

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

Financial Statements

Year Ended June 30, 2021

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA

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ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rowan-Salisbury Board of Education, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Rowan-Salisbury Board of Education, North Carolina as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, the State Public School 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 12 and the Schedule of the Proportionate Share of the Net Pension and OPEB Liabilities and the Schedule of Board Contributions on pages 53 through 58, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Rowan-Salisbury Board of Education, North Carolina'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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2021, on our consideration of Rowan-Salisbury Board of Education, North Carolina's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Rowan-Salisbury Board of Education, North Carolina's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

October 22, 2021
Statesville, North Carolina
(704) 562-5039

**ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2021**

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, 2021. 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 and only 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. Each focus area has a set of accountability measures and metrics to summarize the District’s performance to the state and the community.



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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

- Average Daily Membership for 2020-21 was 17,866 compared to 18,585 in 2019-20, representing a fairly significant decrease. This decrease was affected by the COVID-19 pandemic and the District's decision to start the 2020-2021 school year under Plan B, a hybrid method of in-person and remote learning with a strong consideration for the health and safety of our students and staff. While many North Carolina LEAs opted to begin the school year under Plan C, 100% remote learning, Rowan-Salisbury School System believed that students needed and deserved the related structured academic, social and emotional learning environment of in-person instruction. Average Daily Membership has somewhat rebounded to around 18,000 at the start of the 2021-2022 school year. The potential for declining enrollment over the next several years remains due to increased homeschool enrollment, students moving out of the District and a slight increase in the number of local charter schools.
- The Board has a continued need to optimize the number and condition of schools operated by Rowan-Salisbury School System, considering opportunities to consolidate, close, replace and/or upgrade schools. Accordingly two elementary schools were closed effective June 30, 2021. In addition, there is an on-going need for maintenance and repair of current facilities and equipment.
- State allotments provided 62% of operating revenues. The county appropriation and federal allotments provided 21% and 11%, respectively. The remaining 6% was funded by other state, local and federal sources.
- State funding increased by \$1.4 million or 1.2% in 2020-2021 primarily due to state mandated increases in salaries and benefits. Funding for general operating expense from the Rowan County Board of Commissioners increased by almost \$475,000.
- Salaries and related benefits accounted for 71% 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

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

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 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.

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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 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 \$(156,704,189) as of June 30, 2021, an increase of 1.1%, as compared to the net position at June 30, 2020 of \$(158,410,719). The largest component of net position is net investment in capital assets of \$123,147,118 as of June 30, 2021 as compared to \$129,089,008 as of June 30, 2020.

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Following is a summary of the Statement of Net Position:

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Current assets	\$ 24,706,833	\$ 24,679,131	\$ 4,975,586	\$ 4,563,459	\$ 29,682,419	\$ 29,242,590
Capital assets	<u>132,446,457</u>	<u>131,785,838</u>	<u>986,628</u>	<u>1,089,270</u>	<u>133,433,085</u>	<u>132,875,108</u>
Total assets	<u>157,153,290</u>	<u>156,464,969</u>	<u>5,962,214</u>	<u>5,652,729</u>	<u>163,115,504</u>	<u>162,117,698</u>
Deferred outflows of resources	<u>50,523,681</u>	<u>50,569,131</u>	<u>1,651,662</u>	<u>1,676,618</u>	<u>52,175,343</u>	<u>52,245,749</u>
Current liabilities	5,917,649	5,876,744	230,827	523,593	6,148,476	6,400,337
Long-term liabilities	<u>269,008,380</u>	<u>276,955,025</u>	<u>8,374,369</u>	<u>8,962,353</u>	<u>277,382,749</u>	<u>285,917,378</u>
Total liabilities	<u>274,926,029</u>	<u>282,831,769</u>	<u>8,605,196</u>	<u>9,485,946</u>	<u>283,531,225</u>	<u>292,317,715</u>
Deferred inflows of resources	<u>85,663,400</u>	<u>77,874,522</u>	<u>2,800,411</u>	<u>2,581,929</u>	<u>88,463,811</u>	<u>80,456,451</u>
Net investment in capital assets	122,160,490	127,999,738	986,628	1,089,270	123,147,118	129,089,008
Restricted net position	10,044,010	8,563,789	9,650	8,746	10,053,660	8,572,535
Unrestricted net position	<u>(285,116,958)</u>	<u>(290,235,718)</u>	<u>(4,788,009)</u>	<u>(5,836,544)</u>	<u>(289,904,967)</u>	<u>(296,072,262)</u>
Total net assets	<u>\$ (152,912,458)</u>	<u>\$ (153,672,191)</u>	<u>\$ (3,791,731)</u>	<u>\$ (4,738,528)</u>	<u>\$ (156,704,189)</u>	<u>\$ (158,410,719)</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 .5% of net assets and is not felt to be significant. Also note that the Board carries capital assets for which Rowan County carries the offsetting debt.

**ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021**

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Revenues:						
Program revenues:						
Charges for services	\$ 3,350,520	\$ 6,299,602	\$ 239,951	\$ 1,839,506	\$ 3,590,471	\$ 8,139,108
Operating grants and contributions	145,194,291	136,715,631	10,948,195	11,230,245	156,142,486	147,945,876
Capital grants and contributions	1,004,281	1,297,747	40,823	-	1,045,104	1,297,747
General revenues:						
Other revenues	47,811,813	50,332,966	18,183	21,671	47,829,996	50,354,637
Total revenues	197,360,905	194,645,946	11,247,152	13,091,422	208,608,057	207,737,368
Expenses:						
Governmental activities:						
Instructional services	149,610,401	151,667,026	-	-	149,610,401	151,667,026
System-wide support services	39,613,466	35,917,457	-	-	39,613,466	35,917,457
Ancillary services	783,314	379,122	-	-	783,314	379,122
Non-programmed charges	1,308,044	1,451,083	-	-	1,308,044	1,451,083
Interest on long-term debt	243,401	80,308	-	-	243,401	80,308
Depreciation	4,933,727	3,731,745	-	-	4,933,727	3,731,745
Business-type activities:						
School food service	-	-	10,409,174	13,092,373	10,409,174	13,092,373
Total expenses	196,492,353	193,226,741	10,409,174	13,092,373	206,901,527	206,319,114
Net revenues (expenses)	868,552	1,419,205	837,978	(951)	1,706,530	1,418,254
Transfers in (out)	(108,819)	(577,970)	108,819	577,970	-	-
Increase (decrease) in net position	759,733	841,235	946,797	577,019	1,706,530	1,418,254
Beginning net position	(153,672,191)	(154,513,426)	(4,738,528)	(5,315,547)	(158,410,719)	(159,828,973)
Ending net position	<u>\$ (152,912,458)</u>	<u>\$ (153,672,191)</u>	<u>\$ (3,791,731)</u>	<u>\$ (4,738,528)</u>	<u>\$ (156,704,189)</u>	<u>\$ (158,410,719)</u>

For the year ended June 30, 2021, total governmental activities generated revenues of \$197.4 million while expenses in this category totaled \$196.5 million. The increase in net position stands at \$759,733. Instructional expenses comprised 76% of total governmental-type expenses while support services made up 20% of those expenses. County funding comprised 21% of total governmental revenue. Much of the remaining total governmental revenue consisted of restricted State and federal money. Business-type activities generated revenue of \$11.2 million and had expenses of \$10.4 million. Net position after transfers in from governmental activities increased in the business-type activities by \$946,797.

**ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021**

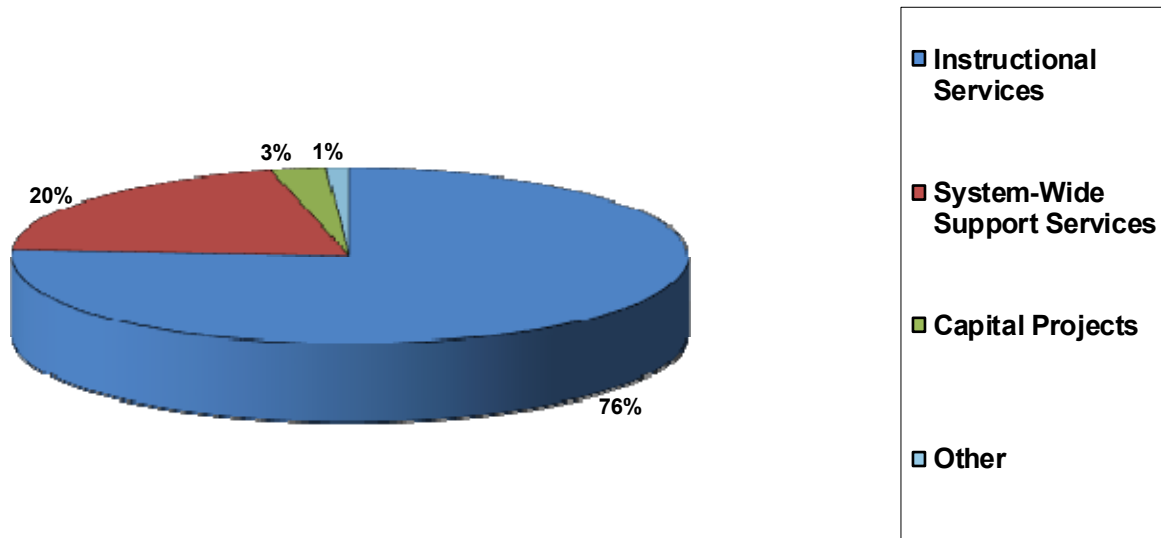
Financial Analysis of the Board's Funds

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 \$18,493,998, a \$44,591 decrease from the 2020 fiscal year. The General Fund decreased by \$1,474,858.

Proprietary Fund: The Board's business-type fund had an increase in net position in the past year of \$946,797. Net position of the School Food Service Fund stands at \$(3,791,731) at June 30, 2021.

Categorization of Expenditures for Governmental Funds



Expenditures are presented on the modified accrual basis of accounting.

**ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
MANAGEMENT’S DISCUSSION AND ANALYSIS
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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.

Capital Assets

Capital assets decreased by \$557,977 (0.4%) 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	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Land	\$ 5,115,184	\$ 5,129,055	\$ -	\$ -	\$ 5,115,184	\$ 5,129,055
Construction in progress	3,093,022	3,448,415	-	-	3,093,022	3,448,415
Buildings and improvements	99,487,741	103,622,299	-	-	99,487,741	103,622,299
Equipment and furniture	19,298,701	14,008,333	986,628	1,089,270	20,285,329	15,097,603
Vehicles	5,451,809	5,577,736	-	-	5,451,809	5,577,736
Total	<u>\$ 132,446,457</u>	<u>\$ 131,785,838</u>	<u>\$ 986,628</u>	<u>\$ 1,089,270</u>	<u>\$ 133,433,085</u>	<u>\$ 132,875,108</u>

Debt Outstanding

During the year the Board’s outstanding debt for installment purchases increased by \$6.5 million due to new debt issued exceeding principal payments. The Board uses installment financing to pay for school buses and computer equipment for instructional purposes. 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 strong commitment to education with the largest portion of the county’s budget being allocated to Rowan-Salisbury Schools.

The County’s estimated population of 144,008 (increase of 4.5% over a ten-year period) ranks twenty-second 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

**ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Interstate-85 (I-85). A unique mix of urban and rural areas distinguishes Rowan from other counties in North Carolina. Despite the COVID-19 pandemic the economy in Rowan County continued to grow in fiscal year 2021 (prior to COVID-19) as demonstrated in the labor market. The county has experienced a decrease in the unemployment rate since 2010 (15.8% in January 2010; 5.0% in June 2021, up slightly compared to a pre-pandemic level of 4.2% in June 2019). 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 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.

Impact of Coronavirus on School

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

Requests for Information

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

Carol M. Herndon, Chief Financial 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, 2021

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 16,875,330	\$ 5,192,537	\$ 22,067,867
Due from other governments	5,475,524	183,102	5,658,626
Receivables (net)	181,434	-	181,434
Internal balances	764,569	(764,569)	-
Prepaid expenditures	1,114,790	-	1,114,790
Net OPEB asset	295,186	9,650	304,836
Inventories	-	354,866	354,866
Capital assets:			
Land and construction in progress	8,208,206	-	8,208,206
Other capital assets, net of depreciation	124,238,251	986,628	125,224,879
Total capital assets	132,446,457	986,628	133,433,085
 Total assets	 157,153,290	 5,962,214	 163,115,504
 DEFERRED OUTFLOWS OF RESOURCES	 50,523,681	 1,651,662	 52,175,343
LIABILITIES			
Accounts payable and accrued expenses	1,635,082	45,559	1,680,641
Accrued salaries and wages payable	4,282,567	60,041	4,342,608
Unearned revenue	-	125,227	125,227
Long-term liabilities:			
Net pension liability	82,371,706	2,692,802	85,064,508
Net OPEB liability	166,501,956	5,443,092	171,945,048
Due within one year	6,657,036	128,465	6,785,501
Due in more than one year	13,477,682	110,010	13,587,692
Total liabilities	274,926,029	8,605,196	283,531,225
 DEFERRED INFLOWS OF RESOURCES	 85,663,400	 2,800,411	 88,463,811
NET POSITION			
Net investment in capital assets	122,160,490	986,628	123,147,118
Restricted for:			
Individual school activities	3,708,155	-	3,708,155
Stabilization by State statute	2,374,778	-	2,374,778
School Capital Outlay	3,665,891	-	3,665,891
DIPNC OPEB plan	295,186	9,650	304,836
Unrestricted	(285,116,958)	(4,788,009)	(289,904,967)
Total net position	\$ (152,912,458)	\$ (3,791,731)	\$ (156,704,189)

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

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ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	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	\$ 90,380,429	\$ 75,334	\$ 78,076,580	\$ -	\$ (12,228,515)	\$ -	\$ (12,228,515)
Special populations	18,846,013	-	17,275,460	-	(1,570,553)	-	(1,570,553)
Alternative programs	11,537,056	-	10,586,174	-	(950,882)	-	(950,882)
School leadership	11,725,829	-	10,144,986	-	(1,580,843)	-	(1,580,843)
Co-curricular services	4,116,049	3,258,871	8,513	-	(848,665)	-	(848,665)
School-based support	13,005,025	-	10,933,930	-	(2,071,095)	-	(2,071,095)
System-wide support services							
Support and development	3,076,405	-	2,393,898	-	(682,507)	-	(682,507)
Special population support and development	1,271,997	-	1,243,031	-	(28,966)	-	(28,966)
Alternative programs and services support and development	115,863	-	-	-	(115,863)	-	(115,863)
Technology support	2,414,012	12,115	741,930	-	(1,659,967)	-	(1,659,967)
Operational support	26,106,454	4,200	10,667,332	1,004,281	(14,430,641)	-	(14,430,641)
Financial and human resource services	225,253	-	1,117,052	-	891,799	-	891,799
Accountability	463,550	-	124,959	-	(338,591)	-	(338,591)
System-wide pupil support	4,000,899	-	152,746	-	(3,848,153)	-	(3,848,153)
Policy, leadership and public relations	1,939,033	-	857,959	-	(1,081,074)	-	(1,081,074)
Ancillary services	783,314	-	573,784	-	(209,530)	-	(209,530)
Non-programmed charges	1,308,044	-	259,870	-	(1,048,174)	-	(1,048,174)
Interest on long-term debt	243,401	-	-	-	(243,401)	-	(243,401)
Unallocated depreciation expense**	4,933,727	-	36,087	-	(4,897,640)	-	(4,897,640)
Total governmental activities	196,492,353	3,350,520	145,194,291	1,004,281	(46,943,261)	-	(46,943,261)
Business-type activities:							
School food service	10,409,174	239,951	10,948,195	40,823	-	819,795	819,795
Total primary government	\$ 206,901,527	\$ 3,590,471	\$ 156,142,486	\$ 1,045,104	(46,943,261)	819,795	(46,123,466)
General revenues:							
Unrestricted county appropriations - operating					37,962,067	-	37,962,067
Unrestricted county appropriations - capital					4,113,836	-	4,113,836
Unrestricted Federal grants - operating					1,689,636	-	1,689,636
Investment earnings, unrestricted					57,466	5,055	62,521
Miscellaneous, unrestricted					3,988,808	13,128	4,001,936
Transfers					(108,819)	108,819	-
Total general revenues and transfers					47,702,994	127,002	47,829,996
Change in net position					759,733	946,797	1,706,530
Net position-beginning					(153,672,191)	(4,738,528)	(158,410,719)
Net position-ending					\$ (152,912,458)	\$ (3,791,731)	\$ (156,704,189)

