

**HENDERSON COUNTY BOARD
OF PUBLIC EDUCATION
HENDERSONVILLE, NORTH CAROLINA**

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

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
TABLE OF CONTENTS
JUNE 30, 2023**

<u>Exhibit</u>		<u>Page</u>
	Independent Auditors' Report	1-3
	Management's Discussion and Analysis	4-11
	Basic Financial Statements	
	Government-wide Financial Statements	
1	Statement of Net Position	12
2	Statement of Activities	13-14
	Fund Financial Statements:	
3	Balance Sheet – Governmental Funds	15-16
3	Reconciliation of the Balance Sheet to the Statement of Net Position	16
4	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	17-18
4	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
5	Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual - General and Annually Budgeted Major Special Revenue Funds	20-23
6	Statement of Net Position – Proprietary Funds	24
7	Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	25
8	Statement of Cash Flows – Proprietary Funds	26-27
	Notes to the Financial Statements	28-61

Required Supplementary Information	<u>Page</u>
Schedule of the Proportionate Share of the Net Pension Liability - Teachers' and State Employees' Retirement System	62
Schedule of Board Contributions - Teachers' and State Employees' Retirement System	63
Schedule of the Proportionate Share of the Net OPEB Liability - Retiree Health Benefits Fund	64
Schedule of Board Contributions - Retiree Health Benefits Fund	65
Schedule of the Proportionate Share of the Net OPEB Asset - Disability Income Plan of North Carolina	66
Schedule of Board Contributions - Disability Income Plan of North Carolina	67
Individual Fund Statements and Schedules:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	68-69
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Outlay Fund	70
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) – School Food Service Fund	71-72
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) – Child Care Fund	73
Compliance Section:	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	74-75
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act	76-78
Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act	79-81
Schedule of Findings and Questioned Costs	82-83
Corrective Action Plan	84

	<u>Page</u>
Summary Schedule of Prior Year Audit Findings	85
Schedule of Expenditures of Federal and State Awards	86-88
Supplemental Schedules:	
Combining Balance Sheet – Individual Schools	89
Schedules of Revenues and Expenditures of Individual Schools:	
Apple Valley Middle School	90
Atkinson Elementary School	91
Bruce Drysdale Elementary School	92
Career Academy	93
Clear Creek Elementary School	94
Dana Elementary School	95
Early College High School	96
East Henderson High School	97
Edneyville Elementary School	98
Etowah Elementary School	99
Flat Rock Middle School	100
Fletcher Elementary School	101
Glenn Marlow Elementary School	102
Hendersonville Elementary School	103
Hendersonville High School	104
Hendersonville Middle School	105
Hillandale Elementary School	106
Mills River Elementary School	107
North Henderson High School	108
Rugby Middle School	109
Sugarloaf Elementary School	110
Upward Elementary School	111
West Henderson High School	112

FINANCIAL SECTION



**GOULD KILLIAN
CPA GROUP, P.A.**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Public Education
Henderson County, North Carolina

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Henderson County Board of Public Education as of June 30, 2023, and the respective changes in financial position, and where applicable cash flows thereof and the respective budgetary comparison for the General Fund, the State Public School Fund, the Federal Grants Fund, and the Other Restricted Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Audit of the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we -

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages four through eleven and the Local Government Employees' Retirement System Schedules of the Board's Proportionate Share of Net Pension Liability and Other Post-Employment Benefit Liability (Asset) and the Schedules of Board Contributions on pages sixty-two through sixty-seven be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied

certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

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

Donald Killian CPA Group, P.A.

Hendersonville, North Carolina
November 24, 2023

MANAGEMENT'S DISCUSSION and ANALYSIS

Management's Discussion and Analysis

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

Financial Highlights

- The average daily membership (ADM) is 12,645 for the 2022-2023 year compared to 12,550 for the previous year, keeping Henderson County Public Schools as one of the thirty largest LEA's out of the total of 115 in North Carolina.
- The Board's fund balance of governmental activities increased by \$742,287. Comparatively, the fund balance of governmental activities increased by \$3,297,939 for the year ended June 30, 2022.
- The Board's net position of business-type activities increased by \$751,638. Comparatively, the net position increased by \$4,812,382 for the year ended June 30, 2022.
- In 2022-23 Henderson County Public Schools operated with \$60.2 million in additional revenue in total primary governmental and business-type activities than the previous year. This is primarily due to the recognition of the new construction, renovations, and improvements to Hendersonville High School.

Overview of the Financial Statements

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

- *Independent Auditor's Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental information section that presents schedules for the Teacher's and State Employees' Retirement System, Retiree Health Benefit Fund, Disability Income Plan of North Carolina and budgetary statements for some governmental funds and for enterprise funds*

The *Basic Financial Statements* include two types of statements that present different views of the Board's finances. The first are 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, deferred outflows of resources, liabilities, and deferred inflows of resources. Assets and liabilities are classified in the order of relative liquidity for assets and due date for liabilities. This statement provides a summary of the Board's investment in assets, deferred outflows and inflows of resources, and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement. The Statement of Activities summarizes the Board's revenues and expenses for the current year. A net (expense) revenue format is used to indicate to what extent each function is self-sufficient.

The second set of statements included in the basic financial statements are 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 funds are 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, a 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 Board 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 it has changed. Net position – the difference between the Board's total of assets and deferred outflows of resources and the total of liabilities and deferred inflows of resources – is one way to measure the Board'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 the County's 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 and childcare services are included here.

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

Fund Financial Statements

The fund financial statements provide detailed information about the Board's funds, focusing on its most significant or "major" funds. 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, such as the Federal Grants Fund and the Other Restricted Fund, to control and manage money for a particular purpose or to show that it is properly using certain revenues.

The Henderson County Board of Public 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, a reconciliation following the governmental funds statements, 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 Federal Grants Fund, the Capital Outlay Fund, the Other Restricted Fund, and the Individual Schools Fund.

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

Proprietary funds: Services for which the Board charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same full accrual basis of accounting as the government-wide statements. The Henderson County Board of Public Education has two proprietary funds – both enterprise funds – the School Food Service Fund and the Child Care Fund.

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

Financial Analysis of the Schools as a Whole

Net position is an indicator of the fiscal health of the Board. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$9,213,701 as of June 30, 2023. The largest component of net position is net investment in capital assets, of \$147,525,755.

Following is a summary of the Statement of Net Position:

Table 1
Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current assets	\$ 14,628,499	\$ 14,756,396	\$ 7,031,103	\$ 7,187,263	\$ 21,659,602	\$ 21,943,659
Right to use assets	126,340	189,510			126,340	189,510
Capital assets	146,963,832	87,923,994	724,764	552,172	147,688,596	88,476,166
Total assets	161,718,671	102,869,900	7,755,867	7,739,435	169,474,538	110,609,335
Deferred outflows of resources	67,923,652	40,852,772	2,674,718	1,505,581	70,598,370	42,358,353
Current liabilities	5,952,025	6,209,551	231,268	244,895	6,183,293	6,454,446
Long-term liabilities	179,280,103	153,700,030	6,545,327	5,362,232	185,825,430	159,062,262
Total liabilities	185,232,128	159,909,581	6,776,595	5,607,127	192,008,723	165,516,708
Deferred inflows of resources	55,280,670	71,963,579	1,997,216	2,732,753	57,277,886	74,696,332
Net investment in capital assets	146,800,991	87,693,607	724,764	552,172	147,525,755	88,245,779
Restricted net position	4,306,833	4,513,726		2,098	4,306,833	4,515,824
Unrestricted net position	(161,978,299)	(180,357,821)	932,010	350,866	(161,046,289)	(180,006,955)
Total net position	\$ (10,870,475)	\$ (88,150,488)	\$ 1,656,774	\$ 905,136	\$ (9,213,701)	\$ (87,245,352)

Current assets (per Exhibit 1) consist of cash and cash equivalents, due from other governments, accounts receivable, inventories, and right to use leased assets. Capital assets include land, land improvements, and construction in progress, buildings and building improvements, equipment, furniture and vehicles. Liabilities consist of the current value of accumulated annual and bonus leave which would be payable to all employees as of June 30, 2023 as well as direct installment purchase obligations, lease liabilities, and the net pension and other post employment benefits liabilities.

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

Table 2

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program revenues:						
Charges for services	\$ 83,641	\$ 118,322	\$ 2,872,754	\$ 1,397,399	\$ 2,956,395	\$ 1,515,721
Operating grants and contributions	115,950,364	116,237,504	6,465,106	9,093,037	122,415,470	125,330,541
General revenues:						
Other revenues	97,199,066	34,172,192	1,148,188	2,523,142	98,347,254	36,695,334
Total revenues	213,233,071	150,528,018	10,486,048	13,013,578	223,719,119	163,541,596
EXPENSES						
Governmental activities:						
Instructional services	109,074,126	101,010,635			109,074,126	101,010,635
System-wide support services	24,302,217	25,073,371			24,302,217	25,073,371
Ancillary services	332,671	513,549			332,671	513,549
Nonprogrammed charges	2,184,078	1,985,975			2,184,078	1,985,975
Business-type activities:						
Food service			8,418,351	7,187,986	8,418,351	7,187,986
Child care			1,376,025	1,084,804	1,376,025	1,084,804
Total expenses	135,893,092	128,583,530	9,794,376	8,272,790	145,687,468	136,856,320
Transfers in (out)	(59,966)	(71,594)	59,966	71,594	-	-
Increase (decrease) in net position	77,280,013	21,872,894	751,638	4,812,382	78,031,651	26,685,276
Net position, beginning	(88,150,488)	(110,023,382)	905,136	(3,907,246)	(87,245,352)	(113,930,628)
Net position, ending	\$ (10,870,475)	\$ (88,150,488)	\$ 1,656,774	\$ 905,136	\$ (9,213,701)	\$ (87,245,352)

Total governmental activities generated revenues of \$213.2 million while expenses in this category totaled \$135.9 million for the year ended June 30, 2023. Comparatively, revenues were

\$150.5 million and expenses totaled \$128.6 million for the year ended June 30, 2022. After transfers to the business-type activities, the increase in net position stands at \$77.3 million at June 30, 2023, compared to an increase of \$21.9 million in 2022. Instructional services expenses comprised 80.3% of total governmental-type expenses while system-wide support services made up 17.9% of those expenses for 2023. County funding comprised 44.0% of total governmental revenue. Most of the remaining 56.0% of total governmental revenue for 2023 consists of restricted state and federal support. Business-type activities generated revenue of \$10.5 million and had expenses of \$9.8 million. Net position increased in the business-type activities by \$751.6 thousand, after transfers in from the governmental activities of \$60.0 thousand.

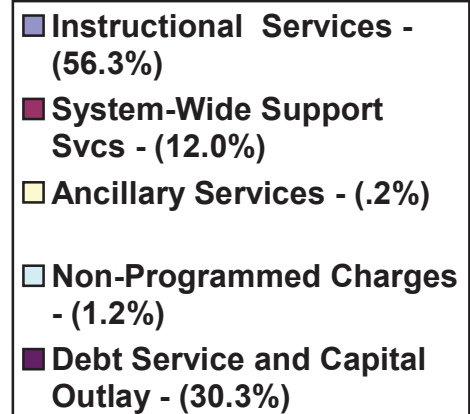
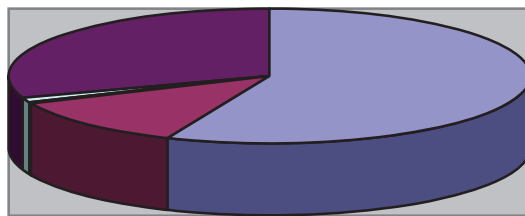
Financial Analysis of the Board's Funds

Governmental Funds: The focus of Henderson County Board of Public 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 \$14,092,679, an increase of \$742,287 from the prior year.

Note: Expenditures presented on modified accrual basis of accounting.

Categorization of Expenditures for Governmental Funds



Proprietary Funds: The School Food Service Fund reports an increase in net position in comparison to the previous year of \$47.9 thousand. The Child Care Fund generated an operating profit which increased net position from the previous year in the amount of \$703.7 thousand.

General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget several times to account for changes in revenue expectations and to increase or decrease appropriations in light of changes in revenue estimates. Actual revenues ended the year in excess of actual expenditures thus increasing fund balance by \$7,600.

Capital Assets

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

Table 3

Summary of Capital Assets

as of June 30, 2023

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land	\$ 8,630,783	\$ 7,713,617	\$ -	\$ -	\$ 8,630,783	\$ 7,713,617
Construction in progress	48,996	68,657	125,550	-	174,546	68,657
Buildings	133,766,230	75,469,253	336,955	342,661	134,103,185	75,811,914
Equipment and furniture	1,261,908	1,270,238	228,339	167,358	1,490,247	1,437,596
Vehicles	3,255,915	3,402,229	33,920	42,153	3,289,835	3,444,382
Total	\$ 146,963,832	\$ 87,923,994	\$ 724,764	\$ 552,172	\$ 147,688,596	\$ 88,476,166

Debt Outstanding

During the year the Board's outstanding debt decreased by \$151,012 due to the use of direct installment financing to pay for school buses and for lease liabilities. The Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used. The County holds virtually all debt issued for school capital construction.

