

**BLADEN COUNTY
BOARD OF EDUCATION
Elizabethtown, North Carolina**

*Financial Statements
For the Fiscal Year Ended
June 30, 2020*

**BLADEN COUNTY BOARD OF EDUCATION
TABLE OF CONTENTS**

<u>Exhibit</u>	<u>Page No.</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
1 Statement of Net Position.....	11
2 Statement of Activities	12
Fund Financial Statements:	
3 Balance Sheet - Governmental Funds	13
4 Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	15
5 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	16
6 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund and Annually Budgeted Major Special Revenue Funds	17
7 Statement of Net Position - Proprietary Fund Type.....	21
8 Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund Type.....	22
9 Statement of Cash Flows - Proprietary Fund Type	23
10 Statement of Fiduciary Net Position	25
11 Statement of Changes in Fiduciary Net Position.....	26
Notes to the Basic Financial Statements.....	27
Required Supplementary Information	
Schedule of the Board's Proportionate Share of the Net Pension Liability – Teachers' and State Employees' Retirement System.....	52
Schedule of Board Contributions – Teachers' and State Employees' Retirement System.....	53
Schedule of the Board's Proportionate Share of the Net OPEB Liability – Retiree Health Benefit Fund	54
Schedule of Board Contributions – Retiree Health Benefit Fund	55
Schedule of the Board's Proportionate Share of the Net OPEB Asset – Disability Income Plan of North Carolina.....	56
Schedule of Board Contributions – Disability Income Plan of North Carolina.....	57
Individual Fund Schedules:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.....	58
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Capital Outlay Fund	60
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Individual Schools Fund	61
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) School Food Service Fund	62

**BLADEN COUNTY BOARD OF EDUCATION
TABLE OF CONTENTS**

	<u>Page No.</u>
Compliance Section:	
Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	63
Report on compliance with requirements applicable to each major federal program and internal control over compliance; in accordance with OMB Uniform Guidance and the State Single Audit Implementation Act	65
Report on compliance with requirements applicable to each major state program and internal control over compliance; in accordance with OMB Uniform Guidance and the State Single Audit Implementation Act	67
Schedule of findings and questioned costs	69
Summary schedule of prior audit findings	71
Schedule of expenditures of federal and State awards.....	72



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Bladen County Board of Education
Elizabethtown, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bladen County Board of Education, as of and for the year ended June 30, 2020 and the related notes to the basic financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 10 and the Schedule of the Board's Proportionate Share of the Net Pension Liability, OPEB Liability and OPEB Asset and the Schedule of Board Contributions on pages 52 through 57, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bladen County Board of Education's basic financial statements. The individual nonmajor fund schedules, budgetary schedules and the accompanying schedule of expenditures of federal and State awards as required by the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2020 on our consideration of the Bladen County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Bladen County Board of Education's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

November 24, 2020
West End, North Carolina
(910) 603-0508

BLADEN COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Impact of Coronavirus on School

During the fiscal year, the state and nation were affected by the spread of a coronavirus. The Board's response to the coronavirus included the closure of school educational facilities in mid-March. From this time until the end of the year, educational services were provided remotely to all students. The Board incurred additional expenses as a result of the coronavirus including: purchase of personal protective equipment, digital learning supplies and delivery expenses attributable to the delivery of lunches to students when the educational facilities were closed.

Financial Highlights

- For the fiscal year ended June 30, 2020, the Board's total government-wide net position decreased by \$997,000. Governmental activities net position decreased by \$344,000, and business-type activities net position decreased by \$653,000.
- The Board's average daily membership (ADM) for the fiscal year ended June 30, 2020 was 4,084 students, a decrease of 37 students from the 2019 ADM of 4,121.
- The Board's School Food Service fund recognized an increase in revenues of \$451,000 or 12.4%.

Overview of the Financial Statements

The audited financial statements of the Bladen County Board of Education consist of five components. They are as follows:

- *Independent Auditors' Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental section that presents the Schedules of the Board's Proportionate Share of Net Pension and OPEB Liabilities (assets) and the Schedules of Board Contributions.*
- *Supplemental section that presents budgetary schedules for governmental and enterprise funds.*

The *Basic Financial Statements* include two types of statements that present different views of the Board's finances. The first is the *Government-wide Statements*. The government-wide statements are presented on the full accrual basis of accounting and include the statement of net position 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 of resources, deferred 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 is the *Fund Financial Statements*, which are presented for the Board's governmental funds, proprietary fund and fiduciary fund. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the

BLADEN COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

next fiscal year. The proprietary and fiduciary 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, reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statements provide information about the Board as an economic unit while the fund financial statements provide information on each of the financial resources of each of the Board's major funds.

Government-wide Statements

The government-wide statements report information about the unit as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Board's assets and liabilities. 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 is the difference between the Board's assets and liabilities. This is one way to measure the unit's financial health or position.

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

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

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

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

Fund Financial Statements

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

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

**BLADEN COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Bladen County Board of Education has three types of funds:

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

The governmental fund statements are shown as Exhibits 3, 4, 5 and 6 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 Bladen County Board of Education has one proprietary fund - an enterprise fund – the School Food Service Fund.

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

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

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

Financial Analysis of the Board as a Whole

Net position is an indicator of the fiscal health of the Board. Liabilities and deferred inflows exceeded assets and deferred outflows by \$30.3 million as of June 30, 2020 as compared to liabilities and deferred inflows exceeding assets and deferred outflows by \$29.3 million as of June 30, 2019, a decrease of \$997,000. The largest component of net position is net investment in capital assets of \$33.4 million.

Following is a summary of the Statement of Net Position as of June 30, 2020 and 2019:

**BLADEN COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Table 1
Condensed Statement of Net Position
As of June 30, 2020 and 2019**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/20	6/30/19	6/30/20	6/30/19	6/30/20	6/30/19
Current assets	\$ 6,902,447	\$ 7,702,559	\$ 1,258,803	\$ 1,300,799	\$ 8,161,250	\$ 9,003,358
Capital assets	33,530,634	35,061,732	517,533	419,303	34,048,167	35,481,035
Total assets	40,433,081	42,764,291	1,776,336	1,720,102	42,209,417	44,484,393
Deferred outflows of resources	10,131,443	10,567,986	569,053	466,562	10,700,496	11,034,548
Current liabilities	3,146,853	3,398,582	121,011	107,631	3,267,864	3,506,213
Long-term liabilities	57,933,937	56,799,138	3,220,336	2,490,080	61,154,273	59,289,218
Total liabilities	61,080,790	60,197,720	3,341,347	2,597,711	64,422,137	62,795,431
Deferred inflows of resources	17,807,267	21,113,617	1,000,180	932,139	18,807,447	22,045,756
Net investment in capital assets	32,907,670	33,970,841	517,533	419,303	33,425,203	34,390,144
Restricted net position	4,340,735	5,363,237	9,162	8,741	4,349,897	5,371,978
Unrestricted net position (deficit)	(65,571,938)	(67,313,138)	(2,522,833)	(1,771,230)	(68,094,771)	(69,084,368)
Total net position (deficit)	\$ (28,323,533)	\$ (27,979,060)	\$ (1,996,138)	\$ (1,343,186)	\$ (30,319,671)	\$ (29,322,246)

The net position of the Board's governmental activities decreased \$344,000 during the year, from \$(28.0) million at June 30, 2019 to \$(28.3) million at June 30, 2020. Unrestricted net position increased \$1.7 million compared to the prior year. Net investment in capital assets decreased \$1.1 million due to an excess of depreciation over capital additions for the year.

The net position of the Board's business-type activities decreased \$653,000, from \$(1.3) million at June 30, 2019 to \$(2.0) million at June 30, 2020. The decrease from operations of \$653,000 is the net loss generated by our school food service operations during the 2020 fiscal due to increases in salaries and benefits, food costs and post-employment benefits expenses.