** This amount excludes the depreciation that is included in the direct expenses of the various programs

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021

Exhibit 3

	Major Funds				Non-major Fund	Total Governmental Funds	
	General	State Public School	Individual Schools	Capital Outlay	Other Special Revenue		Federal Grants
ASSETS							
Cash and cash equivalents	\$ 4,840,056	\$ -	\$ 3,779,693	\$ 3,983,830	\$ 4,271,751	\$ -	\$ 16,875,330
Due from other governments	35,911	3,741,724	-	870,836	526,519	300,534	5,475,524
Due from other funds	32,815	-	-	-	803,292	-	836,107
Receivables (net)	4,938	-	-	43,214	133,282	-	181,434
Prepaid expenses	1,114,790	-	-	-	-	-	1,114,790
Total assets	<u>\$ 6,028,510</u>	<u>\$ 3,741,724</u>	<u>\$ 3,779,693</u>	<u>\$ 4,897,880</u>	<u>\$ 5,734,844</u>	<u>\$ 300,534</u>	<u>\$ 24,483,185</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 982,103	\$ -	\$ -	\$ 361,153	\$ 291,826	\$ -	\$ 1,635,082
Accrued salaries and wages payable	173,054	3,741,724	-	-	67,255	300,534	4,282,567
Due to other funds	-	-	71,538	-	-	-	71,538
Total liabilities	<u>1,155,157</u>	<u>3,741,724</u>	<u>71,538</u>	<u>361,153</u>	<u>359,081</u>	<u>300,534</u>	<u>5,989,187</u>
Fund balances:							
Nonspendable:							
Prepaid expenditures	1,114,790	-	-	-	-	-	1,114,790
Restricted:							
Stabilization by State statute	40,849	-	-	870,836	1,463,093	-	2,374,778
Individual schools	-	-	3,708,155	-	-	-	3,708,155
School capital outlay	-	-	-	3,665,891	-	-	3,665,891
Assigned:							
Special revenues	-	-	-	-	3,912,670	-	3,912,670
Subsequent years expenditures	1,063,764	-	-	-	-	-	1,063,764
Unassigned	2,653,950	-	-	-	-	-	2,653,950
Total fund balances	<u>4,873,353</u>	<u>-</u>	<u>3,708,155</u>	<u>4,536,727</u>	<u>5,375,763</u>	<u>-</u>	<u>18,493,998</u>
Total liabilities and fund balances	<u>\$ 6,028,510</u>	<u>\$ 3,741,724</u>	<u>\$ 3,779,693</u>	<u>\$ 4,897,880</u>	<u>\$ 5,734,844</u>	<u>\$ 300,534</u>	<u>\$ 24,483,185</u>

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021

Exhibit 3
(Continued)

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

Total fund balances - governmental funds	\$ 18,493,998
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	132,446,457
Net OPEB asset	295,186
Deferred outflows of resources related to pensions	31,593,088
Deferred outflows of resources related to OPEB	18,930,593
Deferred inflows of resources related to pensions	(1,637,236)
Deferred inflows of resources related to OPEB	(84,026,164)
Liabilities for long-term debt are not payable with current financial resources and therefore are not reported in the funds:	
Net pension liability	(82,371,706)
Net OPEB liability	(166,501,956)
Compensated absences	(9,848,751)
Installment purchase contracts	<u>(10,285,967)</u>
Net position of governmental activities	<u><u>\$ (152,912,458)</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, 2021

Exhibit 4

	Major Funds				Non-major Fund		Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Other Special Revenue	Federal Grants	
REVENUES							
State of North Carolina	\$ -	\$ 125,326,658	\$ -	\$ 1,004,281	\$ -	\$ -	\$ 126,330,939
Rowan County	37,962,067	-	-	4,113,836	-	-	42,075,903
U.S. Government	-	3,780,984	-	-	1,689,636	16,196,661	21,667,281
Other	582,475	-	3,258,871	5,231,350	4,628,681	-	13,701,377
Total revenues	<u>38,544,542</u>	<u>129,107,642</u>	<u>3,258,871</u>	<u>10,349,467</u>	<u>6,318,317</u>	<u>16,196,661</u>	<u>203,775,500</u>
EXPENDITURES							
Current:							
Instructional services:							
Regular instructional	10,338,087	77,304,649	-	12,761,638	2,641,148	771,931	103,817,453
Special populations	2,119,126	13,405,809	-	-	4,335	3,869,651	19,398,921
Alternative programs	319,321	3,559,603	-	-	881,385	7,026,571	11,786,880
School leadership	1,967,573	9,981,478	-	-	-	163,508	12,112,559
Co-curricular services	1,307,646	8,513	2,936,734	-	-	-	4,252,893
School-based support	2,093,050	9,979,263	-	392,245	-	954,667	13,419,225
System-wide support services:							
Support and development	727,460	605,013	-	-	57,327	1,788,885	3,178,685
Special population support and development	71,168	1,238,442	-	-	-	4,589	1,314,199
Alternative programs	112,780	-	-	-	-	-	112,780
Technology support	1,734,223	377,572	-	-	-	364,358	2,476,153
Operational support	12,918,616	9,715,524	-	904,542	833,242	951,808	25,323,732
Financial and human resource services	2,954,602	1,117,052	-	-	62,260	-	4,133,914
Accountability	107,783	124,959	-	-	-	-	232,742
System-wide pupil support	326,216	152,746	-	-	-	-	478,962
Policy, leadership and public relations	1,038,723	857,959	-	-	106,817	-	2,003,499
Ancillary services	235,020	532,961	-	-	553	40,823	809,357
Non-programmed charges	1,343,030	-	-	-	17,142	259,870	1,620,042
Debt service:							
Principal payments	230,716	36,087	-	5,692,872	391,494	-	6,351,169
Interest and other charges	74,260	1,193	-	155,005	12,943	-	243,401
Capital outlay	-	-	-	3,495,742	-	-	3,495,742
Total expenditures	<u>40,019,400</u>	<u>128,998,823</u>	<u>2,936,734</u>	<u>23,402,044</u>	<u>5,008,646</u>	<u>16,196,661</u>	<u>216,562,308</u>
Revenues over (under) expenditures	<u>(1,474,858)</u>	<u>108,819</u>	<u>322,137</u>	<u>(13,052,577)</u>	<u>1,309,671</u>	<u>-</u>	<u>(12,786,808)</u>
OTHER FINANCING SOURCES (USES)							
Transfers to other funds	-	(108,819)	-	-	-	-	(108,819)
Proceeds from installment contract	-	-	-	12,851,036	-	-	12,851,036
Total other financing sources (uses)	-	<u>(108,819)</u>	-	<u>12,851,036</u>	-	-	<u>12,742,217</u>
Net change in fund balance	(1,474,858)	-	322,137	(201,541)	1,309,671	-	(44,591)
Fund balances-beginning	6,348,211	-	3,386,018	4,738,268	4,066,092	-	18,538,589
Fund balances-ending	<u>\$ 4,873,353</u>	<u>\$ -</u>	<u>\$ 3,708,155</u>	<u>\$ 4,536,727</u>	<u>\$ 5,375,763</u>	<u>\$ -</u>	<u>\$ 18,493,998</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, 2021

Exhibit 4
(Continued)

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

Net changes in fund balances - total governmental funds	\$ (44,591)
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	17,467,864
Depreciation	(10,392,650)
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities.	15,153,150
Contributions to the OPEB plan in the current fiscal year are not included in the Statement of Activities.	6,940,922
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	2,852,174
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position:	
Issuance of long-term debt	(12,851,036)
Repayment on long-term debt	6,351,169
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.	
Remaining net book value on disposed fixed assets	(6,414,595)
Pension expense	(23,086,700)
Net OPEB expense	4,895,307
Net change in compensated absences	(111,281)
	<hr/>
Total changes in net position of governmental activities	<u>\$ 759,733</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, 2021