County Economic Factors

The following are some factors which have a direct effect on the County's economic support of the Board of Public Education's Strategic Plan:

- Henderson County's unemployment rate at the end of the 2023 fiscal year decreased from the previous year of 3.5 percent to 3.0 percent. This decrease is due to normal fluctuation of employment.
- Henderson County Public Schools remains the County's largest employer.

Requests for Information

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

Bernard Sochia, CPA
Chief Financial Officer
Henderson County Public Schools
414 Fourth Avenue West
Hendersonville, North Carolina 28739

BASIC FINANCIAL STATEMENTS

HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 14,278,765	\$ 6,210,236	\$ 20,489,001
Due from other governments	249,236	276,994	526,230
Receivables (net)	111,266	37,744	149,010
Internal balances	(10,768)	10,768	
Inventories		495,361	495,361
Right to use leased asset, net of amortization	126,340		126,340
Capital assets (Note 1):			
Land, improvements, and construction in progress	8,679,779		8,679,779
Other capital assets, net of depreciation	138,284,053	724,764	139,008,817
 Total capital assets	 \$ 146,963,832	 \$ 724,764	 \$ 147,688,596
 Total assets	 \$ 161,718,671	 \$ 7,755,867	 \$ 169,474,538
 DEFERRED OUTFLOWS OF RESOURCES	 \$ 67,923,652	 \$ 2,674,718	 \$ 70,598,370
 LIABILITIES			
Accounts payable and accrued expenses	\$ 77,495	\$ 52,708	\$ 130,203
Accrued salaries and wages payable	385,150		385,150
Long-term liabilities:			
Due within one year	5,489,380	178,560	5,667,940
Net pension liability	73,871,578	3,000,822	76,872,400
Net other post employment benefits liability	104,562,537	3,456,231	108,018,768
Due in more than one year	845,988	88,274	934,262
 Total liabilities	 \$ 185,232,128	 \$ 6,776,595	 \$ 192,008,723
 DEFERRED INFLOWS OF RESOURCES	 \$ 55,280,670	 \$ 1,997,216	 \$ 57,277,886
 NET POSITION			
Net investment in capital assets	\$ 146,800,991	\$ 724,764	\$ 147,525,755
Restricted for:			
Stabilization by state statute	109,899		109,899
Individual schools	2,347,284		2,347,284
School capital outlay	1,849,650		1,849,650
Unrestricted	(161,978,299)	932,010	(161,046,289)
 Total net position	 \$ (10,870,475)	 \$ 1,656,774	 \$ (9,213,701)

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

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental Activities:			
Instructional services:			
Regular instructional	\$ 62,751,056	\$ 58,855	\$ 61,631,680
Special populations	17,239,616		17,442,917
Alternative programs	9,068,306		9,331,800
School leadership	7,466,245		5,385,495
Co-curricular	5,589,940		4,742,250
School-based support	6,958,963		5,880,620
System-wide support services:			
Support and development	333,519		87,608
Special population support and development	616,284		451,509
Alternative programs and services support and development	512,971		478,958
Technology support	1,949,507		793,408
Operational support	15,886,838	24,786	7,297,228
Financial and human resource	3,086,240		1,008,652
Accountability	192,393		
System-wide pupil support	495,891		181,865
Policy, leadership and public relations	1,228,574		646,268
Ancillary services	332,671		61,277
Nonprogrammed charges	2,184,078		528,829
Total governmental activities	\$ 135,893,092	\$ 83,641	\$ 115,950,364
Business-type activities:			
School food service	\$ 8,418,351	\$ 1,841,353	\$ 6,465,106
Child care	1,376,025	1,031,401	
Total business-type activities	\$ 9,794,376	\$ 2,872,754	\$ 6,465,106
Total primary government	\$ 145,687,468	\$ 2,956,395	\$ 122,415,470

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

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
Primary government:			
Governmental Activities:			
Instructional services:			
Regular instructional	\$ (1,060,521)		\$ (1,060,521)
Special populations	203,301		203,301
Alternative programs	263,494		263,494
School leadership	(2,080,750)		(2,080,750)
Co-curricular	(847,690)		(847,690)
School-based support	(1,078,343)		(1,078,343)
System-wide support services:			
Support and development	(245,911)		(245,911)
Special population support and development	(164,775)		(164,775)
Alternative programs and services support and development	(34,013)		(34,013)
Technology support	(1,156,099)		(1,156,099)
Operational support	(8,564,824)		(8,564,824)
Financial and human resource	(2,077,588)		(2,077,588)
Accountability	(192,393)		(192,393)
System-wide pupil support	(314,026)		(314,026)
Policy, leadership and public relations	(582,306)		(582,306)
Ancillary services	(271,394)		(271,394)
Nonprogrammed charges	(1,655,249)		(1,655,249)
Total governmental activities	\$ (19,859,087)		\$ (19,859,087)
Business-type activities:			
School food service		\$ (111,892)	\$ (111,892)
Child care		(344,624)	(344,624)
Total business-type activities		\$ (456,516)	\$ (456,516)
Total primary government	\$ (19,859,087)	\$ (456,516)	\$ (20,315,603)
General revenues:			
Unrestricted county appropriations - operating	\$ 31,378,000		\$ 31,378,000
Unrestricted county appropriations - capital	62,440,000		62,440,000
Unrestricted State appropriations - operating		\$ 1,079,795	1,079,795
Unrestricted State appropriations - capital	315,355		315,355
Investment earnings, unrestricted	34,758	6,887	41,645
Non-capital OPEB plan contribution	786,102	33,951	820,053
Miscellaneous, unrestricted	2,244,851	27,555	2,272,406
Total general revenues excluding transfers	\$ 97,199,066	\$ 1,148,188	\$ 98,347,254
Transfers	(59,966)	59,966	
Total general revenues and transfers	\$ 97,139,100	\$ 1,208,154	\$ 98,347,254
Change in net position	\$ 77,280,013	\$ 751,638	\$ 78,031,651
Net position, beginning	(88,150,488)	905,136	(87,245,352)
Net position, ending	\$ (10,870,475)	\$ 1,656,774	\$ (9,213,701)

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

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Major Funds			
	General	State Public School	Federal Grants	Capital Outlay
ASSETS				
Cash and cash equivalents	\$ 7,867,856		\$ 678	\$ 1,824,876
Due from other funds	57,162		59,182	24,524
Due from other governments		\$ 13,315		
Accounts receivable, net	52,737			250
Total assets	\$ 7,977,755	\$ 13,315	\$ 59,860	\$ 1,849,650
LIABILITIES, DEFERED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 60,741			
Accrued salaries and wages payable	384,489			
Due to other funds				
Total liabilities	\$ 445,230			
Deferred inflows of resources		\$ 13,315	\$ 59,860	
Fund balances:				
Restricted:				
Stabilization by State Statute	\$ 109,899			
Individual Schools				
School Capital Outlay				\$ 1,849,650
Assigned:				
Subsequent years expenditures	2,001,317			
Unassigned	5,421,309			
Total fund balances	\$ 7,532,525			\$ 1,849,650
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,977,755	\$ 13,315	\$ 59,860	\$ 1,849,650

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

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Major Funds		Total Governmental Funds
	Other Restricted	Individual Schools	
ASSETS			
Cash and cash equivalents	\$ 2,578,326	\$ 2,007,029	\$ 14,278,765
Due from other funds		340,255	481,123
Due from other governments	235,921		249,236
Accounts receivable, net	58,279		111,266
Total assets	\$ 2,872,526	\$ 2,347,284	\$ 15,120,390
LIABILITIES, DEFERED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 16,754		\$ 77,495
Accrued salaries and wages payable	661		385,150
Due to other funds	491,891		491,891
Total liabilities	\$ 509,306		\$ 954,536
Deferred inflows of resources			73,175
Fund balances:			
Restricted:			
Stabilization by State Statute	\$ 294,200		\$ 404,099
Individual Schools		\$ 2,347,284	2,347,284
School Capital Outlay			1,849,650
Assigned:			
Subsequent years expenditures	119,411		2,120,728
Unassigned	1,949,609		7,370,918
Total fund balances	\$ 2,363,220	\$ 2,347,284	\$ 14,092,679
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,872,526	\$ 2,347,284	

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

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	146,963,832
Right to use leased assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	126,340
Deferred outflows of resources related to pensions	45,986,398
Deferred outflows of resources related to OPEB	21,937,254
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(6,335,368)
Net pension liability	(73,871,578)
Net OPEB liabilities	(104,562,537)
Deferred inflows of resources related to pensions	(2,119,466)
Deferred inflows of resources related to OPEB	(53,088,029)
Net position of governmental activities	\$ (10,870,475)

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

HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Major Funds			
	General	State Public School	Federal Grants	Capital Outlay
REVENUES				
State of North Carolina		\$92,623,337		\$ 315,355
Henderson County	\$ 31,378,000			62,440,000
U.S. Government			\$ 17,232,931	
Contributions and donations				
Investment earnings				
Other revenue	754,759			930,514
Total revenues	\$ 32,132,759	\$92,623,337	\$ 17,232,931	\$ 63,685,869
EXPENDITURES				
Current:				
Instructional services:				
Regular instructional	\$ 8,689,013	\$55,626,696	\$ 4,653,138	
Special populations	1,214,625	14,297,899	3,145,018	
Alternative programs	194,323	3,052,117	6,279,683	
School leadership	3,028,160	5,309,139	76,356	
Co-curricular	881,534			
School-based support	1,657,799	4,969,234	911,386	
System-wide support services:				
Support and development	285,723	81,739	5,869	
Special populations support and development	233,700	152,824	298,685	
Alternative programs and services support and development	98,426	101,279	377,679	
Technology support	1,243,041	703,077	90,331	
Operational support	8,969,220	6,710,028	587,200	
Financial and human resource	2,077,814	729,936	278,716	
Accountability	211,246			
System-wide pupil support	362,499	181,865		
Policy, leadership and public relations	667,086	646,268		
Ancillary services	239,795	1,270	41	
Nonprogrammed charges	2,034,156		528,829	
Debt service:				
Principal				\$ 290,831
Capital outlay:				
Real property and buildings				63,342,210
Furniture and equipment				258,379
Buses and motor vehicles				470,184
Total expenditures	\$ 32,088,160	\$92,563,371	\$ 17,232,931	\$ 64,361,604
Excess (deficiency) of revenues over expenditures	\$ 44,599	\$ 59,966	\$ -	\$ (675,735)
OTHER FINANCING SOURCES (USES)				
Installment purchase obligations issued				\$ 223,285
Sale of capital assets				250,000
Insurance recovery				
Transfers to other funds	\$ (36,999)	\$ (59,966)		
Transfers from other funds				36,999
Total other financing sources (uses)	\$ (36,999)	\$ (59,966)		\$ 510,284
Net change in fund balance	\$ 7,600	\$ -	\$ -	\$ (165,451)
Fund balances, beginning	7,524,925	-	-	2,015,101
Fund balances, ending	\$ 7,532,525	\$ -	\$ -	\$ 1,849,650

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

HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Major Funds		Total
	Other Restricted	Individual Schools	Governmental Funds
REVENUES			
State of North Carolina	\$ 45,614		\$ 92,984,306
Henderson County			93,818,000
U.S. Government	1,306,232		18,539,163
Contributions and donations		\$ 4,742,250	4,742,250
Investment earnings	28,978	5,780	34,758
Other revenue	1,164,943		2,850,216
Total revenues	\$ 2,545,767	\$ 4,748,030	\$ 212,968,693
EXPENDITURES			
Current:			
Instructional services:			
Regular instructional	\$ 379,847		\$ 69,348,694
Special populations	410,493		19,068,035
Alternative programs	208,928		9,735,051
School leadership	12,091		8,425,746
Co-curricular	448	\$ 4,640,455	5,522,437
School-based support	9,961		7,548,380
System-wide support services:			
Support and development	2,761		376,092
Special populations support and development	1,886		687,095
Alternative programs and services support and development	431		577,815
Technology support	5,928		2,042,377
Operational support	409,574		16,676,022
Financial and human resource	83,394		3,169,860
Accountability	1,200		212,446
System-wide pupil support	538		544,902
Policy, leadership and public relations	12,789		1,326,143
Ancillary services	131,974		373,080
Nonprogrammed charges	89,162		2,652,147
Debt service:			
Principal			290,831
Capital outlay:			
Real property and buildings			63,342,210
Furniture and equipment			258,379
Buses and motor vehicles			470,184
Total expenditures	\$ 1,761,405	\$ 4,640,455	\$ 212,647,926
Excess (deficiency) of revenues over expenditures	\$ 784,362	\$ 107,575	\$ 320,767
OTHER FINANCING SOURCES (USES)			
Installment purchase obligation issued			\$ 223,285
Sale of capital assets			250,000
Insurance recovery	\$ 8,201		8,201
Transfers to other funds			(96,965)
Transfers from other funds			36,999
Total other financing sources (uses)	\$ 8,201		\$ 421,520
Net change in fund balance	\$ 792,563	\$ 107,575	\$ 742,287
Fund balances, beginning	1,570,657	2,239,709	13,350,392
Fund balances, ending	\$ 2,363,220	\$ 2,347,284	\$ 14,092,679