The following table shows the revenues and expenses for the Board for the current and prior fiscal years:

**BLADEN COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Table 2
Condensed Statement of Activities
For the Fiscal Years Ended June 30, 2020 and 2019**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/20	6/30/19	6/30/20	6/30/19	6/30/20	6/30/19
Revenues:						
Program revenues:						
Charges for services	\$ 1,027,112	\$ 1,184,678	\$ 164,231	\$ 228,387	\$ 1,191,343	\$ 1,413,065
Operating grants and contributions	35,756,951	35,005,279	3,803,468	3,331,511	39,560,419	38,336,790
Capital grants and contributions	467,927	556,241	125,864	87,195	593,791	643,436
General revenues:						
County appropriations	7,810,460	7,717,269	-	-	7,810,460	7,717,269
State appropriations	2,158,542	4,640,562	-	-	2,158,542	4,640,562
Other revenues	242,159	783,535	5,000	-	247,159	783,535
Total revenues	<u>47,463,151</u>	<u>49,887,564</u>	<u>4,098,563</u>	<u>3,647,093</u>	<u>51,561,714</u>	<u>53,534,657</u>
Expenses:						
Governmental activities:						
Instructional services	34,807,394	34,054,619	-	-	34,807,394	34,054,619
System-wide support services	11,394,766	10,834,049	-	-	11,394,766	10,834,049
Ancillary services	474,748	48,488	-	-	474,748	48,488
Payments to other governments	799,232	692,173	-	-	799,232	692,173
Unallocated depreciation	112,938	131,377	-	-	112,938	131,377
Business-type activities:						
School food service	-	-	4,970,061	3,632,910	4,970,061	3,632,910
Total expenses	<u>47,589,078</u>	<u>45,760,706</u>	<u>4,970,061</u>	<u>3,632,910</u>	<u>52,559,139</u>	<u>49,393,616</u>
Transfers in (out)	<u>(218,546)</u>	<u>(145,335)</u>	<u>218,546</u>	<u>145,335</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	(344,473)	3,981,523	(652,952)	159,518	(997,425)	4,141,041
Beginning net position (deficit)	<u>(27,979,060)</u>	<u>(31,960,583)</u>	<u>(1,343,186)</u>	<u>(1,502,704)</u>	<u>(29,322,246)</u>	<u>(33,463,287)</u>
Ending net position (deficit)	<u>\$ (28,323,533)</u>	<u>\$ (27,979,060)</u>	<u>\$ (1,996,138)</u>	<u>\$ (1,343,186)</u>	<u>\$ (30,319,671)</u>	<u>\$ (29,322,246)</u>

Total governmental activities generated revenues of \$47.5 million while expenses in this category totaled \$47.6 million for the year ended June 30, 2020, resulting in a decrease in net position of \$344,000 (including transfers out to business-type activities of \$219,000). Comparatively, revenues were \$49.9 million, expenses totaled \$45.8 million and transfers out were \$145,000 for the year ended June 30, 2019, resulting in an increase in net position of \$4.0 million. In comparing the two years, revenues decreased \$2.4 million, or 4.9%, and expenses increased by \$1.8 million, or 4.0%. The overall decrease in revenues is attributable to the \$2.6 million in hurricane relief funds and \$450,000 in insurance proceeds received in the previous year offset by an increase in funds from the State to fund State mandated salary and benefit increases. The increase in expenses is largely attributable to a \$1.6 million increase in

**BLADEN COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

pension and OPEB related expenses. See the footnotes for detailed information regarding pension and OPEB related amounts and disclosures.

The Board's primary sources of revenue were funding from the State of North Carolina, Bladen County, and the United States Government, which respectively comprised 68.3%, 16.2% and 11.0% of our total revenues. As would be expected, the major component of our expenses was instructional services which accounted for 73.1% of our total expenses during the most recent fiscal year. Of the remaining 26.9% of our total expenses, 23.9% was attributable to system-wide support services.

Our business-type activities generated revenues of \$4.1 million, while expenses in this category totaled \$5.0 million for the year ended June 30, 2020. For the year, net position decreased by \$653,000 (including transfers in of \$219,000) as a result of operations. Comparatively, revenues were \$3.6 million, expenses totaled \$3.6 million and transfers in were \$145,000 for the year ended June 30, 2019, resulting in an increase in net position of \$160,000.

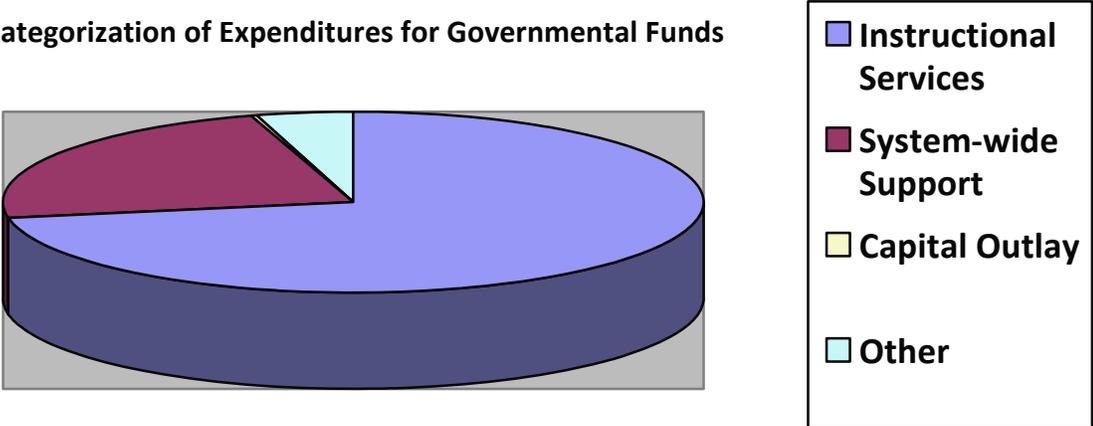
Financial Analysis of the Board's Funds

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

The Board's governmental funds reported a combined fund balance of \$5.4 million at June 30, 2020, a decrease of \$776,000 from the \$6.2 million reported at June 30, 2019. The Board's General, Individual Schools and Capital Outlay funds all reported expenditures over revenues for the year ended June 30, 2020. In total, governmental fund revenues decreased by \$2.4 million from the prior year while expenditures decreased by \$56,000 due to hurricane relief funds received in the previous year offset by State funded increases in salaries and benefits and Covid-19 funds.

The State Public School Fund and Federal Grants Fund do not carry fund balance. All revenues in these funds are expended in the year received. In comparing the year ended June 30, 2020 to 2019, the State Public School Fund reported an increase in revenues (and expenditures) of \$509,000, or 1.6%, the Federal Grants Fund also reported an increase of \$554,000, or 13.5%.

Categorization of Expenditures for Governmental Funds



Expenditures presented on modified accrual basis of accounting.

**BLADEN COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Proprietary Fund: The Board's business-type fund, the School Food Service Fund, reported a decrease in net position of \$653,000 for the fiscal year ended June 30, 2020 compared to an increase of \$160,000 for the same 2019 period. The year-over-year decrease in the School Food Service Fund profitability was largely due to the coronavirus pandemic. The Board continues to recognize the results of the Community Eligibility Provision program that has resulted in increased participation which has increased both revenues and expenses. During the middle of March, the school system halted in person teaching and the School Food Service fund converted to a summer feeding program to maintain participation and meals served. The Board also offered 250% pay for workers who worked during the pandemic. While the fund recognized an increase in revenues of \$451,000, it also recognized an increase in expenses of \$1.3 million, of which \$793,000 was related to increased pension and OPEB expenses, and the remaining \$544,000 increase was an increase in salaries and benefits and food costs.

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 program allocations. Since several revenue sources are either unknown or uncertain at the beginning of the fiscal year when the original budget is adopted, budget revisions are often necessary throughout the year to recognize these adjustments. The Board's General Fund reported a decrease in fund balance for the year ended June 30, 2020 of \$37,000 (including the decrease in reserve for inventories), compared to a decrease of \$40,000 in 2019. Through effective cost-containment and budget management practices, the Board was able to keep expenditures below budget and not use all of the \$492,000 of fund balance that had been appropriated.

Capital Assets

Total primary government capital assets were \$34.0 million at June 30, 2020 compared to \$35.5 million at June 30, 2019, a decline of 4.0%. The decrease is attributable to an excess of depreciation expense over capital additions for the year. More detailed information about the Board's capital assets is contained in Note 2 to the basic financial statements.

The following is a summary of the Board's capital assets, net of depreciation, at June 30, 2020 and 2019:

**Table 3
Summary of Capital Assets
As of June 30, 2020 and 2019**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/20</u>	<u>6/30/19</u>
Land	\$ 779,469	\$ 779,469	\$ -	\$ -	\$ 779,469	\$ 779,469
Buildings and improvements	30,510,956	31,715,172	-	-	30,510,956	31,715,172
Equipment and furniture	695,332	609,578	517,533	419,303	1,212,865	1,028,881
Vehicles	1,544,877	1,957,513	-	-	1,544,877	1,957,513
Total	<u>\$ 33,530,634</u>	<u>\$ 35,061,732</u>	<u>\$ 517,533</u>	<u>\$ 419,303</u>	<u>\$ 34,048,167</u>	<u>\$ 35,481,035</u>

Debt Outstanding

During the year, the Board's long-term debt decreased by \$468,000 from \$1.1 million at June 30, 2019 to \$623,000 at June 30, 2020. 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. More detailed information about the Board's outstanding debt is contained in Note 2 to the basic financial statements.

**BLADEN COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Economic Factors

County funding is a major source of income for the Board's operational expenses; therefore the County's economic outlook directly affects that of the school district.

While Bladen County has many favorable economic attributes, its development has been limited due to factors that include: (1) a lack of adequate infrastructure and lack of financial aid for infrastructure projects (2) limited financial resources for education (3) limited public transportation, and (4) low incomes.