Exhibit 5

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Rowan County	37,782,001	37,782,001	37,962,067	180,066
U.S. Government	-	-	-	-
Other	774,050	868,022	582,475	(285,547)
Total revenues	<u>38,556,051</u>	<u>38,650,023</u>	<u>38,544,542</u>	<u>(105,481)</u>
Expenditures:				
Current:				
Instructional services	17,760,003	18,192,069	18,144,803	47,266
System-wide support services	19,110,768	19,282,661	19,991,571	(708,910)
Ancillary services	12,423	322,636	235,020	87,616
Non-programmed charges	1,379,837	1,380,156	1,343,030	37,126
Debt service:				
Principal payments	230,760	230,760	230,716	44
Interest payments	74,260	74,260	74,260	-
Total expenditures	<u>38,568,051</u>	<u>39,482,542</u>	<u>40,019,400</u>	<u>(536,858)</u>
Revenues over (under) expenditures	(12,000)	(832,519)	(1,474,858)	(642,339)
Other financing sources (uses):				
Transfers to other funds	-	-	-	-
Revenues over (under) expenditures and other uses	(12,000)	(832,519)	(1,474,858)	(642,339)
Appropriated fund balance	<u>12,000</u>	<u>832,519</u>	<u>-</u>	<u>(832,519)</u>
Revenue and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>(1,474,858)</u>	<u>\$ (1,474,858)</u>
Fund balances, beginning of year			<u>6,348,211</u>	
Fund balances, end of year			<u>\$ 4,873,353</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, 2021

Exhibit 5 (continued)

	State Public School Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
State of North Carolina	\$ 127,056,467	\$ 129,655,229	\$ 125,326,658	\$ (4,328,571)
Rowan County	-	-	-	-
U.S. Government	-	-	3,780,984	3,780,984
Other	-	-	-	-
Total revenues	<u>127,056,467</u>	<u>129,655,229</u>	<u>129,107,642</u>	<u>(547,587)</u>
Expenditures:				
Current:				
Instructional services	112,028,574	114,368,864	114,239,315	129,549
System-wide support services	14,294,750	14,606,910	14,189,267	417,643
Ancillary services	586,649	532,961	532,961	-
Non-programmed charges	-	-	-	-
Debt service:				
Principal payments	36,087	36,087	36,087	-
Interest payments	1,193	1,193	1,193	-
Total expenditures	<u>126,947,253</u>	<u>129,546,015</u>	<u>128,998,823</u>	<u>547,192</u>
Revenues over (under) expenditures	109,214	109,214	108,819	(395)
Other financing sources (uses):				
Transfers to other funds	<u>(109,214)</u>	<u>(109,214)</u>	<u>(108,819)</u>	<u>395</u>
Revenues over (under) expenditures and other uses	-	-	-	-
Appropriated fund balance	-	-	-	-
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, 2021

Exhibit 5 (continued)

	Other Special Revenue Fund			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Rowan County	12,000	12,000	-	(12,000)
U.S. Government	421,788	10,714,793	1,689,636	(9,025,157)
Other	1,427,356	2,347,462	4,628,681	2,281,219
Total revenues	<u>1,861,144</u>	<u>13,074,255</u>	<u>6,318,317</u>	<u>(6,755,938)</u>
Expenditures:				
Current:				
Instructional services	3,004,763	13,064,602	3,526,868	9,537,734
System-wide support services	967,095	1,402,402	1,059,646	342,756
Ancillary services	18,555	18,555	553	18,002
Non-programmed charges	1,232	134,484	17,142	117,342
Debt service:				
Principal payments	-	391,494	391,494	-
Interest payments	-	12,943	12,943	-
Capital outlay	-	-	-	-
Total expenditures	<u>3,991,645</u>	<u>15,024,480</u>	<u>5,008,646</u>	<u>10,015,834</u>
Revenues over (under) expenditures	(2,130,501)	(1,950,225)	1,309,671	3,259,896
Other financing sources (uses):				
Transfers to other funds	-	-	-	-
Revenues over (under) expenditures and other uses	(2,130,501)	(1,950,225)	1,309,671	3,259,896
Appropriated fund balance	<u>2,130,501</u>	<u>1,950,225</u>	<u>-</u>	<u>(1,950,225)</u>
Revenue and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>1,309,671</u>	<u>\$ 1,309,671</u>
Fund balances, beginning of year			<u>4,066,092</u>	
Fund balances, end of year			<u>\$ 5,375,763</u>	

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2021

Exhibit 6

	<u>Enterprise Fund</u>
	<u>Major Fund</u>
	<u>School Food Service</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 5,192,537
Due from other governments	183,102
OPEB asset	9,650
Inventories	354,866
Total current assets	<u>5,740,155</u>
Noncurrent assets:	
Capital assets, net	<u>986,628</u>
Total assets	<u>6,726,783</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>1,651,662</u>
LIABILITIES	
Current liabilities:	
Accounts payable	45,559
Accrued salaries and benefits	60,041
Due to other funds	764,569
Compensated absences	128,465
Unavailable revenue	125,227
Total current liabilities	<u>1,123,861</u>
Noncurrent liabilities:	
Net pension liability	2,692,802
Net OPEB liability	5,443,092
Compensated absences	110,010
Total liabilities	<u>9,369,765</u>
DEFERRED INFLOWS OF RESOURCES	<u>2,800,411</u>
NET POSITION	
Net investment in capital assets	986,628
DIPNC OPEB plan	9,650
Unrestricted	(4,788,009)
Total net position	<u>\$ (3,791,731)</u>

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

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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, 2021

Exhibit 7

	<u>Enterprise Fund</u>
	<u>Major Fund</u>
	<u>School Food Service</u>
OPERATING REVENUES	
Food sales	\$ 239,951
OPERATING EXPENSES	
Food cost	3,593,905
Salaries and benefits	5,202,309
Indirect costs	764,569
Materials and supplies	428,950
Contracted services	62,292
Noncapital equipment	11,514
Repairs and maintenance	84,184
Depreciation	223,801
Travel	14,613
Other	23,037
Total operating expenses	<u>10,409,174</u>
Operating income (loss)	<u>(10,169,223)</u>
NONOPERATING REVENUES	
Federal reimbursements	10,247,045
Federal commodities	701,150
Interest earned	5,055
Other	13,128
Total nonoperating revenues	<u>10,966,378</u>
Income (loss) before transfers and capital contributions	797,155
Capital contribution from the Federal Grants Fund	40,823
Operating transfer from the State Pubic School Fund	<u>108,819</u>
Change in net position	946,797
Total net position - beginning	<u>(4,738,528)</u>
Total net position - ending	<u><u>\$ (3,791,731)</u></u>

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

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ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Year Ended June 30, 2021

Exhibit 8

	<u>Enterprise Fund</u>
	<u>Major Fund</u>
	<u>School Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 217,512
Cash paid for goods and services	(4,500,534)
Cash paid to employees for services	<u>(5,432,334)</u>
Net cash provided (used) by operating activities	<u>(9,715,356)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal reimbursements	11,259,776
Due to other funds	764,569
Other revenues	<u>13,128</u>
Net cash provided by noncapital financing activities	<u>12,037,473</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	<u>(80,336)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments and other	<u>5,055</u>
Net increase (decrease) in cash and cash equivalents	2,246,836
Balances-beginning of the year	<u>2,945,701</u>
Balances-end of the year	<u>\$ 5,192,537</u>

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Year Ended June 30, 2021

Exhibit 8
(Continued)

Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (10,169,223)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	223,801
Donated commodities consumed	701,150
Transfers from other funds	108,819
Changes in assets, deferred outflows of resources and liabilities:	
(Increase) decrease in inventory	58,313
Increase (decrease) in accounts payable	(276,933)
Increase (decrease) in accrued salaries and benefits	6,606
(Increase) decrease in net OPEB asset	(904)
(Increase) decrease in deferred outflows	24,956
Increase (decrease) in net pension liability	324,676
Increase (decrease) in OPEB liability	(922,846)
Increase (decrease) in deferred inflows	218,482
Increase (decrease) in unavailable revenues	(22,439)
Increase (decrease) in compensated absences	10,186
	<u>453,867</u>
Total adjustments	<u>453,867</u>
Net cash provided (used) by operating activities	<u>\$ (9,715,356)</u>

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

The State Public School Fund paid salaries and benefits of \$108,819 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 \$40,823 of capital assets as a capital contribution from the Federal Grants Fund.

The School Nutrition Fund received donated commodities with a value of \$701,150 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, 2021

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, 2021

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.

The Board reports the following non-major governmental fund:

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, 2021

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, 2021

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, 2021

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, 2021 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years’ records, of the current portion of compensated absences.

