>
 <u>N.C. Department of Agriculture</u>			
State Reduced Breakfast Program			10,236
State Reduced Lunch Program			<u>25,394</u>
			<u>35,630</u>
Total State Assistance			<u>138,451,464</u>
Total Federal and State Assistance			<u>\$ 184,900,752</u>

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

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Rowan-Salisbury Board of Education under the programs of the federal government and the State of North Carolina for the year ended June 30, 2023. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Rowan-Salisbury Board of Education, it is not intended to and does not present the financial position, changes in net assets or cash flows of Rowan-Salisbury Board of Education.

Note 2. Summary of Significant Accounting Policies

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

Rowan-Salisbury Board of Education has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 3. Clusters

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