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

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

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

Net changes in fund balances - total governmental funds	\$ 742,287
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 and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period	59,039,838
Right to use leased assets which were capitalized, net of amortization expense	(63,170)
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	14,270,907
Contributions to the OPEB plan in the current fiscal year are not included on the statement of activities	5,725,176
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	151,012
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Pension expense	(15,257,888)
Compensated absences	804,512
Some revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds.	
Net OPEB benefit	11,081,237
Non-capital OPEB plan contribution	786,102
Total changes in net assets of governmental activities	\$ 77,280,013

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

HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Henderson County	\$ 31,378,000	\$ 31,378,000	\$ 31,378,000	
Other	630,000	630,000	754,759	\$ 124,759
Total revenues	<u>\$ 32,008,000</u>	<u>\$ 32,008,000</u>	<u>\$ 32,132,759</u>	<u>\$ 124,759</u>
EXPENDITURES				
Current:				
Instructional services:				
Regular instructional	\$ 9,925,970	\$ 9,241,152	\$ 8,689,013	\$ 552,139
Special populations	1,350,830	1,350,830	1,214,625	136,205
Alternative programs	222,310	222,310	194,323	27,987
School leadership	2,773,563	3,057,563	3,028,160	29,403
Co-curricular	881,122	896,122	881,534	14,588
School-based support	1,585,960	1,884,418	1,657,799	226,619
System-wide support services:				
Support and development	298,112	298,112	285,723	12,389
Special populations support and development	235,922	235,922	233,700	2,222
Alternative programs and services support and development	96,817	102,017	98,426	3,591
Technology support	1,318,582	1,318,581	1,243,041	75,540
Operational support	8,721,855	9,004,755	8,969,220	35,535
Financial and human resource	2,109,940	2,132,512	2,077,814	54,698
Accountability	220,065	220,065	211,246	8,819
System-wide pupil support	402,068	402,068	362,499	39,569
Policy, leadership and public relations	706,800	706,800	667,086	39,714
Ancillary services	228,994	248,995	239,795	9,200
Nonprogrammed charges	1,996,000	2,131,000	2,034,156	96,844
Total expenditures	<u>\$ 33,074,910</u>	<u>\$ 33,453,222</u>	<u>\$ 32,088,160</u>	<u>\$ 1,365,062</u>
Revenues over (under) expenditures	<u>\$ (1,066,910)</u>	<u>\$ (1,445,222)</u>	<u>\$ 44,599</u>	<u>\$ 1,489,821</u>
Other financing sources (uses):				
Transfers to other funds	\$ (29,912)	\$ (36,999)	\$ (36,999)	
Appropriated fund balance	\$ 1,096,822	\$ 1,482,221		\$ (1,482,221)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,600</u>	<u>\$ 7,600</u>
Fund balances, beginning			<u>7,524,925</u>	
Fund balances, ending			<u>\$ 7,532,525</u>	

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

HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	State Public School Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
State of North Carolina	\$ 91,326,626	\$ 94,619,766	\$ 92,623,337	\$ (1,996,429)
EXPENDITURES				
Current:				
Instructional services:				
Regular instructional	\$ 55,656,525	\$ 56,815,733	\$ 55,626,696	\$ 1,189,037
Special populations	13,848,409	14,378,136	14,297,899	80,237
Alternative programs	3,409,290	3,472,290	3,052,117	420,173
School leadership	5,448,262	5,467,563	5,309,139	158,424
School-based support	4,920,153	5,012,850	4,969,234	43,616
System-wide support services:				
Support and development	92,385	95,617	81,739	13,878
Special populations support and development	161,186	161,186	152,824	8,362
Alternative programs and services support and development	110,753	110,753	101,279	9,474
Technology support	555,643	746,166	703,077	43,089
Operational support	5,475,582	6,667,743	6,710,028	(42,285)
Financial and human resource	756,158	756,158	729,936	26,222
System-wide pupil support	124,073	189,523	181,865	7,658
Policy, leadership and public relations	705,887	683,728	646,268	37,460
Ancillary services	2,200	2,200	1,270	930
Total expenditures	\$ 91,266,506	\$ 94,559,646	\$ 92,563,371	\$ 1,996,275
Revenues over (under) expenditures	\$ 60,120	\$ 60,120	\$ 59,966	\$ (154)
Other financing sources (uses):				
Transfers to other funds	\$ (60,120)	\$ (60,120)	\$ (59,966)	\$ 154
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balances, beginning			\$ -	
Fund balances, ending			\$ -	

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

HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grants Fund

	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
U.S. Government	\$ 26,129,305	\$ 36,188,118	\$ 17,232,931	\$ (18,955,187)
EXPENDITURES				
Current:				
Instructional services:				
Regular instructional	\$ 7,728,274	\$ 9,489,714	\$ 4,653,138	\$ 4,836,576
Special populations	3,863,596	4,888,272	3,145,018	1,743,254
Alternative programs	5,586,167	10,181,232	6,279,683	3,901,549
School leadership	105,826	450,633	76,356	374,277
School-based support	1,686,528	2,017,423	911,386	1,106,037
System-wide support services:				
Support and development	2,500	5,869	5,869	
Special populations support and development	126,971	347,232	298,685	48,547
Alternative programs and services support and development	156,285	617,609	377,679	239,930
Technology support	89,068	201,016	90,331	110,685
Operational support	297,451	927,734	587,200	340,534
Financial and human resource	64,838	657,853	278,716	379,137
Ancillary services		41	41	
Nonprogrammed charges	6,421,801	6,403,490	528,829	5,874,661
Total expenditures	\$ 26,129,305	\$ 36,188,118	\$ 17,232,931	\$ 18,955,187
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balances, beginning			\$ -	
Fund balances, ending			\$ -	

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

HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

Other Restricted Fund

	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
State of North Carolina	\$ 8,000	\$ 8,000	\$ 45,614	\$ 37,614
U.S. Government	1,104,588	1,359,449	1,306,232	(53,217)
Indirect costs	606,609	614,651	779,925	165,274
Other restricted grants	100,520	133,302	129,485	(3,817)
Rental of school property	15,000	23,886	24,786	900
Tuition and fees	68,000	68,000	58,855	(9,145)
Other revenue	105,401	177,509	200,870	23,361
Total Revenue	\$ 2,008,118	\$ 2,384,797	\$ 2,545,767	\$ 160,970
EXPENDITURES				
Current:				
Instructional services:				
Regular instructional	\$ 347,617	\$ 405,632	\$ 379,847	\$ 25,785
Special populations	618,679	704,691	410,493	294,198
Alternative programs	211,699	226,770	208,928	17,842
School leadership	12,521	12,521	12,091	430
Co-curricular	10,000	10,000	448	9,552
School-based support	8,000	11,180	9,961	1,219
System-wide support services:				
Support and development	6,500	9,205	2,761	6,444
Special populations support and development	5,050	5,050	1,886	3,164
Alternative programs and services support and development	431	431	431	
Technology support	140,000	163,354	5,928	157,426
Operational support	306,033	427,244	409,574	17,670
Financial and human resource	71,687	90,584	83,394	7,190
Accountability	10,400	8,400	1,200	7,200
System-wide pupil support	538	538	538	
Policy, leadership and public relations	13,220	13,220	12,789	431
Ancillary services	135,703	159,428	131,974	27,454
Nonprogrammed charges	159,812	198,284	89,162	109,122
Total expenditures	\$ 2,057,890	\$ 2,446,532	\$ 1,761,405	\$ 685,127
Revenues over (under) expenditures	\$ (49,772)	\$ (61,735)	\$ 784,362	\$ 846,097
Other financing sources (uses)				
Insurance recovery		\$ 8,201	\$ 8,201	
Appropriated fund balance	\$ 49,772	\$ 53,534		\$ (53,534)
Net change in fund balance	\$ -	\$ -	\$ 792,563	\$ 792,563
Fund balances, beginning			1,570,657	
Fund balances, ending			\$ 2,363,220	

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

HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Enterprise Funds		
	Major Funds		
	School Food Service	Child Care	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,971,450	\$ 3,238,786	\$ 6,210,236
Due from other governments	276,994		276,994
Due from other funds	9,168	1,600	10,768
Receivables (net)	16,860	20,884	37,744
Inventories	495,361		495,361
Total current assets	\$ 3,769,833	\$ 3,261,270	\$ 7,031,103
Noncurrent assets:			
Capital assets:			
Buildings, net	\$ 336,955		\$ 336,955
Furniture and equipment, net	237,747	\$ 24,512	262,259
Construction in progress		125,550	125,550
Total noncurrent assets	\$ 574,702	\$ 150,062	\$ 724,764
Total assets	\$ 4,344,535	\$ 3,411,332	\$ 7,755,867
DEFERRED OUTFLOWS OF RESOURCES	\$ 2,068,952	\$ 605,766	\$ 2,674,718
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	\$ 52,361	\$ 347	\$ 52,708
Noncurrent liabilities:			
Net pension liability	\$ 2,314,623	\$ 686,199	\$ 3,000,822
Net other post employment benefits liability	2,724,215	732,016	3,456,231
Compensated absences	218,725	48,109	266,834
Total noncurrent liabilities	\$ 5,257,563	\$ 1,466,324	\$ 6,723,887
Total liabilities	\$ 5,309,924	\$ 1,466,671	\$ 6,776,595
DEFERRED INFLOWS OF RESOURCES	\$ 1,550,716	\$ 446,500	\$ 1,997,216
NET POSITION			
Net investment in capital assets	\$ 574,702	\$ 150,062	\$ 724,764
Unrestricted	(1,021,855)	1,953,865	932,010
Total net position	\$ (447,153)	\$ 2,103,927	\$ 1,656,774

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

HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Enterprise Funds		
	Major Funds		
	School Food Service	Child Care	Total
OPERATING REVENUES			
Food sales	\$ 1,841,353		\$ 1,841,353
Child care fees		\$ 1,031,401	1,031,401
Total operating revenues	\$ 1,841,353	\$ 1,031,401	\$ 2,872,754
OPERATING EXPENSES			
Food cost:			
Purchase of food	\$ 3,027,934	\$ 24,673	\$ 3,052,607
Donated commodities	545,326		545,326
Salaries and benefits	3,909,954	1,215,365	5,125,319
Indirect costs	200,000	25,000	225,000
Materials and supplies	388,717	88,091	476,808
Repairs and maintenance	142,254		142,254
Depreciation	75,335	1,783	77,118
Contracted services	12,283	6,888	19,171
Other	116,548	14,225	130,773
Total operating expenses	\$ 8,418,351	\$ 1,376,025	\$ 9,794,376
Operating income (loss)	\$ (6,576,998)	\$ (344,624)	\$ (6,921,622)
NONOPERATING REVENUES			
Federal reimbursements	\$ 5,919,780		\$ 5,919,780
Federal commodities	545,326		545,326
State grants	42,863	\$ 1,036,932	1,079,795
Interest earned	3,488	3,399	6,887
Non-capital other post employment benefits plan contribution	25,914	8,037	33,951
Other	27,555		27,555
Total nonoperating revenues	\$ 6,564,926	\$ 1,048,368	\$ 7,613,294
Income (loss) before contributions and transfers	\$ (12,072)	\$ 703,744	\$ 691,672
Transfers from other funds	59,966		59,966
Change in net position	\$ 47,894	\$ 703,744	\$ 751,638
Total net position, beginning	(495,047)	1,400,183	905,136
Total net position, ending	\$ (447,153)	\$ 2,103,927	\$ 1,656,774

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

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Enterprise Funds		
	Major Funds		
	School Food Service	Child Care	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,707,686	\$ 1,036,191	\$ 2,743,877
Cash paid for goods and services	(3,877,316)	(159,014)	(4,036,330)
Cash paid to employees for services	(4,330,932)	(1,376,306)	(5,707,238)
Net cash provided (used) by operating activities	<u>\$ (6,500,562)</u>	<u>\$ (499,129)</u>	<u>\$ (6,999,691)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Federal reimbursements	\$ 5,919,780		\$ 5,919,780
State grants	42,863	\$ 1,036,932	1,079,795
Due from other funds	(1,476)	(45)	(1,521)
Other nonoperating revenues	27,555		27,555
Net cash provided (used) by noncapital financing activities	<u>\$ 5,988,722</u>	<u>\$ 1,036,887</u>	<u>\$ 7,025,609</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	\$ (124,160)	\$ (125,550)	\$ (249,710)
Net cash (used) by capital and related financing activities	<u>\$ (124,160)</u>	<u>\$ (125,550)</u>	<u>\$ (249,710)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	\$ 3,488	\$ 3,399	\$ 6,887
Net increase in cash and cash equivalents	<u>\$ (632,512)</u>	<u>\$ 415,607</u>	<u>\$ (216,905)</u>
Balances, beginning	3,603,962	2,823,179	6,427,141
Balances, ending	<u>\$ 2,971,450</u>	<u>\$ 3,238,786</u>	<u>\$ 6,210,236</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	<u>\$ (6,576,998)</u>	<u>\$ (344,624)</u>	<u>\$ (6,921,622)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	\$ 75,335	\$ 1,783	\$ 77,118
Donated commodities consumed	545,326		545,326
Salaries paid by special revenue fund	59,966		59,966
Non-capital other post employment benefit plan contribution	25,914	8,037	33,951
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
(Increase) in due from other governments	(66,972)		(66,972)
(Increase) decrease in accounts receivable	(16,860)	4,790	(12,070)
Decrease in net other post employment benefits asset	1,666	432	2,098
Decrease in inventory	17,720		17,720
Increase in net pension liability	1,694,097	525,384	2,219,481
(Decrease) in net other post employment benefits liability	(827,390)	(256,511)	(1,083,901)
(Increase) in deferred outflows of resources	(892,385)	(276,752)	(1,169,137)
(Decrease) in accounts payable and accrued liabilities	(7,300)	(137)	(7,437)
(Decrease) in deferred inflows of resources	(573,221)	(162,316)	(735,537)
Increase in long-term liabilities	40,540	785	41,325
Total adjustments	<u>\$ 76,436</u>	<u>\$ (154,505)</u>	<u>\$ (78,069)</u>
Net cash provided (used) by operating activities	<u>\$ (6,500,562)</u>	<u>\$ (499,129)</u>	<u>\$ (6,999,691)</u>

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

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

Noncash investing, capital, and financing activities:

The State Public School Fund paid salaries and benefits of \$59,966 to administrative personnel of the School Food Service Fund during the fiscal year. The payment is reflected as an operating transfer in and an operating expense on Exhibit 7.