One of Bladen County's major strengths is the diversity of the economy – farming, swine production, light manufacturing and tourism being significant contributors. The payroll of manufacturing employees is the lifeline of Bladen County's local businesses.

The County's unemployment rate was 7.0% at June 30, 2020, an increase from the 5.4% rate reported at June 30, 2019. Bladen County's unemployment rate is lower than both the State and national rates at June 30, 2020 of 7.5% and 11.1%, respectively.

Requests for Information

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

Susan Harrison, Finance Officer
Bladen County Board of Education
PO Box 37
Elizabethtown, NC 28337

BLADEN COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
June 30, 2020

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and cash equivalents	\$ 5,154,768	\$ 687,324	\$ 5,842,092
Due from other governments	1,662,560	407,605	2,070,165
Receivables	3,535	-	3,535
Net OPEB asset	55,747	3,131	58,878
Internal balances	(7,556)	7,556	-
Inventories	33,393	153,187	186,580
Capital assets:			
Land	779,469	-	779,469
Other capital assets, net of depreciation	32,751,165	517,533	33,268,698
Total capital assets	33,530,634	517,533	34,048,167
Total assets	40,433,081	1,776,336	42,209,417
Deferred Outflows of Resources	10,131,443	569,053	10,700,496
Liabilities			
Accounts payable and accrued expenses	286,058	4,944	291,002
Accrued salaries and wages payable	1,180,565	47,008	1,227,573
Unearned revenue	-	6,781	6,781
Long-term liabilities:			
Due within one year	1,680,230	62,278	1,742,508
Due in more than one year	2,097,078	84,149	2,181,227
Net pension liability	15,481,231	869,534	16,350,765
Net OPEB liability	40,355,628	2,266,653	42,622,281
Total liabilities	61,080,790	3,341,347	64,422,137
Deferred Inflows of Resources	17,807,267	1,000,180	18,807,447
Net position			
Net investment in capital assets	32,907,670	517,533	33,425,203
Restricted for:			
Stabilization by State statute	308,237	-	308,237
School capital outlay	794,705	-	794,705
Instructional services	264,280	-	264,280
Hurricane relief	2,367,242	-	2,367,242
Individual schools activities	443,159	-	443,159
DIPNC OPEB plan	163,112	9,162	172,274
Unrestricted (deficit)	(65,571,938)	(2,522,833)	(68,094,771)
Total net position (deficit)	\$ (28,323,533)	\$ (1,996,138)	\$ (30,319,671)

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

BLADEN COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

Exhibit 3

	Major Funds					Non-major Fund	Total Governmental Funds
	General	State Public School	Federal Grants	Other Special Revenue	Capital Outlay	Individual Schools	
Assets							
Cash and cash equivalents	\$ 933,562	\$ -	\$ -	\$ 739,630	\$ 3,038,417	\$ 443,159	\$ 5,154,768
Due from other governments	69,651	1,039,374	93,709	235,051	224,775	-	1,662,560
Accounts receivable	2,487	-	-	1,048	-	-	3,535
Inventories	33,393	-	-	-	-	-	33,393
Total assets	<u>\$ 1,039,093</u>	<u>\$ 1,039,374</u>	<u>\$ 93,709</u>	<u>\$ 975,729</u>	<u>\$ 3,263,192</u>	<u>\$ 443,159</u>	<u>\$ 6,854,256</u>
Liabilities and fund balances							
Liabilities:							
Accounts payable and accrued liabilities	\$ 184,813	\$ -	\$ -	\$ -	\$ 101,245	\$ -	\$ 286,058
Accrued salaries and wages payable	1,377	1,039,374	93,709	46,105	-	-	1,180,565
Due to other funds	-	-	-	7,556	-	-	7,556
Total liabilities	<u>186,190</u>	<u>1,039,374</u>	<u>93,709</u>	<u>53,661</u>	<u>101,245</u>	<u>-</u>	<u>1,474,179</u>
Fund balances:							
Nonspendable:							
Inventories	33,393	-	-	-	-	-	33,393
Restricted:							
Stabilization by State statute	72,138	-	-	236,099	-	-	308,237
School capital outlay	-	-	-	-	794,705	-	794,705
Instructional services	-	-	-	264,280	-	-	264,280
Hurricane relief	-	-	-	-	2,367,242	-	2,367,242
Individual schools	-	-	-	-	-	443,159	443,159
Assigned:							
Subsequent year's expenditures	287,438	-	-	-	-	-	287,438
Special revenues	-	-	-	421,689	-	-	421,689
Unassigned:	<u>459,934</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>459,934</u>
Total fund balances	<u>852,903</u>	<u>-</u>	<u>-</u>	<u>922,068</u>	<u>3,161,947</u>	<u>443,159</u>	<u>5,380,077</u>
Total liabilities and fund balances	<u>\$ 1,039,093</u>	<u>\$ 1,039,374</u>	<u>\$ 93,709</u>	<u>\$ 975,729</u>	<u>\$ 3,263,192</u>	<u>\$ 443,159</u>	<u>\$ 6,854,256</u>

13

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

BLADEN COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

Exhibit 3 (continued)

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

Total fund balance (All Governmental Funds)	5,380,077
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	33,530,634
Net OPEB asset	55,747
Deferred outflows of resources related to pensions	6,450,784
Deferred outflows of resources related to OPEB plans	3,680,659
Some liabilities, including those for compensated absences and installment purchases, are not due and payable in the current period and therefore are not reported in the funds.	(3,777,308)
Net pension liability	(15,481,231)
Net OPEB liability	(40,355,628)
Deferred inflows of resources related to pensions	(315,261)
Deferred inflows of resources related to OPEB plans	<u>(17,492,006)</u>
Net position (deficit) of governmental activities	<u>\$ (28,323,533)</u>

**BLADEN COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2020**

Exhibit 4

	Major Funds					Non-major Fund	Total Governmental Funds
	General	State Public School	Federal Grants	Other Special Revenue	Capital Outlay	Individual Schools	
Revenues:							
State of North Carolina	\$ -	\$ 30,984,554	\$ -	\$ 1,114,070	\$ 574,227	\$ -	\$ 32,672,851
Bladen County							
Local current expense	6,831,521	-	-	-	-	-	6,831,521
Other	-	-	-	-	942,276	-	942,276
U.S. Government	-	385,630	4,665,225	236,254	-	-	5,287,109
Other	92,574	-	-	1,029,340	75,103	927,771	2,124,788
Total revenues	<u>6,924,095</u>	<u>31,370,184</u>	<u>4,665,225</u>	<u>2,379,664</u>	<u>1,591,606</u>	<u>927,771</u>	<u>47,858,545</u>
Expenditures:							
Current:							
Instructional services:							
Regular instructional	778,185	16,242,594	850,764	195,264	314,093	-	18,380,900
Special populations	26,958	3,140,561	1,102,852	426,502	-	-	4,696,873
Alternative programs	51,309	720,928	1,980,338	977,394	-	-	3,729,969
School leadership	261,451	2,518,894	3,799	39,689	-	-	2,823,833
Co-curricular	218,161	-	-	-	-	950,546	1,168,707
School-based support	212,009	3,344,878	290,881	258,867	-	-	4,106,635
System-wide support services:							
Support and development	83,425	193,108	385	-	-	-	276,918
Special population support and development	-	130,520	104,175	25,985	-	-	260,680
Alternative programs and services							
support and development	73,766	-	40,911	34,683	-	-	149,360
Technology support	343,548	170,591	-	301	-	-	514,440
Operational support	3,073,325	3,299,278	3,195	266,217	1,441,123	-	8,083,138
Financial and human resource services	273,924	604,121	13,437	1,999	-	-	893,481
Accountability	107,402	56,910	6,357	-	-	-	170,669
System-wide pupil support	-	73,596	-	-	-	-	73,596
Policy, leadership and public relations	434,485	329,680	1,500	19,797	-	-	785,462
Ancillary services	-	332,876	125,864	18,601	-	-	477,341
Non-programmed charges	1,013,386	-	140,767	-	-	-	1,154,153
Debt service:							
Principal retirement	-	-	-	-	467,927	-	467,927
Capital outlay	-	-	-	-	198,692	-	198,692
Total expenditures	<u>6,951,334</u>	<u>31,158,535</u>	<u>4,665,225</u>	<u>2,265,299</u>	<u>2,421,835</u>	<u>950,546</u>	<u>48,412,774</u>
Revenues over (under) expenditures	(27,239)	211,649	-	114,365	(830,229)	(22,775)	(554,229)
Other financing sources (uses):							
Transfers to other funds	(6,897)	(211,649)	-	-	-	-	(218,546)
Net change in fund balance	(34,136)	-	-	114,365	(830,229)	(22,775)	(772,775)
Fund balances:							
Beginning of year	890,370	-	-	807,703	3,992,176	465,934	6,156,183
Decrease in reserve for inventories	(3,331)	-	-	-	-	-	(3,331)
End of year	<u>\$ 852,903</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 922,068</u>	<u>\$ 3,161,947</u>	<u>\$ 443,159</u>	<u>\$ 5,380,077</u>