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, 2021

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:

Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form (b) legally or contractually requires to be maintained intact.

Prepaid expenditures – portion of fund balance that is not an available resource because it represents the year-end balance of prepaid expenditures, which are not spendable resources.

Restricted fund balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

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

Restricted for school capital outlay - portion of fund balance that can only be used for school capital outlay. [G.S. 159-18 through 22]

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

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.

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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 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 \$(171,406,456) consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 238,113,898
Less Accumulated Depreciation	<u>(105,667,441)</u>
Net capital assets	132,446,457
 Net OPEB asset	 295,186
 Pension related deferred outflows of resources	 31,593,088
OPEB related deferred outflows of resources	18,930,593
 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	(10,285,967)
Compensated absences	(9,848,751)
Net pension liability	(82,371,706)
Net OPEB liability	(166,501,956)
Deferred inflows of resources related to pensions	(1,637,236)
Deferred inflows of resources related to OPEB	<u>(84,026,164)</u>
 Total adjustment	 <u>\$ (171,406,456)</u>

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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 \$804,324 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 17,467,864
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.	(10,392,650)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	15,153,150
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	6,940,922
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	2,852,174
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	(12,851,036)
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.	6,351,169
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	(23,086,700)
Net OPEB expense	4,895,307
Remaining net book value on disposed fixed assets	(6,414,595)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(111,281)
Total adjustment	<u>\$ 804,324</u>

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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 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.

Excess of Expenditures over Appropriations

During the fiscal year ended June 30, 2021, 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 2 – 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, 2021, the Board had deposits in financial institutions with a carrying amount of \$10,764,133 and with the State Treasurer of \$0. The bank balances with the financial institutions and the State Treasurer were \$13,153,767 and \$3,880,229, respectively. Of these balances, \$3,453,262 was covered by federal depository insurance and \$9,700,505 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, 2021

Investments

At June 30, 2021, the Board had \$11,303,734 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, 2021. The Board has no policy for managing interest rate risk or credit risk.

Accounts Receivable

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

	Due from (to) other funds (Internal Balances)	Due from other governments	Other
Governmental activities:			
General Fund	\$ 32,815	\$ 35,911	\$ 4,938
Other governmental activities	731,754	5,439,613	176,496
Total	<u>\$ 764,569</u>	<u>\$ 5,475,524</u>	<u>\$ 181,434</u>
Business-type activities:			
School Food Service	<u>\$ (764,569)</u>	<u>\$ 183,102</u>	<u>\$ -</u>

Due from other governments consists of the following:

Governmental activities:			
General Fund	\$ 35,911	Rowan County	
State Public School Fund	3,741,724	Operating funds from DPI for payroll	
Special Revenue Fund	526,519	TSL grant reimbursement	
Capital Outlay Fund	870,836	Rowan County	
Federal Grants Fund	300,534	Operating funds from Federal Grants	
Total	<u>\$ 5,475,524</u>		
Business-type activities:			
School Food Service Fund	<u>\$ 183,102</u>	USDA grant reimbursement	

Prepaid Expenditures

Prepaid expenditures represent amounts paid to vendors for goods or services in one period that benefit a future period. The Board utilizes the consumption method of accounting and recognizes prepaid items as expenditures in the period consumed.

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balances	Increases	Retirements and transfers	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,129,055	\$ -	\$ 13,871	\$ 5,115,184
Construction in progress	<u>3,448,415</u>	<u>2,687,237</u>	<u>3,042,630</u>	<u>3,093,022</u>
Total capital assets not being depreciated	<u>8,577,470</u>	<u>2,687,237</u>	<u>3,056,501</u>	<u>8,208,206</u>
Capital assets being depreciated:				
Buildings and improvements	193,311,086	701,006	17,593,407	176,418,685
Furniture and equipment	36,668,030	15,650,624	21,326,022	30,992,632
Vehicles	<u>21,649,800</u>	<u>1,471,627</u>	<u>627,052</u>	<u>22,494,375</u>
Total capital assets being depreciated	<u>251,628,916</u>	<u>17,823,257</u>	<u>39,546,481</u>	<u>229,905,692</u>
Less accumulated depreciation for:				
Buildings and improvements	89,688,787	3,861,369	16,619,212	76,930,944
Furniture and equipment	22,659,697	4,933,727	15,899,493	11,693,931
Vehicles	<u>16,072,064</u>	<u>1,597,554</u>	<u>627,052</u>	<u>17,042,566</u>
Total accumulated depreciation	<u>128,420,548</u>	<u>10,392,650</u>	<u>33,145,757</u>	<u>105,667,441</u>
Total capital assets being depreciated, net	<u>123,208,368</u>			<u>124,238,251</u>
Governmental activity capital assets, net	<u>\$ 131,785,838</u>			<u>\$ 132,446,457</u>

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Furniture and equipment	\$ 5,431,763	\$ 121,159	\$ -	\$ 5,552,922
Less accumulated depreciation for:				
Furniture and equipment	4,342,493	223,801	-	4,566,294
School Food Service capital assets, net:	<u>\$ 1,089,270</u>			<u>\$ 986,628</u>

Depreciation was charged to governmental functions as follows:

Instructional services	\$ 3,861,369
System-wide support services	1,597,554
Unallocated depreciation	4,933,727
Total	<u>\$ 10,392,650</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 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

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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, 2021, was 14.78% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$15,648,521 for the year ended June 30, 2021.

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

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

At June 30, 2021, the Board reported a liability of \$85,064,508 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2020 and at June 30, 2019, the Board's proportion was 0.70% and 0.71%, respectively.

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For the year ended June 30, 2021, the Board recognized pension expense of \$23,820,780. At June 30, 2021, 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	\$ 4,687,512	\$ -
Changes of assumptions	2,882,598	-
Net difference between projected and actual earnings on pension plan investments	9,407,262	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	-	1,690,759
Board contributions subsequent to the measurement date	<u>15,648,521</u>	<u>-</u>
Total	<u>\$ 32,625,893</u>	<u>\$ 1,690,759</u>

\$15,648,521 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, 2021. 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:

2022	\$ 5,126,209
2023	3,927,273
2024	3,430,627
2025	2,802,504
2026	--
Thereafter	--
Total	<u>\$ 15,286,613</u>

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement:

Inflation	3.0%
Salary increases	3.5% to 8.10%, including inflation and productivity factor
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

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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, 2019 actuarial valuation were based on the actuarial experience study for the prepared as of December 31, 2014 and adopted by the Board of Trustees on January 21, 2016. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

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

Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 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><u>100.0%</u></u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset liability and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 7.00% which is the same as the prior year. 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

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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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Discounted Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Board's proportionate share of the net pension liability (asset)	\$ 153,096,136	\$ 85,064,508	\$ 28,000,051

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.

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>.

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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 6.68% of covered payroll which amounted to \$7,072,538. During the current fiscal year, the plan also recognized a one-time transfer of excess funding from the Public Employees Health Benefits Fund totaling \$475.2 million, which was

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isolated from the OPEB expense and allocated to participating employers as a separate revenue item. The Board's proportionate share of this allocation totaled \$2,945,414.

At June 30, 2021, Board reported a liability of \$171,945,048 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. The total OPEB liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2020 and at June 30, 2019, the Boards proportion was 0.62% and 0.63%, respectively.

\$7,072,538 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2022	\$ (24,890,963)
2023	(24,872,082)
2024	(12,816,662)
2025	(5,796,855)
2026	(6,190,320)
Thereafter	--
Total	<u>\$ (74,566,882)</u>

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

Inflation	3.00%
Salary increases	3.50% to 8.10%, including a 3.50% inflation and productivity factor
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate – medical	5.00% - 6.50%
Healthcare cost trend rate – prescription drug	5.00% - 9.50%
Healthcare cost trend rate – administrative	3.00%
Post-retirement mortality rates	RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for Collar for some Participants, further adjusted with scaling factors Varying before and after age 78 and projected for Mortality improvement using Scale MP-2015

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 2.21%, a decrease of 1.29% over the prior year discount rate of 3.50%. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net

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position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 2.21% was used as the discount rate used to measure the total OPEB liability. The 2.21% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2020.