The School Food Service Fund received donated commodities with a value of \$545,326 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The School Food Service Fund recorded the consumption of \$545,326 worth of donated commodities during the fiscal year as an operating expense. These transactions are reported on Exhibit 7.

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

HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Henderson County Board of Public Education conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Henderson County Board of Public Education (Board) is a Local Education Agency empowered by state law [Chapter 115C, Article 31 of the North Carolina General Statutes] with the responsibility to oversee and control all activities related to public school education in Henderson County, North Carolina. The Board receives state, local, and federal government funding and must adhere to the legal requirements of each funding entity.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities present 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 on 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 of which is displayed in a separate column.

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.

HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Board reports the following major governmental funds:

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

State Public School Fund. The State Public School Fund, also required by G.S. 115C-426, includes appropriations from the Department of Public Instruction for the current operating expenditures of the public school system.

Federal Grants Fund. The Federal Grants Fund accounts for various programs and grants passed through the North Carolina Department of Public Instruction from the U.S. Government.

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 is reported as a capital projects fund. It is mandated by state law [G.S. 115C-426]. Capital projects are funded by Henderson County appropriations, restricted sales tax moneys, proceeds of Henderson County bonds issued for public school construction, lottery proceeds, as well as certain State assistance.

Other Restricted Fund. The Other Restricted Fund accounts for grants, programs, reimbursements, and other special revenues that are not accounted for in the General Fund or the other special revenue funds.

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 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.

The Board reports the following major enterprise funds:

School Food Service Fund. The School Food Service Fund is used to account for the food service program within the school system and is reported as an enterprise fund.

Child Care Fund. The Child Care Fund is used to account for the before and after school care and summer care programs within the school system and is reported as an enterprise fund.

HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. 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 are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Board considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. These 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 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 is both restricted and unrestricted net position available to finance the program. It is the Board's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. As required by G.S. 115C-425, annual budgets are adopted for all funds, except for the Individual Schools' Special Revenue Fund. While no budget is required for funds of individual schools, such funds must be accounted for in accordance with the provisions of G.S. 115C-448. 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 functional level for all annually budgeted funds. The Board has authorized the Superintendent to move moneys (up to \$5,000) from one function to another within a fund. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000. Amounts may be transferred between sub-functions and objects of expenditure within a function without limitations and without a report to the Board of Public Education being required. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Deposits and Investments

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

State law [G.S. 115C-443] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances. The North Carolina Capital Management Trust (NCCMT), an SEC-registered mutual fund (the Government Portfolio), is authorized by G.S. 159-30(c)(8). The Government Portfolio, which invests in treasuries, government agencies, and collateralized repurchase agreements, is a money market mutual fund (2a-7) and maintains an AAAm rating from S&P and AAAmf by Moody's Investors Service. The NCCMT Government Term Portfolio is reported at fair value.

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

The Board's investments are reported at fair value determined by either quoted market prices or a matrix pricing model. Bank deposits are measured at amortized cost. Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs – other than quoted prices – included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2023 of .7 years. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

2. Cash and Cash Equivalents

The Board pools money from several funds to facilitate disbursement and investment and to maximize investment income. All cash and investments with original maturities of three months or less are considered cash and cash equivalents.

3. Inventories

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

HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Capital Assets

Donated assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

It is the policy of the Board to capitalize all capital assets costing more than \$5,000 with an estimated useful life of two or more years. In addition, other items that are purchased and used in large quantities such as student desks are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Henderson 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 give the schools full use of the facilities, full responsibility for maintenance of the facilities, and provides that the County will convey title of the property back to the Board, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met.

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

	<u>Years</u>
Buildings	50
Building and site improvements	25
Equipment and furniture	10
Vehicles	15
Computer equipment	5

5. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Board has several items that meet this criterion including pension and other postemployment benefits (OPEB) related deferrals and contributions made to the plans after the measurement date. The statement of financial position also reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Board has several items that meet this criterion including unearned grant revenue in the Special Revenue funds, prepaid items in the Enterprise Funds, and pension and OPEB related deferrals.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Long-term obligations

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

7. Compensated Absences

The Board follows the state's policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board's liability for accumulated earned vacation and the salary-related payments as of June 30, 2023 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate of the current portion of compensated absences based on prior year's records has been made.

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

8. Net Position/Fund Balances

Net Position

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

Fund Balance

In the governmental fund financial statements, fund balance is composed of two classifications designed to disclose the hierarchy of constraints on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

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

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

Restricted for 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.

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

HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assigned Fund Balance – portion of fund balance that the Henderson County Board of Public 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 as restricted. The governing body approves the appropriation; however the budget ordinance authorizes the superintendent to modify the appropriations by resource or appropriation within funds up to \$100,000.

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

The Henderson County Board of Public Education has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Chief Financial 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 assigned fund balance and lastly unassigned fund balance. The Chief Financial Officer has the authority to deviate from this policy if it is in the best interest of the Board of Public Education.

HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. 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 total fund balance of the governmental funds and net position of the governmental activities as reported in the government-wide statement of net position. The net adjustment of \$24,963,154 consists of several elements as follows:

	<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)	\$ 239,335,879
Less accumulated depreciation	<u>(92,372,047)</u>
Net capital assets	146,963,832
Right to use leased assets used in governmental activities are not financial resources and are therefore not reported in the funds	252,680
Less accumulated amortization	<u>(126,340)</u>
Net right to use asset	126,340
Pension related deferred outflows of resources	45,986,398
OPEB related deferred outflows of resources	21,937,254
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	(162,841)
Right to use lease liabilities	(131,753)
Compensated absences	(6,040,774)
Net pension liability	(73,871,578)
Net OPEB liability	(104,562,537)
Deferred inflows of resources related to pensions	(2,119,466)
Deferred inflows of resources related to OPEB	<u>(53,088,029)</u>
Total adjustment	<u><u>\$ (24,963,154)</u></u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- 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 \$76,537,726 as follows:

	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 63,843,513
Depreciation and amortization expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(4,803,675)
Amortization expense for intangible assets	(63,170)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position	(223,285)
Principal payments on debt owed are recorded as use of funds on the fund statements but affect only the statement of net position on the government-wide statements	374,297
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	14,270,907
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	5,725,176
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	(15,257,888)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	804,512
Revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements:	
OPEB Benefit	11,081,237
Non-capital OPEB plan contribution	<u>786,102</u>
Total adjustment	<u>\$ 76,537,726</u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Defined Benefit Pension Plan and Other Post Employment (OPEB) Plans

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess of Expenditures over Appropriations

During the fiscal year ended June 30, 2023, the Board reported expenditures within the State Public School Fund that violated state law [G.S. 115C-441] because they exceeded the amounts appropriated in the budget ordinance by \$42,285. Management will continue to monitor budgetary appropriations and expenditures to ensure compliance with preaudit requirements.

III. DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All of the Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Board's agents in the Board'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 the adequacy of their pooled collateral covering uninsured deposits to the State Treasurer. 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.

HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

III. DETAIL NOTES ON ALL FUNDS (continued)

A. Assets (continued)

1. Deposits (continued)

At June 30, 2023 the Board had deposits with banks and savings and loans with a carrying amount of \$19,534,758 and with the State Treasurer of \$9,905. The bank balances with the financial institutions and the State Treasurer were \$20,122,583 and \$179,841, respectively. Of these balances, \$851,408 was covered by federal depository insurance and \$19,451,016 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2023, the Board of Public Education had \$944,338 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of .7 years at June 30, 2023. The Board has no policy for managing interest rate risk or credit risk.

3. Accounts Receivable

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

	Due from other funds (Internal Balances)	Due from other governments	Other	Total
Governmental activities:				
General Fund			\$ 52,737	\$ 52,737
Other Governmental Activities		\$ 249,236	58,529	307,765
Total		<u>\$ 249,236</u>	<u>\$ 111,266</u>	<u>\$ 360,502</u>
Business-type activities:				
School Food Service	\$ 9,168	\$ 276,994	\$ 16,860	\$ 303,022
Child Care	1,600		20,884	22,484
Total	<u>\$ 10,768</u>	<u>\$ 276,994</u>	<u>\$ 37,744</u>	<u>\$ 325,506</u>

Due from other governments consist of the following:

Governmental activities:		
State Public School Fund	\$ 13,315	Operating funds from the state
Other Restricted Fund	235,921	State sales tax refund
Total	<u>\$ 249,236</u>	
Business-type activities:		
School Food Service Fund	<u>\$ 276,994</u>	Federal funds

HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

III. DETAIL NOTES ON ALL FUNDS (continued)

4. Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Transfers/ Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 7,713,617	\$ 917,166		\$ 8,630,783
Construction in progress	68,657		\$ (19,661)	48,996
Total capital assets not being depreciated	<u>\$ 7,782,274</u>	<u>\$ 917,166</u>	<u>\$ (19,661)</u>	<u>\$ 8,679,779</u>
Capital assets being depreciated:				
Buildings and site improvements	\$ 151,317,818	\$62,348,090		\$ 213,665,908
Equipment and furniture	3,876,957	202,872		4,079,829
Vehicles	12,515,317	395,046		12,910,363
Total capital assets being depreciated	<u>\$ 167,710,092</u>	<u>\$62,946,008</u>	<u>\$ -</u>	<u>\$ 230,656,100</u>
Less accumulated depreciation for:				
Buildings and site improvements	\$ 75,848,565	\$ 4,051,113		\$ 79,899,678
Equipment and furniture	2,606,719	211,202		2,817,921
Vehicles	9,113,088	541,360		9,654,448
Total accumulated depreciation	<u>\$ 87,568,372</u>	<u>\$ 4,803,675</u>	<u>\$ -</u>	<u>\$ 92,372,047</u>
Total capital assets being depreciated, net	<u>\$ 80,141,720</u>			<u>\$ 138,284,053</u>
Governmental activity capital assets, net	<u><u>\$ 87,923,994</u></u>			<u><u>\$ 146,963,832</u></u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Buildings and site improvements	\$ 446,978			\$ 446,978
Furniture and equipment	1,137,081	\$ 124,160		1,261,241
Vehicles	32,250			32,250
Total capital assets being depreciated	<u>\$ 1,616,309</u>	<u>\$ 124,160</u>		<u>\$ 1,740,469</u>
Less accumulated depreciation for:				
Buildings and site improvements	\$ 104,317	\$ 5,706		\$ 110,023
Furniture and equipment	969,723	63,179		1,032,902
Vehicles	16,392	6,450		22,842
Total accumulated depreciation	<u>\$ 1,090,432</u>	<u>\$ 75,335</u>		<u>\$ 1,165,767</u>
School Food Service capital assets, net	<u>\$ 525,877</u>			<u>\$ 574,702</u>

HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

III. DETAIL NOTES ON ALL FUNDS (continued)

4. Capital Assets (continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Transfers/ Decreases</u>	<u>Ending Balances</u>
Business-type activities (continued):				
Child Care Fund:				
Capital assets being depreciated:				
Construction in progress		\$ 125,550		\$ 125,550
Vehicles	\$ 26,741			26,741
Total capital assets being depreciated	\$ 26,741	\$ 125,550		\$ 152,291
Less accumulated depreciation for:				
Vehicles	\$ 446	\$ 1,783		\$ 2,229
Child Care capital assets, net	\$ 26,295			\$ 150,062
Business-type activities capital assets, net	<u>\$ 552,172</u>			<u>\$ 724,764</u>

Depreciation charged to governmental functions is as follows:

Regular instructional	\$ 2,246,527
Special populations	617,700
Alternative programs	315,363
School leadership	272,948
Co-curricular	178,897
School-based support	244,526
Support and development	12,183
Special populations support and development	22,258
Alternative programs and services support and development	18,718
Technology support	66,162
Operational support	540,212
Financial and human resource	102,686
Accountability	6,882
System-wide pupil support	17,652
Policy, leadership and public relations	42,960
Ancillary services	12,086
Nonprogrammed charges	<u>85,915</u>
Total	<u><u>\$ 4,803,675</u></u>

HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

III. DETAIL NOTES ON ALL FUNDS (continued)

5. Financing Commitments

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

The payments due in the fiscal years ended after June 30, 2023, are as follows:

Total purchase price, four buses \$ 325,679

Total payments due in 2023-2024 \$ 107,019

Remaining payments in
subsequent years \$ 55,822

6. Right to Use Leased Assets

The Board has recorded right to use leased assets. The assets are right to use assets for leased vehicles. The related leases are discussed in the Leases subsection of the Liabilities section of these notes. The right to use leased assets are amortized on a straight-line basis over the terms of the related leases.