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

BLADEN COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2020

Exhibit 5

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

Net changes in fund balances - total governmental funds	\$ (772,775)
Change in fund balance due to change in reserve for inventory	(3,331)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(1,531,098)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	3,209,458
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	1,625,763
Proceeds from the sale of capital assets are recorded as revenues in the fund statements but not in the statement of activities.	(40,473)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Gain on disposal of capital assets	40,473
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 issuance costs, 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.	467,927
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) benefit	(5,306,617)
OPEB (expense) benefit	1,934,885
Compensated absences	31,315
	<hr/>
Total change in net position of governmental activities	<u>\$ (344,473)</u>

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

BLADEN COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2020

Exhibit 6

	General Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Bladen County	7,061,521	6,841,521	6,831,521	(10,000)
U.S. Government	-	-	-	-
Other	-	220,000	92,574	(127,426)
Total revenues	<u>7,061,521</u>	<u>7,061,521</u>	<u>6,924,095</u>	<u>(137,426)</u>
Expenditures:				
Current:				
Instructional services:				
Regular instructional	893,817	893,817	778,185	115,632
Special populations	23,300	27,400	26,958	442
Alternative programs	30,660	54,060	51,309	2,751
School leadership	323,447	323,447	261,451	61,996
Co-curricular	245,500	245,500	218,161	27,339
School-based support	309,960	309,960	212,009	97,951
Total instructional services	<u>1,826,684</u>	<u>1,854,184</u>	<u>1,548,073</u>	<u>306,111</u>
System-wide support services:				
Support and development	38,200	83,500	83,425	75
Special population support and development	-	-	-	-
Alternative programs and services support and development	75,320	75,320	73,766	1,554
Technology support	300,752	345,752	343,548	2,204
Operational support	3,420,757	3,228,134	3,073,325	154,809
Financial and human resource services	334,400	334,400	273,924	60,476
Accountability	149,182	149,182	107,402	41,780
System-wide pupil support services	4,000	4,000	-	4,000
Policy, leadership and public relations	451,445	451,445	434,485	16,960
Total system-wide support services	<u>4,774,056</u>	<u>4,671,733</u>	<u>4,389,875</u>	<u>281,858</u>
Ancillary services:				
Nutrition	-	-	-	-
Nonprogrammed charges	950,000	1,020,000	1,013,386	6,614
Total expenditures	<u>7,550,740</u>	<u>7,545,917</u>	<u>6,951,334</u>	<u>594,583</u>
Revenues over (under) expenditures	<u>(489,219)</u>	<u>(484,396)</u>	<u>(27,239)</u>	<u>457,157</u>
Other financing sources (uses):				
Transfers from other funds	-	-	-	-
Transfers to other funds	(2,370)	(7,193)	(6,897)	296
Fund balance appropriated	491,589	491,589	-	(491,589)
Total other financing sources (uses)	<u>489,219</u>	<u>484,396</u>	<u>(6,897)</u>	<u>(491,293)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(34,136)</u>	<u>\$ (34,136)</u>
Fund balances:				
Beginning of year			890,370	
Decrease in reserve for inventories			(3,331)	
End of year			<u>\$ 852,903</u>	

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

BLADEN COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2020

Exhibit 6 (continued)

	State Public School Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ 30,818,271	\$ 32,577,847	\$ 30,984,554	\$ (1,593,293)
Bladen County	-	-	-	-
U.S. Government	-	385,630	385,630	-
Other	-	-	-	-
Total revenues	<u>30,818,271</u>	<u>32,963,477</u>	<u>31,370,184</u>	<u>(1,593,293)</u>
Expenditures:				
Current:				
Instructional services:				
Regular instructional	17,092,785	17,286,331	16,242,594	1,043,737
Special populations	2,710,160	3,195,106	3,140,561	54,545
Alternative programs	772,027	796,668	720,928	75,740
School leadership	2,375,297	2,577,013	2,518,894	58,119
Co-curricular	-	-	-	-
School-based support	3,006,616	3,472,240	3,344,878	127,362
Total instructional services	<u>25,956,885</u>	<u>27,327,358</u>	<u>25,967,855</u>	<u>1,359,503</u>
System-wide support services:				
Support and development	202,352	196,458	193,108	3,350
Special population support and development	205,917	132,660	130,520	2,140
Alternative programs and services support and development	-	-	-	-
Technology support	197,382	264,788	170,591	94,197
Operational support	3,207,775	3,349,428	3,299,278	50,150
Financial and human resource services	597,155	652,293	604,121	48,172
Accountability	81,585	83,885	56,910	26,975
System-wide pupil support services	71,163	74,363	73,596	767
Policy, leadership and public relations	253,382	334,345	329,680	4,665
Total system-wide support services	<u>4,816,711</u>	<u>5,088,220</u>	<u>4,857,804</u>	<u>230,416</u>
Ancillary services:				
Nutrition	-	-	-	-
Nonprogrammed charges	-	-	-	-
Total expenditures	<u>30,773,596</u>	<u>32,748,454</u>	<u>31,158,535</u>	<u>1,589,919</u>
Revenues over (under) expenditures	<u>44,675</u>	<u>215,023</u>	<u>211,649</u>	<u>(3,374)</u>
Other financing sources (uses):				
Transfers from other funds	-	-	-	-
Transfers to other funds	(44,675)	(215,023)	(211,649)	3,374
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	<u>(44,675)</u>	<u>(215,023)</u>	<u>(211,649)</u>	<u>3,374</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances:				
Beginning of year			-	
Decrease in reserve for inventories			-	
End of year			<u>\$ -</u>	

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

BLADEN COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2020

Exhibit 6 (continued)

	Federal Grants Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Bladen County	-	-	-	-
U.S. Government	6,549,043	7,119,678	4,665,225	(2,454,453)
Other	-	-	-	-
Total revenues	<u>6,549,043</u>	<u>7,119,678</u>	<u>4,665,225</u>	<u>(2,454,453)</u>
Expenditures:				
Current:				
Instructional services:				
Regular instructional	1,028,521	1,114,774	850,764	264,010
Special populations	1,294,649	1,452,588	1,102,852	349,736
Alternative programs	2,627,872	2,580,314	1,980,338	599,976
School leadership	-	5,000	3,799	1,201
Co-curricular	5,000	4,679	-	4,679
School-based support	297,203	466,592	290,881	175,711
Total instructional services	<u>5,253,245</u>	<u>5,623,947</u>	<u>4,228,634</u>	<u>1,395,313</u>
System-wide support services:				
Support and development	-	500	385	115
Special population support and development	103,481	114,311	104,175	10,136
Alternative programs and services support and development	30,472	61,839	40,911	20,928
Technology support	-	-	-	-
Operational support	-	4,419	3,195	1,224
Financial and human resource services	178,853	214,372	13,437	200,935
Accountability	-	7,200	6,357	843
System-wide pupil support services	-	-	-	-
Policy, leadership and public relations	-	1,500	1,500	-
Total system-wide support services	<u>312,806</u>	<u>404,141</u>	<u>169,960</u>	<u>234,181</u>
Ancillary services:				
Nutrition	319,629	450,506	125,864	324,642
Nonprogrammed charges	663,363	641,084	140,767	500,317
Total expenditures	<u>6,549,043</u>	<u>7,119,678</u>	<u>4,665,225</u>	<u>2,454,453</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances:				
Beginning of year			-	
Decrease in reserve for inventories			-	
End of year			<u>\$ -</u>	

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

BLADEN COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2020

Exhibit 6 (continued)

	Other Special Revenue Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ 1,314,538	\$ 1,117,375	\$ 1,114,070	\$ (3,305)
Bladen County	-	-	-	-
U.S. Government	195,000	252,850	236,254	(16,596)
Other	357,676	900,755	1,029,340	128,585
Total revenues	<u>1,867,214</u>	<u>2,270,980</u>	<u>2,379,664</u>	<u>108,684</u>
Expenditures:				
Current:				
Instructional services:				
Regular instructional	321,401	318,574	195,264	123,310
Special populations	428,271	623,478	426,502	196,976
Alternative programs	1,011,722	974,991	977,394	(2,403)
School leadership	-	39,584	39,689	(105)
Co-curricular	-	-	-	-
School-based support	250,000	259,026	258,867	159
Total instructional services	<u>2,011,394</u>	<u>2,215,653</u>	<u>1,897,716</u>	<u>317,937</u>
System-wide support services:				
Support and development	-	-	-	-
Special population support and development	138,042	143,998	25,985	118,013
Alternative programs and services support and development	33,161	34,940	34,683	257
Technology support	17,459	17,459	301	17,158
Operational support	326,084	420,054	266,217	153,837
Financial and human resource services	-	2,000	1,999	1
Accountability	-	-	-	-
System-wide pupil support services	-	-	-	-
Policy, leadership and public relations	22,090	36,228	19,797	16,431
Total system-wide support services	<u>536,836</u>	<u>654,679</u>	<u>348,982</u>	<u>305,697</u>
Ancillary services:				
Nutrition	-	23,753	18,601	5,152
Nonprogrammed charges	-	-	-	-
Total expenditures	<u>2,548,230</u>	<u>2,894,085</u>	<u>2,265,299</u>	<u>628,786</u>
Revenues over (under) expenditures	<u>(681,016)</u>	<u>(623,105)</u>	<u>114,365</u>	<u>737,470</u>
Other financing sources (uses):				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Fund balance appropriated	681,016	623,105	-	(623,105)
Total other financing sources (uses)	<u>681,016</u>	<u>623,105</u>	<u>-</u>	<u>(623,105)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>114,365</u>	<u>\$ 114,365</u>
Fund balances:				
Beginning of year			807,703	
Decrease in reserve for inventories			-	
End of year			<u>\$ 922,068</u>	