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage point higher (3.21 percent) than the current discount rate:

	<u>1% Decrease (1.21%)</u>	<u>Discounted Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Net OPEB liability	\$ 203,917,216	\$ 171,945,048	\$ 146,188,070

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:

	Healthcare Trend Rates		
	<u>1% Decrease Medical - 5.50%, Pharmacy - 6.25%, Administrative - 2.00%</u>	<u>Medical - 6.50%, Pharmacy - 7.25%, Administrative - 3.00%</u>	<u>1% Increase Medical - 7.50%, Pharmacy - 8.25%, Administrative - 4.00%</u>
Net OPEB liability	\$ 138,619,661	\$ 171,945,048	\$ 216,491,414

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

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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, 2021, employers made a statutory contribution of 0.09% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$95,289 for the year ended June 30, 2021.

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, 2021, Board reported an OPEB asset of \$304,836 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019. The total OPEB asset was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2020 and at June 30, 2019, the Boards proportion was .62% and .63%, respectively.

\$95,289 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

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liability in the year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2022	\$	62,109
2023		41,374
2024		20,293
2025		33,712
2026		4,562
Thereafter		<u>13,403</u>
Total		<u>\$ 175,453</u>

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

Inflation	3.00%
Salary increases	3.5% to 8.10%, including a 3.5% inflation and productivity factor
Investment rate of return	3.75%, net of OPEB plan investment expense, including inflation

Sensitivity of the Board's proportionate share of the net OPEB asset to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage point higher (4.75 percent) than the current discount rate:

	<u>1% Decrease (2.75%)</u>	<u>Discounted Rate (3.75%)</u>	<u>1% Increase (4.75%)</u>
Net OPEB asset	\$ 263,269	\$ 304,836	\$ 345,194

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

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

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

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

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 (benefit)	\$ 5,396,731	\$ (227,224)	\$ 5,169,507
OPEB liability (asset)	171,945,048	(304,836)	171,640,212
Proportionate share of the net OPEB liability (asset)	0.620%	0.620%	
Deferred of Outflows of Resources			
Differences between expected and actual experience	155,770	220,828	376,598
Changes of assumptions	7,540,772	23,702	7,564,474
Net difference between projected and actual earnings on plan investments	362,221	-	362,221
Changes in proportion and differences between Board contributions and proportionate share of contributions	4,066,196	12,134	4,078,330
Board contributions subsequent to the measurement date	7,072,538	95,289	7,167,827
Deferred of Inflows of Resources			
Differences between expected and actual experience	6,726,702	-	6,726,702
Changes of assumptions	69,778,015	24,006	69,802,021
Changes in proportion and differences between Board contributions and proportionate share of contributions	10,187,124	5,563	10,192,687
Net difference between projected and actual earnings on plan investments	-	51,642	51,642

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Accounts Payable

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

	<u>Vendors</u>	<u>Salaries and Benefits</u>
Governmental Activities:		
General	\$ 982,103	\$ 173,054
Other Governmental	652,979	4,109,513
Total - Governmental Activities	<u>\$ 1,635,082</u>	<u>\$ 4,282,567</u>
Business-type Activities:		
School Food Service Fund	<u>\$ 45,559</u>	<u>\$ 60,041</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>\$ 125,227</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>
Change in proportion and difference between employer contributions and proportionate share of contributions	\$ 4,078,330	\$ 11,883,446
Changes of assumptions	10,447,072	69,802,021
Difference between projected and actual earnings on plan investments	9,769,483	51,642
Board contributions subsequent to the measurement date	22,816,348	-
Difference between expected and actual experience	<u>5,064,110</u>	<u>6,726,702</u>
Totals	<u>\$ 52,175,343</u>	<u>\$ 88,463,811</u>

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For the Year Ended June 30, 2021

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 WCF 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 \$639,775,434 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 WCF National Insurance Company of America 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 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, 2021 are as follows:

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 229,749	\$ 68,189
2023	239,173	62,008
2024	248,888	55,574
2025	258,901	48,879
2026	269,221	41,916
2027-2031	<u>1,412,620</u>	<u>95,270</u>
Total	<u>\$ 2,658,552</u>	<u>\$ 371,836</u>

Computer Equipment

As authorized in State law G.S. 115C-528(a), the Board entered into a direct placement installment purchase with Apple Inc. for the purchase of computers. The installment purchase arrangement was made for three years. The financing contract requires principal payments for 3 years beginning in the fiscal year 2021 with an interest rate of 1.25%. The future minimum payments of the computer installment purchase as of June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,718,049	\$ 97,320
2023	3,469,183	54,359
2024	<u>1,751,334</u>	<u>10,438</u>
Total	<u>\$ 6,938,566</u>	<u>\$ 162,117</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, 2021, the Board has entered into such contracts for the purchase of school buses. The terms of the financing contracts require annual payments from \$99,537 to \$390,237.

The future minimum payments of the installment purchases as of June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities Principal</u>
2022	\$ 390,237
2023	199,075
2024	<u>99,537</u>
Totals	<u>\$ 688,849</u>

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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, 2021:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Current
Governmental activities:					
Direct placement	\$ 3,786,100	\$ 12,851,036	\$ 6,351,169	\$ 10,285,967	\$ 2,338,035
installment purchases					
Net pension liability	71,425,947	10,945,759	-	82,371,706	-
Net OPEB liability	192,005,508		25,503,552	166,501,956	-
Compensated absences	9,737,470	7,803,629	7,692,348	9,848,751	4,319,001
Total	<u>\$ 276,955,025</u>	<u>\$ 31,600,424</u>	<u>\$ 39,547,069</u>	<u>\$ 269,008,380</u>	<u>\$ 6,657,036</u>
Business-type activities:					
Net pension liability	\$ 2,368,126	\$ 324,676	\$ -	\$ 2,692,802	\$ -
Net OPEB liability	6,365,938	-	922,846	5,443,092	-
Compensated absences	228,289	288,666	278,480	238,475	128,465
Total	<u>\$ 8,962,353</u>	<u>\$ 613,342</u>	<u>\$ 1,201,326</u>	<u>\$ 8,374,369</u>	<u>\$ 128,465</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, 2021 consist of the following:

From the State Public School Fund to the School Food Service Fund for operating costs.	<u>\$ 108,819</u>
--	-------------------

During the year ended June 30, 2021, the Federal Grants Fund purchased capitalized equipment for the School Food Service Fund totaling \$40,823. This amount is presented as a transfer between governmental and business-type activities in Exhibit 2 and as contributed capital in Exhibit 7.

The composition of interfund balances as of June 30, 2021 consisted of \$32,815 payable from the Individual Schools Fund to the General Fund for operating expenses paid by the General Fund. \$38,723 payable from the Individual Schools Fund to the Other Special Revenue Fund for operating expenses paid by the Other Special Revenue Fund. \$764,569 payable from the School Food Service to the Other Special Revenue Fund for indirect cost. These balances are expected to be repaid by June 30, 2022.

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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	\$ 4,873,353
Less:	
Prepaid Expenses	(1,114,790)
Stabilization by State statute	(40,849)
Appropriated Fund Balance in 2022 budget	<u>(1,063,764)</u>
Remaining fund balance	<u>\$ 2,653,950</u>

NOTE 3 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

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

	2021	2020	2019	2018	2017
Board's proportion of the net pension liability (asset)	0.704%	0.712%	0.725%	0.724%	0.718%
Board's proportionate share of the net pension liability (asset)	\$ 85,064,508	\$ 73,794,073	\$ 72,196,579	\$ 57,470,743	\$ 66,005,403
Board's covered-employee payroll	\$ 105,876,324	\$ 105,741,548	\$ 106,038,674	\$ 103,186,391	\$ 100,345,581
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	80.34%	69.79%	68.09%	55.70%	65.78%
Plan fiduciary net position as a percentage of the total pension liability	85.98%	87.56%	87.61%	89.51%	87.32%

	2016	2015	2014
Board's proportion of the net pension liability (asset)	0.712%	0.724%	0.766%
Board's proportionate share of the net pension liability (asset)	\$ 26,229,765	\$ 8,483,052	\$ 46,504,006
Board's covered-employee payroll	\$ 96,569,923	\$ 97,060,667	\$ 95,501,243
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	27.16%	8.74%	45.72%
Plan fiduciary net position as a percentage of the total pension liability	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 Seven Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 15,648,521	\$ 13,714,679	\$ 13,032,153	\$ 11,123,493	\$ 10,014,489
Contributions in relation to the contractually required contribution	<u>15,648,521</u>	<u>13,714,679</u>	<u>13,032,153</u>	<u>11,123,493</u>	<u>10,014,489</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 105,876,324	\$ 105,741,548	\$ 106,038,674	\$ 103,186,391	\$ 100,345,581
Contributions as a percentage of covered-employee payroll	14.78%	12.97%	12.29%	10.78%	9.98%