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Right to use assets:				
Leased vehicles	<u>\$ 252,680</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,680</u>
Less accumulated amortization for:				
Leased vehicles	<u>\$ 63,170</u>	<u>\$ 63,170</u>	<u>\$ -</u>	<u>\$ 126,340</u>
Right to use assets, net	<u><u>\$ 189,510</u></u>	<u><u>\$ (63,170)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 126,340</u></u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

III. DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities

1. Pension Plan and Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

Plan Description. The Board is a participating employer in the statewide Teachers' and State Employees' Retirement System (TSERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. TSERS membership is comprised of employees of the state (state agencies and institutions), universities, community colleges, and certain proprietary component units along with the employees of Local Education Agencies and charter schools. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the TSERS Board of Trustees, which consists of thirteen 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 of Public Instruction, and the State Director of Human Resources, 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 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.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

III. DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities (continued)

1. Pension Plan and Other Postemployment Obligations (continued)

a. Teachers' and State Employees' Retirement System (continued)

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 an LEO and have reached age 50, or have completed five years of creditable service as an LEO and have reached age 55, or have completed 15 years of creditable service as an LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2023, was 17.38% of covered payroll, actuarially determined as an amount that, when combined with employee contributions and investment income, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$14,887,239 for the year ended June 30, 2023.

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

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

At June 30, 2023, the Board reported a liability of \$76,872,400 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2023 and at June 30, 2022, the Board's proportion was 0.51793% and 0.49677% respectively.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

III. DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities (continued)

1. Pension Plan and Other Postemployment Obligations (continued)

a. Teachers' and State Employees' Retirement System (continued)

For the year ended June 30, 2023, the Board recognized pension expense of \$15,916,845. At June 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 334,707	\$ 1,047,783
Changes of assumptions	6,064,940	
Net difference between projected and actual earnings on pension plan investments	25,247,979	
Changes in proportion and differences between Board contributions and proportionate share of contributions	1,329,122	1,126,904
Board contributions subsequent to the measurement date	14,887,239	
	<hr/>	<hr/>
Total	<u>\$ 47,863,987</u>	<u>\$ 2,174,687</u>

\$14,887,239 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2024	\$ 8,034,904
2025	7,560,625
2026	3,103,362
2027	12,103,170
	<hr/>
Total	<u>\$ 30,802,061</u>

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

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

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

III. DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities (continued)

1. Pension Plan and Other Postemployment Obligations (continued)

a. Teachers' and State Employees' Retirement System (continued)

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

The assumptions used in the December 31, 2021 actuarial valuation were based on the experience study prepared as of December 31, 2020 and adopted by the Board of Trustees on January 28, 2022. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	<u>100.0%</u>	

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

III. DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities (continued)

1. Pension Plan and Other Postemployment Obligations (continued)

a. Teachers' and State Employees' Retirement System (continued)

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.0%. All rates of return and inflation are annualized.

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

Sensitivity of the Board's proportionate share of the net pension liability to changes in the discount rate. The following presents the Board's proportionate share of the net pension liability calculated using the discount rate of 6.5 percent, as well as what the Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.5 percent) or 1 percentage point higher (7.5 percent) than the current rate:

	1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)
Board's proportionate share of the net pension liability	\$ 135,914,326	\$ 76,872,400	\$ 28,138,018

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.

HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

III. DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities (continued)

1. Pension Plan and Other Postemployment Obligations (continued)

b. Other Post-employment Benefits (OPEB)

1. Healthcare Benefits

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

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of thirteen 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 employers. Each year the percentage is set in legislation, as are the maximum per retiree contributions from RHBF to the State Health Plan. The State Treasurer, with the approval of the State Health Plan Board of Trustees, then sets the employer contributions (subject to the legislative cap) and the premiums to be paid by retirees, as well as the health benefits to be provided through the State Health Plan.

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

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

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

III. DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities (continued)

1. Pension Plan and Other Postemployment Obligations (continued)

b. Other Post-employment Benefits (OPEB) (continued)

1. Healthcare Benefits (continued)

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), 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 fiscal year ended June 30, 2023, the Board contributed 6.89% of covered payroll which amounted to \$5,886,991.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

III. DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities (continued)

1. Pension Plan and Other Postemployment Obligations (continued)

b. Other Post-employment Benefits (OPEB) (continued)

1. Healthcare Benefits (continued)

At June 30, 2023, the Board reported a liability of \$107,883,441 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. The total OPEB liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2023 and June 30, 2022, the Board's proportions were 0.45431% and 0.43415%, respectively.

\$5,886,991 reported as deferred outflows of resources related to OPEB resulting from Board contributions after the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2024	\$ 13,953,581
2025	8,939,062
2026	10,033,202
2027	5,611,376
	<hr/>
Total	\$ 38,537,221
	<hr/>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

III. DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities (continued)

1. Pension Plan and Other Postemployment Obligations (continued)

b. Other Post-employment Benefits (OPEB) (continued)

1. Healthcare Benefits (continued)

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

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

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 2.16% at June 30, 2022 and June 30, 2021. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 2.16% was used as the discount rate used to measure the total OPEB liability and is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2022.

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

	<u>1% Decrease (1.16%)</u>	<u>Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
Net OPEB liability	\$ 127,074,261	\$ 107,883,441	\$ 92,209,747

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

III. DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities (continued)

1. Pension Plan and Other Postemployment Obligations (continued)

b. Other Post-employment Benefits (OPEB) (continued)

1. Healthcare Benefits (continued)

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Healthcare Trend Rates (6.5% Medical 7.25% Rx Prescription 3% Admin Expenses)</u>	<u>1% Increase in Trend Rates</u>
Net OPEB liability	\$ 88,805,328	\$ 107,883,441	\$ 132,544,624

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

2. Disability Benefits

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

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of thirteen 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.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

III. DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities (continued)

1. Pension Plan and Other Postemployment Obligations (continued)

b. Other Post-employment Benefits (OPEB) (continued)

2. Disability Benefits (continued)

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

For employees who had five or more years of membership service as of July 31, 2007, during the first 36 months of the long-term disability period, the monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one-twelfth of the annual longevity payment and local supplements to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of \$3,900 per month reduced by any primary Social Security disability benefits and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled, but the benefits payable shall be no less than \$10 a month. After the first 36 months of the long-term disability, the long-term benefit is calculated in the same manner as described above except the monthly benefit is reduced by an amount equal to a monthly primary Social Security disability benefit to which the participant or beneficiary might be entitled had Social Security disability benefits been awarded. When an employee qualifies for an unreduced service retirement allowance from the TSERS, the benefits payable from DIPNC will cease, and the employee will commence retirement under the Teachers' and State Employees' Retirement System or the University Employees' Optional Retirement Program.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

III. DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities (continued)

1. Pension Plan and Other Postemployment Obligations (continued)

b. Other Post-employment Benefits (OPEB) (continued)

2. Disability Benefits (continued)

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

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the state fiscal year. For the fiscal year ended June 30, 2023, employers made a statutory contribution of 0.10% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$85,443 for the year ended June 30, 2023.

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

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

At June 30, 2022, Board reported a liability of \$135,327 for its proportionate share of the net DIPNC OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. The total OPEB liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2023 and June 30, 2022, the Board's proportion was 0.45491% and 0.44011%, respectively.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

III. DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities (continued)

1. Pension Plan and Other Postemployment Obligations (continued)

b. Other Post-employment Benefits (OPEB) (continued)

2. Disability Benefits (continued)

\$85,443 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending June 30, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:

2024	\$	67,606
2025		77,462
2026		56,164
2027		43,067
2028		7,827
Thereafter		<u>17,278</u>
Total	\$	<u><u>269,404</u></u>

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

Inflation	2.5 percent
Salary increases	3.25 to 8.05 percent, including 3.5 percent inflation and productivity factor
Investment rate of return	3.0 percent, 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 asset, as well as what the Board's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower (2.00 percent) or 1 percentage point higher (4.00 percent) than the current discount rate:

	<u>1% Decrease (2.00%)</u>	<u>Discount Rate (3.00%)</u>	<u>1% Increase (4.00%)</u>
Net OPEB DIPNC asset	\$ (166,638)	\$ (135,327)	\$ (103,938)

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

III. DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities (continued)

1. Pension Plan and Other Postemployment Obligations (continued)

b. Other Post-employment Benefits (OPEB) (continued)

2. Disability Benefits (continued)

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

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

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

DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2022. The long-term expected rate of return was determined based on the combination of expected future real rates of return and expected inflation. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2022 is 3.0%.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

III. DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities (continued)

1. Pension Plan and Other Postemployment Obligations (continued)

b. Other Post-employment Benefits (OPEB) (continued)

***Total OPEB Expense, OPEB Liabilities, and Deferred Outflows of Resources and
Deferred 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	\$ (11,748,280)	\$ 188,468	\$ (11,559,812)
OPEB Liability	107,883,441	135,327	108,018,768
Proportionate share of the net OPEB Liability (Asset)	.45431%	.45491%	
 Deferred Outflows of Resources			
Differences between expected and actual experience	1,047,414	151,680	1,199,094
Changes of assumptions	8,637,471	8,698	8,646,169
Net difference between projected and actual earnings on plan investments	934,224	143,133	1,077,357
Changes in proportion and differences between Board contributions and proportionate share of contributions	5,832,320	7,009	5,839,329
Board contributions subsequent to the measurement date	5,886,991	85,443	5,972,434
 Deferred Inflows of Resources			
Differences between expected and actual experience	298,525	-	298,525
Changes of assumptions	49,100,293	25,070	49,125,363
Net difference between projected and actual earnings on plan investments		-	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	5,589,823	16,055	5,605,878

HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

III. DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities (continued)

2. Accounts Payable

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

	<u>Vendors</u>	<u>Salaries and Benefits</u>
Governmental Activities:		
General	\$ 60,741	\$ 384,489
Other Governmental	<u>16,754</u>	<u>661</u>
Total governmental activities	<u>\$ 77,495</u>	<u>\$ 385,150</u>
Business-type Activities:		
School Food Service	\$ 52,361	
Child Care	<u>347</u>	
Total business-type activities	<u>\$ 52,708</u>	

3. Deferred Outflows of Resources and Deferred Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,533,801	\$ 1,346,308
Changes of assumptions	14,711,109	49,125,363
Net difference between projected and actual earnings on pension plan investments	26,325,336	
Changes in proportion and difference between Board contributions and proportionate share of contributions	7,168,451	6,732,782
Board contributions subsequent to measurement date	20,859,673	
Grants not yet earned (Special Revenue Funds)		73,175
Prepaid items (Proprietary Funds)		<u>258</u>
Totals	<u>\$ 70,598,370</u>	<u>\$ 57,277,886</u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

III. DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities (continued)

4. 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 through a commercial agency for general liability, with an aggregate limit of \$2,000,000 per location. The policy provides additional coverage in the amount of \$1,000,000 aggregate per year for School District and Educator's legal liability. Statutory worker's compensation coverage is purchased through private insurers. Coverage is provided to the extent employees are paid from federal or local funds. Worker's compensation coverage is provided by the State of North Carolina through a self-insured fund, to the extent employees are paid from state funds. The Board also purchases insurance through a commercial agency which insures the tangible property assets of the Board. Buildings and contents are insured on a replacement cost basis.

The Board also participates in the Teacher's and State Employees' Comprehensive Major Medical Plan, a self-funded risk financing pool of the state administered by Blue Cross and Blue Shield of North Carolina. Through the Plan, permanent full-time employees of the Board are eligible to receive health care benefits. The Board pays the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

In accordance with G.S. 115C-442, the Board's employees who have custody of the Board's funds, at any given time, are performance bonded through a commercial surety bond. The Chief Financial Officer is bonded for \$200,000. The remaining employees who have access to funds are covered by a commercial policy up to \$25,000.

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.

5. Long-term Obligations

a. Leases

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

The agreement was executed in April 2021 to lease various vehicles that require 36 monthly payments. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.4%. As a result of the lease, the Board has recorded a right to use leased asset with a net book value of \$126,340 at June 30, 2023.

HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

III. DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities (continued)

a. Leases (continued)

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

<u>Year Ending June 30</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2024	\$ 83,801	\$ 2,272	\$ 86,073
2025	47,952	634	48,586
	<u>\$ 131,753</u>	<u>\$ 2,906</u>	<u>\$ 134,659</u>

b. Long-Term Obligation Activity

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

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2023</u>	<u>Current Portion</u>
Governmental activities:					
Direct placement					
installment purchase	\$ 230,387	\$ 223,285	\$ 290,831	\$ 162,841	\$ 107,019
Lease liabilities	215,219		83,466	131,753	83,801
Net pension liability	22,480,409	51,391,169		73,871,578	
Net OPEB liability	129,681,035		25,118,498	104,562,537	
Compensated absences	6,845,286	4,267,564	5,072,076	6,040,774	5,298,560
Total	<u>\$ 159,452,336</u>	<u>\$ 55,882,018</u>	<u>\$ 30,564,871</u>	<u>\$ 184,769,483</u>	<u>\$ 5,489,380</u>
Business-type activities:					
Net pension liability	\$ 781,341	\$ 2,219,481		\$ 3,000,822	
Net OPEB liability	4,540,132		\$ 1,083,901	3,456,231	
Compensated absences	225,509	165,782	124,457	266,834	\$ 178,560
	<u>\$ 5,546,982</u>	<u>\$ 2,385,263</u>	<u>\$ 1,208,358</u>	<u>\$ 6,723,887</u>	<u>\$ 178,560</u>

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

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

III. DETAIL NOTES ON ALL FUNDS (continued)

C. Interfund Balances and Activity

Due to/from other funds

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Restricted Fund	\$ 57,162
Federal Grants Fund	Other Restricted Fund	59,182
Capital Outlay Fund	Other Restricted Fund	24,524
Individual Schools	Other Restricted Fund	340,255
School Food Service Fund	Other Restricted Fund	9,168
Child Care Fund	Other Restricted Fund	<u>1,600</u>
Total		<u>\$ 491,891</u>

Transfers to/from other funds

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

From the State Public School Fund to the School Food Service Fund for administrative costs	<u>\$ 59,966</u>
Total	<u><u>\$ 59,966</u></u>

D. Fund Balance

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

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

III. DETAIL NOTES ON ALL FUNDS (continued)

D. Fund Balance (continued)

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

Total fund balance - General Fund	\$ 7,532,525
Less:	
Stabilization by State Statute	109,899
Appropriated fund balance in 2024 budget	<u>2,001,317</u>
Remaining Fund Balance	<u><u>\$ 5,421,309</u></u>

IV. RELATED ORGANIZATION

The Henderson County Education Foundation, Inc. (Foundation) is a related organization to the Henderson County Board of Public Education. The Foundation has a self-perpetuating board of directors and the Board of Public Education is not accountable for the Foundation. Financial information related to the Foundation is available from the Henderson County Education Foundation, Inc., P.O. Box 1267, Hendersonville, North Carolina 28793.

V. 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.

VI. CHANGE IN ACCOUNTING PRINCIPLE

Effective July 1, 2022 the Board of Public Education implemented accounting and financial reporting requirements of GASB Statement 96, *Subscription Based Information Technology Arrangements*. This statement establishes a model for subscription based information technology arrangement accounting based on the principle that there is a financing of a right to use lease of an underlying asset. However, the Board of Public Education's subscription based information technology arrangements are under an obligation of less than twelve months or have been determined to be immaterial to the Board of Public Education's financial statements, therefore no recognition of right to use leased assets and liabilities for subscription based information technology arrangements is recorded.

VII. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 24, 2023, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

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

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Board's proportion of the net pension liability	0.51793%	0.49677%	0.51384%	0.51795%	0.50958%
Board's proportionate share of the net pension liability	\$ 76,872,399	\$ 23,261,750	\$ 62,082,126	\$ 53,695,646	\$ 50,734,230
Board's covered payroll	\$86,244,927	\$76,694,362	\$76,669,766	\$ 76,399,801	\$72,010,122
Board's proportionate share of the net pension liability as a percentage of its covered payroll	89.13%	30.33%	80.97%	70.28%	70.45%
Plan fiduciary net position as a percentage of the total pension liability	84.14%	94.86%	92.01%	91.89%	89.51%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Board's proportion of the net pension liability	0.50848%	0.51398%	0.50031%	0.49476%	0.49730%
Board's proportionate share of the net pension liability	\$ 40,345,046	\$47,240,063	\$ 18,437,406	\$ 5,800,670	\$30,191,177
Board's covered payroll	\$ 70,182,354	\$68,242,503	\$ 68,639,639	\$ 64,937,354	\$ 65,877,045
Board's proportionate share of the net pension liability as a percentage of its covered payroll	57.49%	69.22%	26.86%	8.93%	45.83%
Plan fiduciary net position as a percentage of the total pension liability	87.32%	94.64%	98.24%	90.60%	90.60%

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$14,887,239	\$14,200,704	\$11,335,427	\$ 9,944,069	\$ 9,389,536
Contributions in relation to the contractually required contribution	<u>14,887,239</u>	<u>14,200,704</u>	<u>11,335,427</u>	<u>9,944,069</u>	<u>9,389,536</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$85,442,533	\$86,244,927	\$76,694,362	\$76,669,766	\$76,399,801
Contributions as a percentage of covered payroll	17.42%	16.47%	14.78%	12.97%	12.29%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 7,762,691	\$ 7,004,199	\$ 6,244,189	\$ 6,280,527	\$ 5,643,211
Contributions in relation to the contractually required contribution	<u>7,762,691</u>	<u>7,004,199</u>	<u>6,244,189</u>	<u>6,280,527</u>	<u>5,643,211</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$72,010,122	\$70,182,354	\$68,242,503	\$68,639,639	\$64,937,354
Contributions as a percentage of covered payroll	10.78%	9.98%	9.15%	9.15%	8.69%

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
RETIREE HEALTH BENEFITS FUND
LAST SEVEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Board's proportion of the net OPEB liability	0.45431%	0.43415%	0.44990%	0.45245%
Board's proportionate share of the net OPEB liability	\$ 107,883,439	\$ 134,221,167	\$ 124,806,029	\$ 143,151,574
Board's covered payroll	\$ 86,244,927	\$ 76,694,362	\$ 76,669,766	\$ 76,399,801
Board's proportionate share of the net OPEB liability as a percentage of its covered payroll	125.09%	175.01%	162.78%	187.37%
Plan fiduciary net position as a percentage of the total OPEB liability	10.58%	7.72%	4.40%	3.52%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Board's proportion of the net OPEB liability	0.45500%	0.45876%	0.44938%	
Board's proportionate share of the net OPEB liability	\$ 129,621,914	\$ 150,412,119	\$195,497,193	
Board's covered payroll	\$ 72,010,122	\$ 70,182,354	\$68,242,503	
Board's proportionate share of the net OPEB liability as a percentage of its covered payroll	180.01%	214.32%	286.47%	
Plan fiduciary net position as a percentage of the total OPEB liability	3.52%	2.41%	2.41%	

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
RETIREE HEALTH BENEFITS FUND
LAST SEVEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 5,886,991	\$ 5,406,821	\$ 5,123,183	\$ 4,960,534
Contributions in relation to the contractually required contribution	<u>5,886,991</u>	<u>5,406,821</u>	<u>5,123,183</u>	<u>4,960,534</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 85,442,533	\$ 86,244,927	\$ 76,694,362	\$ 76,669,766
Contributions as a percentage of covered payroll	6.89%	6.27%	6.68%	6.47%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Contractually required contribution	\$ 4,790,268	\$ 4,356,612	\$ 4,077,595	
Contributions in relation to the contractually required contribution	<u>4,790,268</u>	<u>4,356,612</u>	<u>4,077,595</u>	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	
Board's covered payroll	\$ 76,399,801	\$ 72,010,122	\$ 70,182,354	
Contributions as a percentage of covered payroll	6.27%	6.05%	5.81%	

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB ASSET (LIABILITY)
DISABILITY INCOME PLAN OF NORTH CAROLINA
LAST SEVEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Board's proportion of the net OPEB asset	0.45491%	0.44011%	0.45123%	0.45882%
Board's proportionate share of the net OPEB asset (liability)	\$ (135,327)	\$ 71,888	\$ 221,978	\$ 197,981
Board's covered payroll	\$ 86,244,927	\$ 76,694,362	\$ 76,669,766	\$ 76,399,801
Board's proportionate share of the net OPEB asset as a percentage of its covered payroll	(0.16%)	0.09%	0.29%	0.26%
Plan fiduciary net position as a percentage of the total OPEB asset	90.34%	105.18%	116.47%	116.37%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Board's proportion of the net OPEB asset	0.45239%	0.4492%	0.45821%	
Board's proportionate share of the net OPEB asset (liability)	\$ 137,418	\$ 274,551	\$284,548	
Board's covered payroll	\$ 72,010,122	\$ 70,182,354	\$68,242,503	
Board's proportionate share of the net OPEB asset as a percentage of its covered payroll	0.19%	0.39%	0.42%	
Plan fiduciary net position as a percentage of the total OPEB asset	116.23%	116.06%	117.06%	

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
DISABILITY INCOME PLAN OF NORTH CAROLINA
LAST SEVEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 85,443	\$ 77,620	\$ 69,025	\$ 76,666
Contributions in relation to the contractually required contribution	<u>85,443</u>	<u>77,620</u>	<u>69,025</u>	<u>76,666</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 85,442,533	\$ 86,244,927	\$ 76,694,362	\$ 76,669,766
Contributions as a percentage of covered payroll	0.10%	0.09%	0.09%	0.10%

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 106,960	\$ 100,814	\$ 266,693
Contributions in relation to the contractually required contribution	<u>106,960</u>	<u>100,814</u>	<u>266,693</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Board's covered payroll	\$ 76,399,801	\$ 72,010,122	\$ 70,182,354
Contributions as a percentage of covered payroll	0.14%	0.14%	0.38%

**INDIVIDUAL
FUND
SCHEDULES**

GENERAL FUND

The General Fund is the principal operating fund for the Henderson County Board of Public Education mandated by state law as the Local Current Expense Fund. This fund accounts for all activities of the Henderson County Board of Public Education not included in other specified funds. These activities are funded principally by an appropriation to the Henderson County Board of Public Education by the Henderson County Commissioners. The majority of the expenditures are for current operating needs, primarily instructional programs and supporting services. The General Fund is accounted for on the modified accrual basis of accounting.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Henderson County:			
Local current expense	\$ 31,378,000	\$ 31,378,000	
Other :			
ABC revenues	\$ 130,000	\$ 192,631	\$ 62,631
Sales taxes		57,162	57,162
Fines and forfeitures - Clerk of Court	500,000	504,966	4,966
Total	\$ 630,000	\$ 754,759	\$ 124,759
Total revenues	\$ 32,008,000	\$ 32,132,759	\$ 124,759
Expenditures:			
Instructional services:			
Regular instructional services	\$ 9,241,152	\$ 8,689,013	\$ 552,139
Special populations services	1,350,830	1,214,625	136,205
Alternative programs and services	222,310	194,323	27,987
School leadership services	3,057,563	3,028,160	29,403
Co-curricular services	896,122	881,534	14,588
School-based support services	1,884,418	1,657,799	226,619
Total	\$ 16,652,395	\$ 15,665,454	\$ 986,941
System-wide support services:			
Support and development services	\$ 298,112	\$ 285,723	\$ 12,389
Special populations support and development services	235,922	233,700	2,222
Alternative programs and services support and development services	102,017	98,426	3,591
Technology support services	1,318,581	1,243,041	75,540
Operational support services	9,004,755	8,969,220	35,535
Financial and human resource services	2,132,512	2,077,814	54,698
Accountability services	220,065	211,246	8,819
System-wide pupil support services	402,068	362,499	39,569
Policy, leadership, and public relations services	706,800	667,086	39,714
Total	\$ 14,420,832	\$ 14,148,755	\$ 272,077

(continued)

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Ancillary services	\$ 248,995	\$ 239,795	\$ 9,200
Nonprogrammed charges:			
Payments to charter schools	\$ 2,131,000	\$ 2,034,156	\$ 96,844
Total expenditures	<u>\$ 33,453,222</u>	<u>\$ 32,088,160</u>	<u>\$ 1,365,062</u>
Excess of revenues over (under) expenditures	<u>\$ (1,445,222)</u>	<u>\$ 44,599</u>	<u>\$ 1,489,821</u>
Other financing sources (uses):			
Transfers to other funds	<u>\$ (36,999)</u>	<u>\$ (36,999)</u>	
Appropriated fund balance	<u>\$ 1,482,221</u>		<u>\$(1,482,221)</u>
Net change in fund balance	<u><u>\$ -</u></u>	\$ 7,600	<u><u>\$ 7,600</u></u>
Fund balance, beginning		<u>7,524,925</u>	
Fund balance, ending		<u><u>\$ 7,532,525</u></u>	

CAPITAL PROJECTS FUND

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Capital Outlay Fund – This fund, which is mandated by state law, is used to account for the acquisition, construction, renovation, and replacement of the local administrative unit's capital assets and other major capital outlays, other than those financed by the Individual Schools Fund and the Enterprise Funds. The major revenue source is the County of Henderson.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
CAPITAL OUTLAY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
State of North Carolina:			
State appropriations - buses	\$ 290,831	\$ 290,831	
Sales tax revenues		24,524	\$ 24,524
Total State of North Carolina	\$ 290,831	\$ 315,355	\$ 24,524
Henderson County:			
General county revenues	\$ 1,500,000	\$ 1,500,000	
Appropriations from county - school capital projects	62,000,000	60,940,000	\$ (1,060,000)
Total Henderson County	\$ 63,500,000	\$ 62,440,000	\$ (1,060,000)
Other:			
Contributions and donations	\$ 817,500	\$ 930,514	\$ 113,014
Total revenues	\$ 64,608,331	\$ 63,685,869	\$ (922,462)
EXPENDITURES			
Capital outlay:			
Real property and buildings	\$ 64,791,124	\$ 63,342,210	\$ 1,448,914
Furniture and equipment	295,000	258,379	36,621
Buses and motor vehicles	623,671	470,184	153,487
Debt service - principal	290,831	290,831	
Total expenditures	\$ 66,000,626	\$ 64,361,604	\$ 1,639,022
Excess of revenues over (under) expenditures	\$ (1,392,295)	\$ (675,735)	\$ 716,560
OTHER FINANCING SOURCES (USES)			
Installment purchase obligations issued	\$ 453,671	\$ 223,285	\$ (230,386)
Sale of capital assets		250,000	250,000
Transfer from other funds	36,999	36,999	
Total other financing sources (uses)	\$ 490,670	\$ 510,284	\$ 19,614
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ (901,625)	\$ (165,451)	\$ 736,174
Appropriated fund balance	901,625		(901,625)
Net change in fund balance	\$ -	\$ (165,451)	\$ (165,451)
Fund balance, beginning		2,015,101	
Fund balance, ending		\$ 1,849,650	

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government's board is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's board has decided that the periodic determination of net income is appropriate for accountability purposes. An Enterprise Fund is accounted for on the full accrual basis of accounting.