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

BLADEN COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE
June 30, 2020

Exhibit 7

	Enterprise
	<u>Major Fund</u>
	<u>School Food</u>
	<u>Service</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 687,324
Due from other governments	407,605
Due from other funds	7,556
Net OPEB asset	3,131
Inventories	153,187
Total current assets	<u>1,258,803</u>
Noncurrent assets:	
Capital assets:	
Furniture, equipment and vehicles, net	<u>517,533</u>
Total assets	<u>1,776,336</u>
Deferred Outflows of Resources	<u>569,053</u>
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	4,944
Accrued salaries and wages payable	47,008
Compensated absences	62,278
Unearned revenue	6,781
Total current liabilities	<u>121,011</u>
Noncurrent liabilities:	
Net pension liability	869,534
Net OPEB liability	2,266,653
Compensated absences	84,149
Total noncurrent liabilities	<u>3,220,336</u>
Total liabilities	<u>3,341,347</u>
Deferred Inflows of Resources	<u>1,000,180</u>
Net position	
Investment in capital assets	517,533
Restricted for DIPNC OPEB plan	9,162
Unrestricted net position	<u>(2,522,833)</u>
Total net position (deficit)	<u>\$ (1,996,138)</u>

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

BLADEN COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPE
For the Fiscal Year Ended June 30, 2020

Exhibit 8

	Enterprise Major Fund School Food Service
Operating revenues:	
Food sales	\$ 164,231
Operating expenses:	
Food cost:	
Purchase of food	1,489,338
Donated commodities	237,108
Salaries and benefits	2,846,886
Indirect costs	200,000
Materials and supplies	26,232
Repairs and maintenance	6,835
Depreciation	63,641
Non-capitalized equipment	66,446
Contracted services	11,699
Gain on disposal of capital assets	(323)
Other	22,199
Total operating expenses	<u>4,970,061</u>
Operating loss	<u>(4,805,830)</u>
Nonoperating revenues:	
Federal reimbursements and grants	3,566,360
Federal commodities	237,108
Other	5,000
Total nonoperating revenues	<u>3,808,468</u>
Income (Loss) before transfers	(997,362)
Transfers from other funds	<u>218,546</u>
Contributions:	
Capital contributions	<u>125,864</u>
Change in net position	(652,952)
Net position (deficit), beginning of year	<u>(1,343,186)</u>
Net position (deficit), end of year	<u>\$ (1,996,138)</u>

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

BLADEN COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2020

Exhibit 9

	Enterprise Major Fund School Food Service
Cash flows from operating activities:	
Cash received from customers	\$ 169,539
Cash paid for goods and services	(1,807,011)
Cash paid to employees for services	(1,926,684)
Net cash used by operating activities	<u>(3,564,156)</u>
Cash flows from noncapital financing activities:	
Due to other funds	(89,680)
Due from other funds	(7,556)
Federal reimbursements and grants	3,254,953
Other	5,000
Net cash provided by noncapital activities	<u>3,162,717</u>
Cash flows from capital and related financing activities:	
Proceeds from disposal of capital assets	2,693
Purchase of capital assets	(38,377)
Net cash used by capital and related financing activities	<u>(35,684)</u>
Net decrease in cash and cash equivalents	(437,123)
Cash and cash equivalents, beginning of year	<u>1,124,447</u>
Cash and cash equivalents, end of year	<u>\$ 687,324</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (4,805,830)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	63,641
Donated commodities	237,108
Gain on disposal of capital assets	(323)
Salaries paid by special revenue fund	218,546
Changes in assets and liabilities:	
Decrease in accounts receivable	2,538
Decrease in inventories	12,261
Increase in OPEB asset	(1,283)
Increase in accounts payable and accrued liabilities	3,477
Increase in accrued salaries and wages payable	1,915
Increase in unavailable revenue	2,770

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

BLADEN COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2020

Exhibit 9 (continued)

	Enterprise
	<u>Major Fund</u>
	<u>School Food</u>
	<u>Service</u>
Reconciliation of operating loss to net cash used by operating activities (continued):	
Increase in pension liability	175,029
Increase in OPEB liability	558,734
Increase in deferred outflow	(102,491)
Increase in deferred inflow	68,041
Increase in compensated absences payable	<u>1,711</u>
Total adjustments	<u>1,241,674</u>
Net cash used by operating activities	<u>\$ (3,564,156)</u>

NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:

The School Food Service Fund received donated commodities with a value of \$237,108 during the fiscal year. The receipt of these commodities is reflected as a nonoperating revenue on Exhibit 8. The consumption of these commodities is recorded as an operating expense.

The State Public School Fund paid salaries and benefits of \$211,649 to personnel of the School Food Service Fund during the fiscal year. The payment is reflected as a transfer in and an operating expense on Exhibit 8.

The General Fund paid salaries and benefits of \$6,897 to personnel of the School Food Service Fund during the fiscal year. The payment is reflected as a transfer in and an operating expense on Exhibit 8.

School Food Service capital assets with a value of \$125,864 were purchased by the Federal Grants Fund during the year. The value of these assets is reflected as a capital contribution on Exhibit 8.

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

**BLADEN COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2020**

Exhibit 10

	<u>Administrative Fund</u>
Assets	
Cash and cash equivalents	\$ <u>45,134</u>
Liabilities	<u>-</u>
Net position	
Assets held in trust for private purpose	<u>\$ 45,134</u>

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

BLADEN COUNTY BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Fiscal Year Ended June 30, 2020

Exhibit 11

	Administrative Fund
Additions:	
Contributions and other revenue	\$ 12
Deductions:	
Instructional costs	<u>-</u>
Change in net position	12
Beginning net position	<u>45,122</u>
Ending net position	<u>\$ 45,134</u>

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

BLADEN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Bladen County Board of 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 Bladen County Board of Education (Board) is a Local Education Agency empowered by State law [Chapter 115C of the North Carolina General Statutes] with the responsibility to oversee and control all activities related to public school education in Bladen County, North Carolina. The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity. The Board has no component units.

B. Basis of Presentation

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

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

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

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

The Board reports the following major governmental funds:

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

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

BLADEN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

Federal Grants Fund. The Federal Grants Fund includes appropriations from the U.S. Government for the current operating expenditures of the public school system.

Other Special Revenue Fund. The Other Special Revenue Fund is used to account for revenues from reimbursements, including indirect costs, fees for actual costs, tuition, sales tax refunds, gifts and grants restricted as to use, federal and State grants restricted as to use, federal and State appropriations made directly to local school administrative units, funds received for prekindergarten programs and special programs.

Capital Outlay Fund. The Capital Outlay Fund accounts for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds). It is mandated by State law [G.S.115C-426]. Capital projects are funded by Bladen County appropriations, restricted sales tax moneys, proceeds of county debt issued for public school construction, lottery proceeds as well as certain State assistance.

The Board reports the following nonmajor governmental fund:

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

The Board reports the following major enterprise fund:

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

The Board reports the following fiduciary fund:

Administrative Fund. The Administrative Fund is used to account for scholarship money under the control of the Board for the benefit of students in the County.

C. Measurement Focus and Basis of Accounting

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

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

BLADEN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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. Annual budgets are adopted for all funds, except for the administrative fiduciary fund and the individual schools special revenue funds, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the function level for all annually budgeted funds. The Board has authorized the Superintendent to move moneys (up to \$10,000) 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 \$10,000. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

State law [G.S. 115C-443] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a-7) money market mutual fund; and the North Carolina State Treasurer's Short Term Investment Fund (STIF). The STIF is managed by the staff of the Department of State Treasurer and operated in accordance with State laws and regulations. It is not registered with the SEC. The STIF consists of an internal portion and an external portion in which the Board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

The Board's investments are reported at amortized cost or at fair value determined by either quoted market prices or a matrix pricing model. The NCCMT Government Portfolio's securities are measured at fair value. The STIF securities (as valued under level 2 of the fair value hierarchy) are reported at cost and maintain a constant \$1 per share value. Investments valued under level 2 of the fair value hierarchy are valued using prices that are either directly or indirectly observable for an asset or liability. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

BLADEN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

2. Cash and Cash Equivalents

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

3. Inventories

The inventories of the Board are valued at cost and the Board uses the first-in, first-out (FIFO) flow assumption in determining cost. The inventories of the Board's General Fund consist of expendable materials and supplies which are recorded as expenditures when purchased. The General Fund inventories do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is classified as nonspendable. Proprietary Fund inventories consist of food and supplies and are recorded as expenses when consumed.