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 8,836,148	\$ 8,881,051	\$ 8,299,058
Contributions in relation to the contractually required contribution	<u>8,836,148</u>	<u>8,881,051</u>	<u>8,299,058</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 96,569,923	\$ 97,060,667	\$ 95,501,243
Contributions as a percentage of covered-employee payroll	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 Four Fiscal Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Board's proportion of the net OPEB liability (asset)	0.620%	0.630%	0.646%	0.654%
Board's proportionate share of the net OPEB liability (asset)	\$ 171,945,048	\$ 198,371,446	\$ 184,012,858	\$ 214,289,224
Board's covered-employee payroll	\$ 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	162.40%	187.60%	173.53%	207.67%
Plan fiduciary net position as a percentage of the total OPEB liability	6.92%	4.40%	4.40%	3.52%

* 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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 7,072,538	\$ 6,841,478	\$ 6,648,625	\$ 6,242,777	\$ 5,830,078
Contributions in relation to the contractually required contribution	<u>7,072,538</u>	<u>6,841,478</u>	<u>6,648,625</u>	<u>6,242,777</u>	<u>5,830,078</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 105,876,324	\$ 105,741,548	\$ 106,038,674	\$ 103,186,391	\$ 100,345,581
Contributions as a percentage of covered-employee payroll	6.68%	6.47%	6.27%	6.05%	5.81%

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 5,407,916	\$ 5,328,631	\$ 5,157,067	\$ 5,391,058	\$ 5,103,020
Contributions in relation to the contractually required contribution	<u>5,407,916</u>	<u>5,328,631</u>	<u>5,157,067</u>	<u>5,391,058</u>	<u>5,103,020</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 96,569,923	\$ 97,060,667	\$ 95,501,243	\$ 101,718,075	\$ 102,060,400
Contributions as a percentage of covered-employee payroll	5.60%	5.49%	5.40%	5.30%	5.00%

This schedule is required supplementary information.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Board's proportion of the net OPEB asset	0.620%	0.632%	0.644%	0.640%
Board's proportionate share of the net OPEB asset	\$ 304,836	\$ 272,544	\$ 195,576	\$ 390,997
Board's covered-employee payroll	\$ 105,876,324	\$ 105,741,548	\$ 106,038,674	\$ 103,186,391
Board's proportionate share of the net OPEB asset as a percentage of its covered-employee payroll	0.29%	0.26%	0.18%	0.38%
Plan fiduciary net position as a percentage of the total OPEB asset	115.57%	113.00%	108.47%	116.23%

* 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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 95,289	\$ 105,742	\$ 148,567	\$ 144,461	\$ 381,313
Contributions in relation to the contractually required contribution	<u>95,289</u>	<u>105,742</u>	<u>148,567</u>	<u>144,461</u>	<u>381,313</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 105,876,324	\$ 105,741,548	\$ 106,038,674	\$ 103,186,391	\$ 100,345,581
Contributions as a percentage of covered-employee payroll	0.09%	0.10%	0.14%	0.14%	0.38%

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 395,937	\$ 397,949	\$ 420,205	\$ 447,560	\$ 530,714
Contributions in relation to the contractually required contribution	<u>395,937</u>	<u>397,949</u>	<u>420,205</u>	<u>447,560</u>	<u>530,714</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 96,569,923	\$ 97,060,667	\$ 95,501,243	\$ 101,718,075	\$ 102,060,400
Contributions as a percentage of covered-employee payroll	0.41%	0.41%	0.44%	0.44%	0.52%

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, 2021

Exhibit A-1

	Budget	Actual	Positive (Negative) Variance
Revenues:			
Rowan County:			
County appropriations	\$ 37,782,001	\$ 37,962,067	\$ 180,066
Other:			
Fines and forfeitures		427,407	
Other		107,457	
Interest earned on investments		47,611	
Total	868,022	582,475	(285,547)
Total revenues	38,650,023	38,544,542	(105,481)
Expenditures:			
Instructional services	18,192,069	18,144,803	47,266
System-wide support services	19,282,661	19,991,571	(708,910)
Ancillary services	322,636	235,020	87,616
Non-programmed charges	1,380,156	1,343,030	37,126
Debt service:			
Principal payments	230,760	230,716	44
Interest expense	74,260	74,260	-
Total expenditures	39,482,542	40,019,400	(536,858)
Revenues over (under) expenditures	(832,519)	(1,474,858)	(642,339)
Appropriated fund balance	832,519	-	(832,519)
Revenues and appropriated fund balance over (under) expenditures	\$ -	(1,474,858)	\$ (1,474,858)
Fund balances:			
Beginning of year, July 1		6,348,211	
End of year, June 30		\$ 4,873,353	

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, 2021

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Revenues:			
State of North Carolina:			
State appropriations-buses	\$ 1,004,281	\$ 1,004,281	\$ -
Rowan County			
County appropriations	4,161,237	4,113,836	(47,401)
Other:			
Investment earnings		9,855	
Sale of Fixed Assets		5,074,787	
Contributions		36,485	
Other		110,223	
	<u>5,557,024</u>	<u>5,231,350</u>	<u>(325,674)</u>
Total revenues	<u>10,722,542</u>	<u>10,349,467</u>	<u>(373,075)</u>
Expenditures:			
Instructional services	13,242,386	13,153,883	88,503
System-wide support services	1,018,520	904,542	113,978
Capital outlay	4,133,386	3,495,742	637,644
Debt service:			
Principal payments	5,692,872	5,692,872	-
Interest expense	155,005	155,005	-
Total expenditures	<u>24,242,169</u>	<u>23,402,044</u>	<u>840,125</u>
Revenues over (under) expenditures	(13,519,627)	(13,052,577)	467,050
OTHER FINANCING SOURCES			
Installment purchase obligations	<u>12,851,036</u>	<u>12,851,036</u>	<u>-</u>
Revenues and other sources over (under) expenditures	(668,591)	(201,541)	467,050
Appropriated fund balance	<u>668,591</u>	<u>-</u>	<u>(668,591)</u>
Revenues, other sources and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(201,541)</u>	<u>\$ (201,541)</u>
Fund balances:			
Beginning of year, July 1		<u>4,738,268</u>	
End of year, June 30		<u>\$ 4,536,727</u>	

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - FEDERAL GRANTS FUND
For the Year Ended June 30, 2021

Exhibit C-1

	Budget	Actual	Variance Positive (Negative)
Revenues:			
U. S. Government	\$ 91,120,985	\$ 16,196,661	\$ (74,924,324)
Expenditures:			
Instructional services	39,359,674	12,786,328	26,573,346
System-wide support services	50,101,937	3,109,640	46,992,297
Ancillary services	206,588	40,823	165,765
Non-programmed charges	1,452,786	259,870	1,192,916
Total expenditures	91,120,985	16,196,661	74,924,324
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances:			
Beginning of year, July 1		-	
End of year, June 30		<u>\$ -</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, 2021

Exhibit D-1

	Budget	Actual	Variance Positive (Negative)
Operating revenues:			
Food sales	\$ 1,904,700	\$ 217,512	\$ (1,687,188)
Operating expenditures:			
Business support services			
Food cost		3,535,592	
Salaries and benefits		5,331,842	
Indirect costs		764,569	
Materials and supplies		428,950	
Contracted services		62,292	
Noncapital equipment		11,514	
Repairs and maintenance		84,184	
Travel		14,613	
Other		23,037	
Total business support services	13,202,200	10,256,593	2,945,607
Capital outlay	325,000	80,336	244,664
Total operating expenditures	13,527,200	10,336,929	3,190,271
Operating loss	(11,622,500)	(10,119,417)	1,503,083
Nonoperating revenues:			
Federal reimbursements	10,568,800	10,247,045	(321,755)
Federal commodities	400,000	701,150	301,150
State reimbursements	15,000	-	(15,000)
Interest earned	23,000	5,055	(17,945)
Indirect Cost Allocated	600,000	-	(600,000)
Other nonoperating revenues	15,700	13,128	(2,572)
Donated capital assets	-	40,823	40,823
Total nonoperating revenues	11,622,500	11,007,201	(615,299)
Revenues and other sources over (under) expenditures	\$ -	887,784	\$ 887,784

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, 2021

Exhibit D-1
(Continued)

Reconciliation of modified accrual to full accrual basis:

Reconciling items:

Depreciation	(223,801)
Capital outlay	80,336
Increase (decrease) in inventory	(58,313)
(Increase) decrease in unavailable revenues	22,439
(Increase) decrease in compensated absences	(10,186)
Net pension liability	(324,676)
Net OPEB liability	922,846
Deferred outflows - pension	(24,956)
Deferred inflows - pension	<u>(324,676)</u>
Change in net position	<u><u>\$ 946,797</u></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, each major fund, and the aggregate remaining fund information of the Rowan-Salisbury Board of Education, North Carolina, North Carolina, as of and for the year ended June 30, 2021, 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 22, 2021.