School Food Service Fund - This fund is used to account for the food service program within the school system. This program provides breakfast and lunch to students in the Henderson County Public Schools. Primary revenue sources are meal charges, federal commodity subsidies, and USDA reimbursements.

Child Care Fund - This fund is used to account for the before and after school care and the summer care programs offered by the various elementary schools within the school system.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHOOL FOOD SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget	Actual	Variance Positive (Negative)
Operating revenues, food sales	\$ 2,142,467	\$ 1,841,353	\$ (301,114)
Operating expenditures:			
Business support services:			
Purchase of food		\$ 3,010,214	
Donated commodities		545,326	
Salaries and benefits		4,416,811	
Indirect costs		200,000	
Materials and supplies		388,717	
Repairs and maintenance		142,254	
Other		128,831	
Total business support services	\$ 9,311,481	\$ 8,832,153	\$ 479,328
Capital outlay	\$ 192,200	\$ 124,160	\$ 68,040
Total operating expenditures	\$ 9,503,681	\$ 8,956,313	\$ 547,368
Operating loss	\$ (7,361,214)	\$ (7,114,960)	\$ 246,254
Nonoperating revenues:			
Federal reimbursements	\$ 5,797,711	\$ 5,919,780	\$ 122,069
Federal commodities	625,000	545,326	(79,674)
State reimbursements	42,500	42,863	363
Interest earned	4,745	3,488	(1,257)
Other	255	27,555	27,300
Total nonoperating revenues	\$ 6,470,211	\$ 6,539,012	\$ 68,801
Excess of revenues over (under) expenditures before other financing sources	\$ (891,003)	\$ (575,948)	\$ 315,055
Other financing sources:			
Transfers from other funds	\$ 63,000	\$ 59,966	\$ (3,034)
Appropriated fund balance	\$ 828,003		\$ (828,003)
Excess of revenues and other sources over (under) expenditures	\$ -	\$ (515,982)	\$ (515,982)

(continued)

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHOOL FOOD SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Actual</u>
Excess of revenues and other sources over (under) expenditures	\$ (515,982)
Reconciliation of modified accrual to full accrual basis:	
Reconciling items:	
Depreciation	(75,335)
Net other post employment benefits asset	(6,548)
Net pension liability	(1,694,097)
Net other post employment benefits liability	832,272
Deferred outflows	892,385
Deferred inflows	523,385
Non capital other post employment benefits contribution	25,914
Equipment purchases	124,160
(Increase) in compensated absences	(40,540)
(Decrease) in inventory	<u>(17,720)</u>
Change in net position (full accrual)	<u>\$ 47,894</u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
CHILD CARE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Child care fees	\$ 2,602,925	\$ 2,068,333	\$ (534,592)
Total revenues	<u>\$ 2,602,925</u>	<u>\$ 2,068,333</u>	<u>\$ (534,592)</u>
EXPENDITURES			
Regular community service:			
Purchase of food		\$ 24,673	
Salaries and benefits		1,384,343	
Indirect costs		25,000	
Materials and supplies		88,091	
Contracted services		6,888	
Other		14,225	
		<u>1,543,220</u>	
Total regular community service	\$ 1,629,692	\$ 1,543,220	\$ 86,472
Capital Outlay	\$ 1,851,000	\$ 125,550	\$ 1,725,450
Total expenditures	<u>\$ 3,480,692</u>	<u>\$ 1,668,770</u>	<u>\$ 1,811,922</u>
Revenues over (under) expenditures	<u>\$ (877,767)</u>	<u>\$ 399,563</u>	<u>\$ 1,277,330</u>
Other financing sources:			
Interest earned	\$ 700	\$ 3,399	\$ 2,699
Appropriated fund balance	<u>\$ 877,067</u>		<u>\$ (877,067)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 402,962</u>	<u>\$ 402,962</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		\$ (1,783)	
Net other post employment benefits asset		(2,031)	
Net pension liability		(525,384)	
Net other post employment benefits liability		258,110	
Deferred outflows		276,752	
Deferred inflows		162,316	
Non capital other post employment benefits contribution		8,037	
Equipment purchases		125,550	
(Increase) in compensated absences		(785)	
Change in net position (full accrual)		<u>\$ 703,744</u>	

COMPLIANCE SECTION



**GOULD KILLIAN
CPA GROUP, P.A.**
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 AUDITOR'S REPORT

To the Board of Public Education
Henderson County, North Carolina

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, and each major fund of the Henderson County Board of Public Education, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprises the Henderson County Board of Public Education's basic financial statements, and have issued our report thereon dated November 24, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be

material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Report On Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Henderson County Board of Public Education's financial statements are free from 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*.

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.

Donald Killian CPA Group, P.A.

Hendersonville, North Carolina
November 24, 2022



**GOULD KILLIAN
CPA GROUP, P.A.**
CERTIFIED PUBLIC ACCOUNTANTS

**Report on Compliance for Each Major Federal Program and Report on Internal Control
Over Compliance in Accordance With OMB Uniform Guidance and the State Single Audit
Implementation Act**

INDEPENDENT AUDITOR'S REPORT

To the Board of Public Education
Henderson County, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Henderson County Board of Public 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 Henderson County Board of Public Education's major federal programs for the year ended June 30, 2023. The Henderson County Board of Public Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Henderson County Board of Public Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a

reasonable basis for our opinion on compliance for each major federal program, Our audit does not provide a legal determination of the Henderson County Board of Public Education's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

 CPA Group, P.A.

Hendersonville, North Carolina
November 24, 2023



**Report on Compliance for Each Major State Program and Report on Internal Control
Over Compliance in Accordance With OMB Uniform Guidance and the State Single Audit
Implementation Act**

INDEPENDENT AUDITOR'S REPORT

To the Board of Public Education
Henderson County, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Henderson County Board of Public 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 Henderson County Board of Public Education's major state programs for the year ended June 30, 2023. The Henderson County Board of Public Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major State Program

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

We are required to be independent of the Henderson County Board of Public Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a

reasonable basis for our opinion on compliance for each major state program, Our audit does not provide a legal determination of the Henderson County Board of Public Education's compliance with the compliance requirements referred to above.

Responsibilities of Management for the Audit of Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

Donald Killian CPA Group, P.A.

Hendersonville, North Carolina
November 24, 2023

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

I. Summary of Auditor's Results

Financial Statements

- A. An unmodified opinion was issued on the financial statements of the Henderson County Board of Public Education.
- B. Our audit of the basic financial statements disclosed no material weaknesses over financial reporting and no significant deficiencies in internal control were identified.
- C. Our audit of the basic financial statements disclosed no instances of noncompliance with laws, regulations and the provisions of contracts and grant agreements that are material to the basic financial statements.

Federal Awards

- A. Our audit of compliance with the types of compliance requirements applicable to the Board's major federal programs disclosed no material weaknesses and no significant deficiencies in internal control over major federal programs were identified.
- B. An unmodified opinion was issued on the Henderson County Board of Public Education's compliance with the types of compliance requirements applicable to its major federal programs.
- C. The audit disclosed no audit findings which relate to federal awards that are required to be reported in accordance with Section 2 CFR 200.516(a).
- D. Major federal programs for the Henderson County Board of Public Education for the fiscal year ended June 30, 2023 are:

<u>Name of Program</u>	<u>Assistance Listing Number</u>
Special Education Cluster	
Special Education – Grants to States (IDEA – Part B)	
Education of the Handicapped	84.027
Special Education – Preschool Grants (IDEA – Preschool)	
Preschool Handicapped	84.173
Special Needs – Targeted Assistance	84.027
Preschool Targeted Assistance	84.027
COVID-19 Education Stabilization Fund	
Elementary and Secondary School	
Emergency Fund (ESSER)	84.425

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

- E. The threshold for determining Type A programs for the Henderson County Board of Public Education is \$750,000.
- F. Henderson County Board of Public Education qualified as a low risk auditee under the Uniform Guidance.

State Awards

- A. Our audit of compliance with the types of compliance requirements applicable to the Board's major state programs disclosed no material weaknesses and no significant deficiencies in internal control over major state programs were identified.
- B. An unmodified opinion was issued on the Henderson County Board of Public Education's compliance with the types of compliance requirements applicable to its major state programs.
- C. The audit disclosed no audit findings which relate to state awards that are required to be reported in accordance with the State Single Audit Implementation Act.
- D. Major state programs for the Henderson County Board of Public Education for the fiscal year ended June 30, 2023 are:

Name of Program

State Public School Fund

School Technology Fund

Vocational Education:

State Months of Employment

Program Support Funds

COVID-19 Emergency Child Care Subsidy

Program Job Aid

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

A Corrective Action Plan has already been implemented by the Henderson County Board of Public Education for all prior year findings.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

The Henderson County Board of Public Education had no findings or questioned costs related to the audit of federal and state awards for the previous three fiscal years.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
Federal Grants:			
<u>U. S. Department of Agriculture</u>			
<u>Child Nutrition Cluster:</u>			
Non-cash assistance (commodities)			
Passed-through the N.C. Department of Agriculture:			
National School Lunch Program	10.555	PRC 035	\$ 545,326
Cash assistance			
Passed-through the N.C. Department of Public Instruction:			
National School Lunch Program	10.555	PRC 035	5,610,747
Summer Food Service Program for Children	10.559	PRC 035	283,162
Total Child Nutrition Cluster			<hr/> \$ 6,439,235
Fresh Fruit and Vegetable Program	10.582	PRC 035	<hr/> 25,871
Total U. S. Department of Agriculture			<hr/> \$ 6,465,106
<u>U. S. Department of Education</u>			
Passed-through the N.C. Department of Public Instruction:			
Title I Grants to Local Educational Agencies			
(Title I, Part A of ESEA)	84.010	PRC 050	\$ 3,514,543
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA) - School Improvements	84.010	PRC 105	142,022
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA) - Targeted Support and Improvement	84.010	PRC 115	<hr/> 226,166
Total Title I Grants to Local Educational Agencies (Title I)			<hr/> \$ 3,882,731
Migrant Education - State Grant Program	84.011	PRC 051	\$ 564,592
English Language Acquisition Grants	84.365	PRC 104, 111	\$ 193,850

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
<u>Special Education Cluster</u>			
Special Education - Grants to States (IDEA, Part B) -			
Education of the Handicapped	84.027	PRC 060	\$ 2,497,424
Special Education - Preschool Grants (IDEA Preschool) -			
Preschool Handicapped	84.173	PRC 049	73,324
Special Needs Targeted Assistance	84.027	PRC 118	13,473
Preschool Targeted Assistance	84.027	PRC 119	422
Total Special Education Cluster			<u>\$ 2,584,643</u>
<u>Education for Homeless Children and Youth Cluster</u>			
Education for Homeless Children and Youth	84.196	PRC 026	<u>\$ 35,274</u>
Total Education for Homeless Children and Youth Cluster			<u>\$ 35,274</u>
Supporting Effective Instruction State Grants	84.367	PRC 103	\$ 475,366
Student Support and Academic Enrichment Grants	84.424	PRC 108	\$ 242,778
Career and Technical Education			
Capacity Building Grant	84.048	PRC 017	\$ 233,573
<u>COVID-19 Education Stabilization Fund</u>			
Elementary and Secondary School Emergency			
Fund (ESSER)	84.425		
Governor's Emergency Relief Fund (GEER)			
ESSER I (CARES ACT)	84.425D	PRC's 163-168	\$ 206,548
GEER (CARES ACT)	84.425C	PRC's 169-170	48,113
ESSER II (CRRSA)	84.425D	PRC's 171-178	1,797,379
ESSER III (ARP)	84.425U	PRC's 181,185-204, 206	6,936,452
ESSER III (ARP)	84.425W	PRC's 183-184	30,127
		PRC 205	1,507
Total Education Stabilization Fund			<u>\$ 9,020,126</u>
Total U. S. Department of Education			<u>\$ 17,232,933</u>
<u>U.S. Department of Defense</u>			
Direct Program:			
ROTC	12.000	PRC 301	<u>\$ 136,337</u>
Total U.S. Department of Defense			<u>\$ 136,337</u>
<u>U.S. Department of Labor</u>			
<u>Employment Training Administration</u>			
Passed through Land of Sky Regional Council:			
WIOA Cluster:			
WIOA Youth Activities	17.259	PRC 302	<u>\$ 164,864</u>
Total U.S. Department of Labor			<u>\$ 164,864</u>
Total Federal Assistance			<u>\$ 23,999,240</u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Grantor/Pass-through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Expenditures
State Grants:			
Cash Assistance			
<u>N.C. Department of Public Instruction:</u>			
State Public School Fund			\$ 86,656,720
Driver Training-SPSF		PRC 012	265,352
School Technology Fund - SPSF		PRC 015	656,575
Vocational Education:			
- State Months of Employment		PRC 013	4,473,120
- Program Support Funds		PRC 014	571,570
<u>N.C. Department of Health and Human Services:</u>			
Division of Child Development and Early Education			
COVID-19 Emergency Child Care Subsidy			
Program Job Aid			1,000,761
Non-Cash Assistance			
<u>N.C. Department of Public Instruction:</u>			
Appropriations for School Buses			223,285
Total State Assistance			<u>\$ 93,847,383</u>
Total Federal and State Assistance			<u><u>\$ 117,846,623</u></u>

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

1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (SEFSA) includes the federal and state grant activity of the Henderson County Board of Public Education under the programs of the federal government and State of North Carolina for the year ended June 30, 2023. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *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 the Henderson County Board of Public Education, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Henderson County Board of Public Education.