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. Certain items acquired before July 1, 1995 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

For capital assets utilized in both governmental and business-type activities, it is the policy of the Board to capitalize those assets costing more than \$5,000 with an estimated useful life of two or more years. The cost of normal repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

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

	<u>Years</u>
Buildings and improvements	20 - 50
Equipment and furniture	3 - 12
Vehicles	6

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

5. Deferred outflows and inflows of resources

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

BLADEN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

6. Long-term Obligations

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

7. Compensated Absences

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

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

8. Net Position/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 Balances

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

The governmental fund types classify fund balances as follows:

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

Inventories - portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

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

Restricted for Stabilization by State statute - portion of fund balance that is restricted by State Statute for amounts owed to the district at year end [G.S. 115C-425(a)]. The restriction will be released as of the beginning of the subsequent fiscal year following collection of the amounts owed to the district.

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

Restricted for instructional services – grant and other revenues restricted for expenditure for various instructional services, as allowable by the funding source.

BLADEN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

Restricted for hurricane relief – portion of fund balance restricted for hurricane relief expenditures, or reimbursement to the North Carolina Department of Public Instruction to repay excess funds received for hurricane relief, insurance proceeds or Federal Emergency Management Agency funds

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

Assigned fund balance – portion of fund balance that the Board of Education intends to use for specific purposes. The assignment of fund balance is governed by NC General Statutes. The Board of Education is authorized to approve appropriations of fund balance in accordance with restrictions established by NC General Statutes.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted. The Board of Education approves the appropriation.

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

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General fund is the only fund that reports a positive unassigned fund balance amount, a negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

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

BLADEN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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 *fund balance - total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. The net adjustment of \$(33,703,610) consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 72,896,817
Less Accumulated Depreciation	<u>(39,366,183)</u>
Net capital assets	33,530,634
Net OPEB Asset	55,747
Pension related deferred outflows of resources	6,450,784
OPEB related deferred outflows of resources	3,680,659
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Installment financing	(622,964)
Compensated absences	(3,154,344)
Net pension liability	(15,481,231)
Net OPEB liability	(40,355,628)
Deferred inflows of resources related to pensions	(315,261)
Deferred inflows of resources related to OPEB	<u>(17,492,006)</u>
Total adjustment	<u>\$ (33,703,610)</u>

BLADEN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

b. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances 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 \$428,302 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 198,692
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(1,729,790)
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	-
Principal payments on debt owed are recorded as a use of funds on the fund statements but affect only the statement of net position on the government-wide statements	467,927
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	3,209,458
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	1,625,763
Proceeds from the sale of capital assets are recorded as revenues in the fund statements but not in the statement of activities.	(40,473)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Gain on disposal of capital assets	40,473
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) benefit	(5,306,617)
OPEB (expense) benefit	1,934,885
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	31,315
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	<u>(3,331)</u>
Total adjustment	<u>\$ 428,302</u>

BLADEN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

10. Defined Benefit Pension Plan and OPEB Plans

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

NOTE 2 - DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

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

At June 30, 2020, the Board had deposits with banks and savings and loans with a carrying amount of \$5,887,226 and with the State Treasurer of \$-0-. The bank balances with the financial institutions and the State Treasurer were \$6,021,384 and \$616,746, respectively. Of these balances, \$726,514 was covered by federal depository insurance and \$5,911,616 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30 2020, the Board had \$-0- invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Board had \$-0- invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2020. The Board has no policy for managing interest rate risk, concentration risk or credit risk.

BLADEN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

3. Accounts Receivable

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

	Due from (to) other funds (Internal Balances)	Due from other Governments	Other	Total
Governmental activities:				
General Fund	\$ -	\$ 69,651	\$ 2,487	\$ 72,138
Other governmental activities	<u>(7,556)</u>	<u>1,592,909</u>	<u>1,048</u>	<u>1,586,401</u>
Total governmental activities	<u>\$ (7,556)</u>	<u>\$ 1,662,560</u>	<u>\$ 3,535</u>	<u>\$ 1,658,539</u>
Business-type activities:				
School Food Service Fund	<u>\$ 7,556</u>	<u>\$ 407,605</u>	<u>\$ -</u>	<u>\$ 415,161</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 69,651	Amounts due from County
State Public School Fund	1,039,374	Operating funds from DPI
Federal Grants Fund	93,709	Federal grant funds
Other Special Revenue Fund	235,051	State & Federal funds
Capital Outlay Fund	<u>224,775</u>	Amounts due from County
Total	<u>\$ 1,662,560</u>	
Business-type activities:		
School Food Service Fund	<u>\$ 407,605</u>	Federal grant funds

BLADEN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

4. Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 779,469	\$ -	\$ -	\$ 779,469
Capital assets being depreciated:				
Buildings and improvements	60,255,140	-	-	60,255,140
Equipment and furniture	3,037,644	198,692	9,850	3,226,486
Vehicles	8,722,099	-	86,377	8,635,722
Total capital assets being depreciated	<u>72,014,883</u>	<u>198,692</u>	<u>96,227</u>	<u>72,117,348</u>
Less accumulated depreciation for:				
Buildings and improvements	28,539,968	1,204,216	-	29,744,184
Equipment and furniture	2,428,066	112,938	9,850	2,531,154
Vehicles	6,764,586	412,636	86,377	7,090,845
Total accumulated depreciation	<u>37,732,620</u>	<u>1,729,790</u>	<u>96,227</u>	<u>39,366,183</u>
Total capital assets being depreciated, net	<u>34,282,263</u>			<u>32,751,165</u>
Governmental activity capital assets, net	<u>\$ 35,061,732</u>			<u>\$ 33,530,634</u>
	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment, furniture and vehicles	\$ 1,364,799	\$ 164,241	\$ 99,492	\$ 1,429,548
Less accumulated depreciation for:				
Equipment, furniture and vehicles	945,496	63,641	97,122	912,015
School Food Service capital assets, net	<u>\$ 419,303</u>			<u>\$ 517,533</u>

Depreciation was charged to governmental functions as follows:

Instructional services	\$ 1,204,216
System-wide support services	412,636
Unallocated depreciation	<u>112,938</u>
Total	<u>\$ 1,729,790</u>

BLADEN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

B. Liabilities

1. Pension Plan and Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

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

Benefits Provided. TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service (or 10 years of creditable service for members joining TSERS on or after August 1, 2011), 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 (or 10 years of creditable service for members joining TSERS on or after August 1, 2011). 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 (10 years for members joining on or after August 1, 2011). Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2020, was 12.97% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$3,389,724 for the year ended June 30, 2020.

BLADEN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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

At June 30, 2020, the Board reported a liability of \$16,350,765 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2019 and at June 30, 2018, the Board's proportion was .15772% and .16498%, respectively.

For the year ended June 30, 2020, the Board recognized pension expense of \$5,691,788. At June 30, 2020, 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	\$ 1,367,723	\$ 32,733
Changes of assumptions	1,742,238	-
Net difference between projected and actual earnings on pension plan investments	313,421	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	-	300,236
Board contributions subsequent to the measurement date	3,389,724	-
Total	<u>\$ 6,813,106</u>	<u>\$ 332,969</u>

\$3,389,724 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, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ 2,266,452
2022	487,621
2023	226,698
2024	109,642
2025	-
Thereafter	-
Total	<u>\$ 3,090,413</u>

BLADEN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset liability and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%, a decrease of .20% from the prior year discount rate of 7.20%. 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

**BLADEN COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2020**

make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Board's proportionate share of the net pension asset to changes in the discount rate. The following presents the Board's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Board's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease</u> <u>(6.00%)</u>	<u>Discount Rate</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
Board's proportionate share of the net pension liability (asset)	\$ 31,120,053	\$ 16,350,765	\$ 3,961,214

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

b. Other Postemployment Benefits

Healthcare Benefits

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

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

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

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

Those former employees who are eligible to receive medical benefits from RHBF are long-term disability beneficiaries of the Disability Income Plan of North Carolina (DIPNC) and retirees of the TSERS, the

BLADEN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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

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

RHBF's benefit and contribution provisions are established by Chapter 135-7, Article 1 and Chapter 135, Article 3B of the General Statutes and may be amended only by the North Carolina General Assembly. RHBF does not provide for automatic post-retirement benefit increases.