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.

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

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency: 21-01

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 Finding

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

Purpose of this Report

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

Anderson Smith & Wike PLLC

*October 22, 2021
Statesville, North Carolina*



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with the OMB 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

We have audited the Rowan-Salisbury Board of Education, North Carolina'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 the Rowan-Salisbury Board of Education, North Carolina's major federal programs for the year ended June 30, 2021. The Rowan-Salisbury Board of Education, North Carolina's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Rowan-Salisbury Board of Education, North Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Anderson Smith & Wike PLLC

October 22, 2021
Statesville, North Carolina



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control over Compliance in Accordance with OMB 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

We have audited the Rowan-Salisbury Board of Education, North Carolina'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, North Carolina's major state programs for the year ended June 30, 2021. The Rowan-Salisbury Board of Education, North Carolina's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. However, our audit does not provide a legal determination of the Rowan-Salisbury Board of Education, North Carolina's compliance.

Opinion on Each Major State Program

In our opinion, the Rowan-Salisbury Board of Education, North Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Anderson Smith & Wike PLLC

October 22, 2021
Statesville, North Carolina

**Rowan-Salisbury Board of Education, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021**

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, 2021**

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
84.425	COVID 19 – Education Stabilization Fund
10.555 10.559	Child Nutrition Cluster School Lunch Program Summer Feeding Program
21.019	COVID 19 – Coronavirus Relief Fund
84.374	Teacher and School Leader Incentive Program

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

\$ 962,669

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, 2021**

Section II. Financial Statement Findings

Finding 21-01

SIGNIFICANT DEFICIENCY

Budgeting

- Criteria: State law requires that expenditures do not exceed amounts appropriated.
- Condition: The District needs to strengthen the internal control structure to ensure expenditures are appropriately monitored compared to the Board approved budget (especially at year-end when the closing timeline is tight and final Budget Amendment must be approved by the Board by June 30).
- Effect: The District had actual expenditures exceeding the budget within the General Fund which is in violation of North Carolina General Statutes.
- Cause: Budget oversight by management was not sufficient to identify all expenditures for 2020-2021. While management provided its best estimate of 2020-2021 expenditures that would be recorded as part of its annual year-end close and external audit process, expenditures were understated. The expenditure understatement was likely impacted by unusual late June 2021 activity related to one-time bonuses paid to every District employee and pandemic funding deadlines and commitments.
- Recommendation: We recommend that management continue to closely monitor expenditures as compared to the budget, especially at year-end, and ensure estimates are appropriately conservative before taking the final budget amendment to the governing Board for approval in late June.

Management Response: The Board 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, 2021**

Section II. Financial Statement Findings

Finding 21-01

Name of Contact Person: Carol M. Herndon, Chief Financial Officer

Corrective Action Plan: Management will implement controls and procedures to ensure that there are no expenditures in excess of the budget.

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, 2021**

Finding 20-01: Corrected.

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2021

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State / Pass-Through Grantor's Number</u>	<u>Expenditures</u>
Federal Grants:			
Cash Assistance:			
<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	\$ <u>701,150</u>
Cash Assistance:			
Summer Food Service Program for Children	10.559	PRC 035	<u>10,033,601</u>
Total Child Nutrition Cluster			<u>10,734,751</u>
Passed-through the N.C. Department of Public Instruction:			
Fresh Fruit and Vegetable Program	10.582	N/A	182,405
Child Nutrition Equipment	10.579	PRC 053	<u>40,823</u>
Total School Nutrition Program (Note 3):			<u>10,957,979</u>
Passed-through the N.C. Department of Health and Human Services:			
Child and Adult Care Food Program	10.558	N/A	<u>31,039</u>
Total U.S. Department of Agriculture			<u>10,989,018</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	5,986,509
Student Support and Academic Enrichment Program	84.424	PRC 108	306,520
English Language Acquisition Grants	84.365	PRC 104	219,422
Education for Homeless Children and Youth	84.196	PRC 026	30,863
Supporting Effective Instruction State Grant	84.367	PRC 103	647,187
Education Stabilization Fund			
COVID-19 - CARES Act - K-12 Emergency Relief Fund - ESSER	84.425D	PRC 163	4,100,890
COVID-19 - CARES Act - ESSER I - Digital Curricula	84.425D	PRC 165	66,946
COVID-19 - CARES Act - ESSER I - Exceptional Children Grants	84.425D	PRC 167	808
Support Personnel for COVID-19 Response	84.425C	PRC 169	31,975
COVID-19 - CRRSA - K-12 Emergency Relief Fund - ESSER II	84.425D	PRC 171	<u>635,070</u>
Total Education Stabilization Fund			<u>4,835,689</u>

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2021

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>State /</u> <u>Pass-Through</u> <u>Grantor's</u> <u>Number</u>	<u>Expenditures</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	3,563,615
Special Education - Special Needs at Risk	84.027	PRC 114	44,627
Special Education - Targeted Assistance	84.027	PRC 118	43,149
Special Education - Targeted Assistance for Preschool	84.027	PRC 119	3,669
Special Education - Preschool Grants	84.173	PRC 049	92,347
Special Education - Early Intervening Services	84.173	PRC 070	52,195
Total Special Education Cluster			<u>3,799,602</u>
 Special Education State Personnel Development	 84.323	 PRC 082	 11,135
 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	318,911
 Teacher and School Leadership Incentive Program	 84.374A	 N/A	 <u>1,268,303</u>
 Total U.S. Department of Education			 <u>17,424,141</u>
 Other Federal Assistance:			
 <u>U.S. Department of Defense</u> Direct Program: JROTC			
	12.000		<u>421,333</u>

ROWAN-SALISBURY BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2021

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>State /</u> <u>Pass-Through</u> <u>Grantor's</u> <u>Number</u>	<u>Expenditures</u>
U.S. Department of the Treasury			
Passed-through the N.C. Office of State Management and Budget			
N.C. Pandemic Recovery Office			
Passed-through the N.C. Department of Public Instruction			
Coronavirus Relief Fund			
COVID-19 - Summer Learning Program	21.019	PRC 121	1,004,710
COVID-19 - Nondigital Resources	21.019	PRC 123	36,264
COVID-19 - Student Computers and Devices	21.019	PRC 124	365,580
COVID-19 - School Nutrition	21.019	PRC 125	532,961
COVID-19 - Personnel Computers and Devices	21.019	PRC 126	91,221
COVID-19 - Home and Community WiFi	21.019	PRC 128	190,691
COVID-19 - Grants for Exceptional Children Services	21.019	PRC 132	460,700
COVID-19 - Low Wealth Supplemental Funds	21.019	PRC 134	436,393
COVID-19 - Cybersecurity	21.019	PRC 135	40,791
COVID-19 - Personal Protective Equipment	21.019	PRC 137	603,908
COVID-19 - Gaggle Safety Management	21.019	PRC 138	17,765
Total Coronavirus Relief Fund			<u>3,780,984</u>
Total Federal Assistance			<u>32,615,476</u>
State Grants:			
Cash Assistance:			
<u>N.C. Department of Public Instruction:</u>			
State Public School Fund			125,326,658
Appropriations for School Buses (non-cash assistance)			<u>1,004,281</u>
Total N.C. Department of Public Instruction			<u>126,330,939</u>
Total State Assistance			<u>126,330,939</u>
Total Federal and State Assistance			<u>\$ 158,946,415</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, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of 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.

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.

Note 4. Indirect Cost Rate

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