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.

3. Indirect Cost Rate

The Henderson County Board of Public Education has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

OTHER SCHEDULES

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
COMBINING BALANCE SHEET - INDIVIDUAL SCHOOLS
JUNE 30, 2023**

	Elementary Schools	Middle Schools	Alternative, High Schools and Early College	Total
ASSETS				
Cash and investments	\$ 547,176	\$ 295,697	\$1,164,156	\$ 2,007,029
Due from other funds	12,884	104,582	222,789	340,255
Total Assets	<u><u>\$ 560,060</u></u>	<u><u>\$ 400,279</u></u>	<u><u>\$1,386,945</u></u>	<u><u>\$ 2,347,284</u></u>
LIABILITIES AND FUND BALANCES				
Fund balance:				
Restricted:				
Individual Schools	<u><u>\$ 560,060</u></u>	<u><u>\$ 400,279</u></u>	<u><u>\$1,386,945</u></u>	<u><u>\$ 2,347,284</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 560,060</u></u>	<u><u>\$ 400,279</u></u>	<u><u>\$1,386,945</u></u>	<u><u>\$ 2,347,284</u></u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES
APPLE VALLEY MIDDLE SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023**

Balance, July 1, 2022	\$ 75,883
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REVENUES

General	333,913
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Interest earned	339
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	<u>\$ 410,135</u>
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EXPENDITURES

	<u>292,453</u>
--	----------------

Balance, June 30, 2023	<u><u>\$ 117,682</u></u>
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COMPOSITION

Checking account	\$ 99,751
------------------	-----------

Due from other funds	17,931
----------------------	--------

	<u><u>\$ 117,682</u></u>
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**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES
ATKINSON ELEMENTARY SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023**

Balance, July 1, 2022	\$	43,020
-----------------------	----	--------

REVENUES

General		29,139
Interest earned		35
		35
	\$	72,194

EXPENDITURES		29,585
---------------------	--	--------

Balance, June 30, 2023	\$	42,609
------------------------	----	--------

COMPOSITION

Checking account	\$	40,525
Due from other funds		2,084
		2,084
	\$	42,609

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES
BRUCE DRYSDALE ELEMENTARY SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023**

Balance, July 1, 2022	\$	55,223
-----------------------	----	--------

REVENUES

General		51,215
Interest earned		65
		65
	\$	106,503

EXPENDITURES

		55,068
		55,068
Balance, June 30, 2023	\$	51,435
		51,435

COMPOSITION

Checking account	\$	47,499
Due from other funds		3,936
		3,936
	\$	51,435
		51,435

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES
CAREER ACADEMY
FOR THE YEAR ENDED JUNE 30, 2023**

Balance, July 1, 2022	\$	16,556
-----------------------	----	--------

REVENUES

General		14,930
		14,930

	\$	31,486
--	----	--------

EXPENDITURES

		13,956
		13,956

Balance, June 30, 2023	\$	17,530
		17,530

COMPOSITION

Checking account	\$	17,355
------------------	----	--------

Due from other funds		175
		175

	\$	17,530
		17,530

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES
CLEAR CREEK ELEMENTARY SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023**

Balance, July 1, 2022	\$	36,697
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REVENUES

General		73,394
---------	--	--------

	\$	110,091
--	----	---------

EXPENDITURES

		56,945
--	--	--------

Balance, June 30, 2023	\$	53,146
------------------------	----	--------

COMPOSITION

Checking account	\$	53,092
------------------	----	--------

Due from other funds		54
----------------------	--	----

	\$	53,146
--	----	--------

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES
DANA ELEMENTARY SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023**

Balance, July 1, 2022	\$ 36,986
-----------------------	-----------

REVENUES

General	<u>30,412</u>
---------	---------------

	\$ 67,398
--	-----------

EXPENDITURES	<u>31,837</u>
---------------------	---------------

Balance, June 30, 2023	<u><u>\$ 35,561</u></u>
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COMPOSITION

Checking account	\$ 35,225
------------------	-----------

Due from other funds	<u>336</u>
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	<u><u>\$ 35,561</u></u>
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**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES
EARLY COLLEGE HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023**

Balance, July 1, 2022	\$ 32,592
REVENUES	
General	42,264
	<hr/>
	\$ 74,856
EXPENDITURES	43,958
	<hr/>
Balance, June 30, 2023	<u><u>\$ 30,898</u></u>

COMPOSITION	
Checking account	\$ 30,518
Due from other funds	380
	<hr/>
	<u><u>\$ 30,898</u></u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES
EAST HENDERSON HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023**

Balance, July 1, 2022	\$	206,063
-----------------------	----	---------

REVENUES

General		488,347
---------	--	---------

	\$	694,410
--	----	---------

EXPENDITURES		491,519
---------------------	--	---------

Balance, June 30, 2023	\$	202,891
------------------------	----	---------

COMPOSITION

Checking account	\$	200,154
------------------	----	---------

Due from other funds		2,737
----------------------	--	-------

	\$	202,891
--	----	---------

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES
EDNEYVILLE ELEMENTARY SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023**

Balance, July 1, 2022	\$ 27,075
-----------------------	-----------

REVENUES

General	<u>34,731</u>
---------	---------------

	\$ 61,806
--	-----------

EXPENDITURES	<u>38,086</u>
---------------------	---------------

Balance, June 30, 2023	<u><u>\$ 23,720</u></u>
------------------------	-------------------------

COMPOSITION

Checking account	\$ 23,561
------------------	-----------

Due from other funds	<u>159</u>
----------------------	------------

	<u><u>\$ 23,720</u></u>
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**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES
ETOWAH ELEMENTARY SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023**

Balance, July 1, 2022	\$ 42,217
-----------------------	-----------

REVENUES

General	<u>68,814</u>
---------	---------------

	\$ 111,031
--	------------

EXPENDITURES

	<u>77,056</u>
--	---------------

Balance, June 30, 2023	<u><u>\$ 33,975</u></u>
------------------------	-------------------------

COMPOSITION

Checking account	\$ 33,785
------------------	-----------

Due from other funds	<u>190</u>
----------------------	------------

	<u><u>\$ 33,975</u></u>
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**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES
FLAT ROCK MIDDLE SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023**

Balance, July 1, 2022	\$ 48,626
-----------------------	-----------

REVENUES

General	283,055
Interest earned	<u>310</u>
	\$ 331,991

EXPENDITURES	<u>276,592</u>
---------------------	----------------

Balance, June 30, 2023	<u><u>\$ 55,399</u></u>
------------------------	-------------------------

COMPOSITION

Checking account	\$ 38,297
Due from other funds	<u>17,102</u>
	<u><u>\$ 55,399</u></u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES
FLETCHER ELEMENTARY SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023**

Balance, July 1, 2022	\$	52,501
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REVENUES

General		67,299
---------	--	--------

	\$	119,800
--	----	---------

EXPENDITURES		87,454
---------------------	--	--------

Balance, June 30, 2023	\$	32,346
------------------------	----	--------

COMPOSITION

Checking account	\$	31,705
------------------	----	--------

Due from other funds		641
----------------------	--	-----

	\$	32,346
--	----	--------

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES
GLENN MARLOW ELEMENTARY SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023**

Balance, July 1, 2022	\$	41,671
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REVENUES

General		83,777
---------	--	--------

	\$	125,448
--	----	---------

EXPENDITURES		70,661
---------------------	--	--------

Balance, June 30, 2023	\$	54,787
------------------------	----	--------

COMPOSITION

Checking account	\$	53,765
------------------	----	--------

Due from other funds		1,022
----------------------	--	-------

	\$	54,787
--	----	--------

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES
HENDERSONVILLE ELEMENTARY SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023**

Balance, July 1, 2022	\$ 36,724
-----------------------	-----------

REVENUES

General	38,655
Interest earned	<u>28</u>
	\$ 75,407

EXPENDITURES	<u>49,587</u>
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Balance, June 30, 2023	<u><u>\$ 25,820</u></u>
------------------------	-------------------------

COMPOSITION

Checking account	\$ 24,066
Due from other funds	<u>1,754</u>
	<u><u>\$ 25,820</u></u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES
HENDERSONVILLE HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023**

Balance, July 1, 2022	\$	402,659
-----------------------	----	---------

REVENUES

General		495,416
Interest earned		1,705
		497,121
	\$	899,780

EXPENDITURES

		476,672
Balance, June 30, 2023	\$	423,108

COMPOSITION

Checking account	\$	317,039
Due from other funds		106,069
		423,108
	\$	423,108

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES
HENDERSONVILLE MIDDLE SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023**

Balance, July 1, 2022	\$	73,273
-----------------------	----	--------

REVENUES

General		228,934
Interest earned		124
		124
	\$	302,331

EXPENDITURES		237,459
		237,459

Balance, June 30, 2023	\$	64,872
		64,872

COMPOSITION

Checking account	\$	58,592
Due from other funds		6,280
		6,280
	\$	64,872

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES
HILLANDALE ELEMENTARY SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023**

Balance, July 1, 2022	\$	23,528
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REVENUES

General		26,801
---------	--	--------

	\$	50,329
--	----	--------

EXPENDITURES		33,442
---------------------	--	--------

Balance, June 30, 2023	\$	16,887
------------------------	----	--------

COMPOSITION

Checking account	\$	16,292
------------------	----	--------

Due from other funds		595
----------------------	--	-----

	\$	16,887
--	----	--------

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES
MILLS RIVER ELEMENTARY SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023**

Balance, July 1, 2022	\$	99,637
-----------------------	----	--------

REVENUES

General		159,834
---------	--	---------

	\$	259,471
--	----	---------

EXPENDITURES		111,786
---------------------	--	---------

Balance, June 30, 2023	\$	147,685
------------------------	----	---------

COMPOSITION

Checking account	\$	146,080
------------------	----	---------

Due from other funds		1,605
----------------------	--	-------

		147,685
--	--	---------

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES
NORTH HENDERSON HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023**

Balance, July 1, 2022	\$ 265,556
-----------------------	------------

REVENUES

General	<u>644,956</u>
---------	----------------

	\$ 910,512
--	------------

EXPENDITURES	<u>611,672</u>
---------------------	----------------

Balance, June 30, 2023	<u><u>\$ 298,840</u></u>
------------------------	--------------------------

COMPOSITION

Checking account	\$ 295,622
------------------	------------

Due from other funds	<u>3,218</u>
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	<u><u>\$ 298,840</u></u>
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**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES
RUGBY MIDDLE SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023**

Balance, July 1, 2022	\$ 163,814
-----------------------	------------

REVENUES

General	423,643
Interest earned	<u>1,207</u>
	\$ 588,664

EXPENDITURES	<u>426,338</u>
---------------------	----------------

Balance, June 30, 2023	<u><u>\$ 162,326</u></u>
------------------------	--------------------------

COMPOSITION

Checking account	\$ 99,057
Due from other funds	<u>63,269</u>
	<u><u>\$ 162,326</u></u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES
SUGARLOAF ELEMENTARY SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023**

Balance, July 1, 2022	\$	7,765
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REVENUES

General		49,182
---------	--	--------

	\$	56,947
--	----	--------

EXPENDITURES		55,238
---------------------	--	--------

Balance, June 30, 2023	\$	1,709
------------------------	----	-------

COMPOSITION

Checking account	\$	1,706
------------------	----	-------

Due from other funds		3
----------------------	--	---

	\$	1,709
--	----	-------

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES
UPWARD ELEMENTARY SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023**

Balance, July 1, 2022	\$	32,934
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REVENUES

General		55,228
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	\$	88,162
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EXPENDITURES		47,782
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Balance, June 30, 2023	\$	40,380
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COMPOSITION

Checking account	\$	39,875
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Due from other funds		505
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	\$	40,380
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**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES
WEST HENDERSON HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023**

Balance, July 1, 2022	\$ 418,709
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REVENUES

General	1,018,311
Interest earned	1,967
	\$ 1,438,987

EXPENDITURES	1,025,309
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Balance, June 30, 2023	\$ 413,678
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COMPOSITION

Checking account	\$ 303,468
Due from other funds	110,210
	\$ 413,678