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the Board contributed 6.47% of covered payroll which amounted to \$1,690,942.

At June 30, 2020, Board reported a liability of \$42,622,281 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. The total OPEB liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2019 and at June 30, 2018, the Board's proportion was .13471% and .14179%, respectively.

\$1,690,942 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**BLADEN COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2020**

Year ended June 30:

2021	\$ (4,863,454)
2022	(4,863,454)
2023	(4,859,351)
2024	(1,698,276)
2025	(106,891)
Thereafter	<u>-</u>
Total	<u>\$ (16,391,426)</u>

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

Inflation	3.00%
Salary increases	3.50-8.10%, include 3.5% inflation and productivity factor
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate - medical	5.00-6.50%
Healthcare cost trend rate - prescription drug	5.00-9.50%
Healthcare cost trend rate -Medicare advantage	5.00%
Healthcare cost trend rate - administrative	3.00%

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 3.50%, an increase of .37% over the prior year discount rate of 3.87%. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan’s fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.50% was used as the discount rate used to measure the total OPEB liability. The 3.50% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2019.

Sensitivity of the Board’s proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board’s proportionate share of the net OPEB liability, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage point higher (4.50 percent) than the current discount rate:

	<u>1% Decrease (2.50%)</u>	<u>Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Net OPEB liability	\$ 50,649,835	\$ 42,622,281	\$ 36,193,298

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

**BLADEN COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2020**

	1% Decrease (Medical- 4.00-5.50%, Pharmacy- 4.00-8.50%, Medicare Advantage - 4.00%, Administrative - 2.00%)	Healthcare Trend Rates (Medical - 5.00-6.50%, Pharmacy - 5.00-9.50%, Medicare Advantage -5.00%, Administrative - 3.00%)	1% Increase (Medical- 6.00-7.50%, Pharmacy- 6.00-10.50%, Medicare Advantage - 6.00%, Administrative - 4.00%)
Net OPEB liability	\$ 35,095,639	\$ 42,622,281	\$ 52,516,992

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

Disability Benefits

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

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

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

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

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2020,

BLADEN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

employers made a statutory contribution of 0.10% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$26,135 for the year ended June 30, 2020.

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

At June 30, 2020, Board reported an OPEB asset of \$58,878 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018. The total OPEB asset was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB asset was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2019 and at June 30, 2018, the Board's proportion was .13645% and .14386%, respectively.

\$26,135 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, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2021	\$	28,636
2022		18,824
2023		14,260
2024		9,618
2025		12,577
Thereafter		<u>3,346</u>
Total	\$	<u>87,261</u>

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

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

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

	<u>1% Decrease</u> <u>(2.75%)</u>	<u>Discount Rate</u> <u>(3.75%)</u>	<u>1% Increase</u> <u>(4.75%)</u>
Net OPEB asset	\$ 49,868	\$ 58,878	\$ 67,633

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

BLADEN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

date of June 30, 2019. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

BLADEN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

Following is information related to OPEB expense, proportionate share, assets, liabilities, deferred outflows of resources and deferred inflows of resources reported by the Board as of and for the year ended June 30, 2020:

	RHBFB	DIPNC	Total
OPEB Expense (Benefit)	\$ (1,411,040)	\$ 60,594	\$ (1,350,446)
OPEB Liability (Asset)	42,622,281	(58,878)	42,563,403
Proportionate share of the net OPEB liability (asset)	0.13471%	0.13645%	
Deferred of Outflows of Resources			
Differences between expected and actual experience	-	60,149	60,149
Changes of assumptions	2,048,628	6,522	2,055,150
Net difference between projected and actual earnings on plan investments	28,383	11,215	39,598
Changes in proportion and differences between Board contributions and proportionate share of contributions	-	15,416	15,416
Board contributions subsequent to the measurement date	<u>1,690,942</u>	<u>26,135</u>	<u>1,717,077</u>
Total Deferred of Outflows of Resources	<u>3,767,953</u>	<u>119,437</u>	<u>3,887,390</u>
Deferred of Inflows of Resources			
Differences between Expected and actual experience	2,148,700	-	2,148,700
Changes of assumptions	12,814,126	6,041	12,820,167
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	<u>3,505,611</u>	<u>-</u>	<u>3,505,611</u>
Total Deferred of Inflows of Resources	<u>18,468,437</u>	<u>6,041</u>	<u>18,474,478</u>

2. Accounts Payable

Accounts payable as of June 30, 2020 are as follows:

	Vendors	Salaries and Benefits	Total
Governmental activities:			
General Fund	\$ 184,813	\$ 1,377	\$ 186,190
Other governmental activities	<u>101,245</u>	<u>1,179,188</u>	<u>1,280,433</u>
Total governmental activities	<u>\$ 286,058</u>	<u>\$ 1,180,565</u>	<u>\$ 1,466,623</u>
Business-type activities:			
School Food Service Fund	<u>\$ 4,944</u>	<u>\$ 47,008</u>	<u>\$ 51,952</u>

BLADEN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

3. Unearned Revenues

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

Business-type activities:

Prepayments of meals (School Food Service Fund) \$ 6,781

4. Deferred Outflows and 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>
Differences between expected and actual experience	\$ 1,427,872	\$ 2,181,433
Changes of assumptions	3,797,388	12,820,167
Net difference between projected and actual earnings on pension plan investments	353,019	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	15,416	3,805,847
Board contributions subsequent to the measurement date	5,106,801	-
Total	<u>\$ 10,700,496</u>	<u>\$ 18,807,447</u>

5. Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in the North Carolina School Boards Trust (the Trust), a member funded risk management program administered by the North Carolina School Boards Association. Through the Trust, the Board maintains general liability and errors and omissions coverage of \$1 million per claim. The Trust has an annual aggregate limit for both general liability and errors and omissions of \$2,550,000 each. The Trust is reinsured through commercial companies for losses in excess of \$150,000 per claim for errors and omissions and general liability coverage. Statutory workers' compensation coverage is purchased through a private insurer for employees to the extent they are paid from Federal and local funds. Workers' 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 participates in the Public School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing fund administered by the North Carolina Department of Public Instruction. The Fund insures the tangible property assets of the Board. Coverage is provided on an "all risk" perils contract. Buildings and contents are insured on a replacement cost basis. The Fund purchases excess reinsurance to protect the assets of the Fund in the event of a catastrophic event. The Fund maintains a self-insured retention of \$10 million. Excess reinsurance is purchased through commercial insurers. A limit of \$5 million per occurrence is provided on flood, earthquake, business interruption and extra expense. \$10 million per occurrence is provided on increased cost of construction.

The Board does not carry supplemental flood insurance in case of natural disasters since there is no Board-owned property in flood zones.

BLADEN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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

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

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

6. Long-Term Obligations

a. Installment Purchases

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot monies for the payments on financing contracts entered into pursuant to G.S. 115C-528. The State has accepted the bid to purchase Thomas Built Buses through special third party financing arrangements. The Board entered into such direct placement financing contracts for the purchase of school buses during each of the 2016-2017 through 2018-2019 fiscal years. The contract requires four equal principal-only payments with the first payment due within 10 days of receipt of the buses and the following 3 payments due on the next 3 immediately following November 15th dates.

The future minimum payments of the direct placement installment purchases as of June 30, 2020, are as follows:

Year Ending June 30:	<u>Governmental Activities</u> <u>Principal</u>
2021	\$ 343,072
2022	279,892
2023	-
Total	<u>\$ 622,964</u>

BLADEN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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, 2020:

	<u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2020</u>	<u>Current Portion</u>
Governmental activities:					
Installment purchases	\$ 1,090,891	\$ -	\$ 467,927	\$ 622,964	\$ 343,072
Net pension liability	15,731,051	-	249,820	15,481,231	-
Net OPEB liability	38,685,594	1,670,034	-	40,355,628	-
Compensated absences	<u>3,185,659</u>	<u>1,319,118</u>	<u>1,350,433</u>	<u>3,154,344</u>	<u>1,337,158</u>
Total	<u>\$ 58,693,195</u>	<u>\$ 2,989,152</u>	<u>\$ 2,068,180</u>	<u>\$ 59,614,167</u>	<u>\$ 1,680,230</u>
Business-type activities:					
Net pension liability	\$ 694,505	\$ 175,029	\$ -	\$ 869,534	\$ -
Net OPEB liability	1,707,919	558,734	-	2,266,653	-
Compensated absences	<u>144,716</u>	<u>63,261</u>	<u>61,550</u>	<u>146,427</u>	<u>62,278</u>
Total	<u>\$ 2,547,140</u>	<u>\$ 797,024</u>	<u>\$ 61,550</u>	<u>\$ 3,282,614</u>	<u>\$ 62,278</u>

Compensated absences, net pension and net OPEB liabilities related to governmental activities are typically liquidated by the General and other governmental funds. Installment purchases are typically liquidated by the Capital Outlay Fund.

C. Interfund Balances and Activity

1. Transfers to/from other Funds

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

From the State Public School Fund to the School Food Service Fund for personnel costs	<u>\$ 211,649</u>
From the General Fund to the School Food Service Fund for personnel costs	<u>\$ 6,897</u>

BLADEN COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

D. Fund Balance

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	\$ 852,903
Less:	
Inventories	(33,393)
Stabilization by State statute	(72,138)
Appropriated fund balance in 2020-2021 budget	<u>(287,438)</u>
Remaining fund balance	<u>\$ 459,934</u>

NOTE 3 – RESTRICTED REVENUE FUND – OTHER REVENUES

Other revenues for the fiscal year ended June 30, 2020 in the Restricted Revenue Fund consists of the following:

Medicaid reimbursement program	\$ 400,787
Indirect costs allocated	354,921
Private grants and programs	22,673
Tuition and fees	97,691
Local sales tax refund	30,720
Other reimbursements and refunds	13,312
Rental of school property	1,650
Insurance proceeds	67,092
Interest	1,523
Contributions and donations	15,511
Other	<u>23,460</u>
Total other revenues	<u>\$ 1,029,340</u>

NOTE 4 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

**BLADEN COUNTY SCHOOLS
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS***

	<u>2020</u>	<u>2019</u>
Board's proportion of the net pension liability (asset)	0.15772%	0.16498%
Board's proportionate share of the net pension liability	\$ 16,350,765	\$ 16,425,556
Board's covered payroll	\$ 25,899,120	\$ 25,543,468
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	63.13%	64.30%
Plan fiduciary net position as a percentage of the total pension liability	87.56%	87.61%

52

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Board's proportion of the net pension liability (asset)	0.16905%	0.17328%	0.17661%	0.18424%	0.18940%
Board's proportionate share of the net pension liability	\$ 13,413,173	\$ 15,926,222	\$ 6,508,428	\$ 2,160,068	\$ 11,498,510
Board's covered payroll	\$ 25,295,958	\$ 24,550,640	\$ 25,741,867	\$ 26,360,368	\$ 27,868,487
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	53.02%	64.87%	25.28%	8.19%	41.26%
Plan fiduciary net position as a percentage of the total pension liability	89.51%	87.32%	94.64%	98.24%	90.60%

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

Note: This is a ten year schedule. However, GASB 68 was not adopted until the fiscal year ended June 30, 2015. Therefore, there are only seven years of data presented.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 3,389,724	\$ 3,183,002	\$ 2,753,586	\$ 2,524,537	\$ 2,246,384
Contributions in relation to the contractually required contribution	<u>3,389,724</u>	<u>3,183,002</u>	<u>2,753,586</u>	<u>2,524,537</u>	<u>2,246,384</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Board's covered payroll	\$ 25,987,397	\$ 25,899,120	\$ 25,543,468	\$ 25,295,958	\$ 24,550,640
Contributions as a percentage of covered payroll	12.97%	12.29%	10.78%	9.98%	9.15%
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 2,355,381	\$ 2,290,716	\$ 2,321,445	\$ 2,037,992	\$ 1,423,011
Contributions in relation to the contractually required contribution	<u>2,355,381</u>	<u>2,290,716</u>	<u>2,321,445</u>	<u>2,037,992</u>	<u>1,423,011</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Board's covered payroll	\$ 25,741,867	\$ 26,360,368	\$ 27,868,487	\$ 27,392,366	\$ 28,864,320
Contributions as a percentage of covered payroll	9.15%	8.69%	8.33%	7.44%	4.93%

**BLADEN COUNTY SCHOOLS
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
RETIREE HEALTH BENEFIT FUND
LAST FOUR FISCAL YEARS***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability	0.13471%	0.14179%	0.14473%	0.14631%
Board's proportionate share of the net OPEB liability	\$ 42,622,281	\$ 40,393,513	\$ 47,452,186	\$ 63,649,160
Board's covered payroll	\$ 25,899,120	\$ 25,543,468	\$ 25,295,958	\$ 24,550,640
Board's proportionate share of the net OPEB liability as a percentage of its covered payroll	164.57%	158.14%	187.59%	259.26%
Plan fiduciary net position as a percentage of the total OPEB liability	4.40%	4.40%	3.52%	2.41%

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

Note: This is a ten year schedule. However, GASB 75 was not adopted until the fiscal year ended June 30, 2018. Therefore, there are only four years of data presented.

**BLADEN COUNTY SCHOOLS
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
RETIREE HEALTH BENEFIT FUND
LAST TEN FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 1,690,942	\$ 1,623,875	\$ 1,545,380	\$ 1,465,941	\$ 1,374,165
Contributions in relation to the contractually required contribution	<u>1,690,942</u>	<u>1,623,875</u>	<u>1,545,380</u>	<u>1,465,941</u>	<u>1,374,165</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Board's covered payroll	\$ 25,987,397	\$ 25,899,120	\$ 25,543,468	\$ 25,295,958	\$ 24,550,640
Contributions as a percentage of covered payroll	6.47%	6.27%	6.05%	5.81%	5.60%
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 1,411,140	\$ 1,421,541	\$ 1,477,030	\$ 1,369,618	\$ 1,414,352
Contributions in relation to the contractually required contribution	<u>1,411,140</u>	<u>1,421,541</u>	<u>1,477,030</u>	<u>1,369,618</u>	<u>1,414,352</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Board's covered payroll	\$ 25,741,867	\$ 26,360,368	\$ 27,868,487	\$ 27,392,366	\$ 28,864,320
Contributions as a percentage of covered payroll	5.49%	5.40%	5.30%	5.00%	4.90%

**BLADEN COUNTY SCHOOLS
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB ASSET
DISABILITY INCOME PLAN OF NORTH CAROLINA
LAST FOUR FISCAL YEARS***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB asset	0.13645%	0.14386%	0.14660%	0.15181%
Board's proportionate share of the net OPEB asset	\$ 58,878	\$ 43,699	\$ 89,602	\$ 94,274
Board's covered payroll	\$ 25,899,120	\$ 25,543,468	\$ 25,295,958	\$ 24,550,640
Board's proportionate share of the net OPEB asset as a percentage of its covered payroll	0.23%	0.17%	0.35%	0.41%
56 Plan fiduciary net position as a percentage of the total OPEB liability	113.00%	108.47%	116.23%	116.06%

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

Note: This is a ten year schedule. However, GASB 75 was not adopted until the fiscal year ended June 30, 2018. Therefore, there are only four years of data presented.

**BLADEN COUNTY SCHOOLS
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
DISABILITY INCOME PLAN OF NORTH CAROLINA
LAST TEN FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 26,135	\$ 36,259	\$ 35,761	\$ 95,879	\$ 100,609
Contributions in relation to the contractually required contribution	<u>26,135</u>	<u>36,259</u>	<u>35,761</u>	<u>95,879</u>	<u>100,609</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Board's covered payroll	\$ 25,987,397	\$ 25,899,120	\$ 25,543,468	\$ 25,295,958	\$ 24,550,640
Contributions as a percentage of covered payroll	0.10%	0.14%	0.14%	0.38%	0.41%
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 105,386	\$ 115,829	\$ 122,621	\$ 142,440	\$ 150,094
Contributions in relation to the contractually required contribution	<u>105,386</u>	<u>115,829</u>	<u>122,621</u>	<u>142,440</u>	<u>150,094</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Board's covered payroll	\$ 25,741,867	\$ 26,360,368	\$ 27,868,487	\$ 27,392,366	\$ 28,864,320
Contributions as a percentage of covered payroll	0.41%	0.44%	0.44%	0.52%	0.52%

BLADEN COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Bladen County			
County appropriation	\$ 6,841,521	\$ 6,831,521	\$ (10,000)
Other:			
Fines and forfeitures	220,000	92,574	(127,426)
Total revenues	<u>7,061,521</u>	<u>6,924,095</u>	<u>(137,426)</u>
Expenditures:			
Current:			
Instructional services:			
Regular instructional	893,817	778,185	115,632
Special populations	27,400	26,958	442
Alternative programs	54,060	51,309	2,751
School leadership	323,447	261,451	61,996
Co-curricular	245,500	218,161	27,339
School-based support	309,960	212,009	97,951
Total instructional services	<u>1,854,184</u>	<u>1,548,073</u>	<u>306,111</u>
System-wide support services:			
Support and development	83,500	83,425	75
Alternative programs and services			
support and development	75,320	73,766	1,554
Technology support	345,752	343,548	2,204
Operational support	3,228,134	3,073,325	154,809
Financial and human resource services	334,400	273,924	60,476
Accountability	149,182	107,402	41,780
System-wide pupil support	4,000	-	4,000
Policy, leadership and public relations	451,445	434,485	16,960
Total system-wide support services	<u>4,671,733</u>	<u>4,389,875</u>	<u>281,858</u>
Nonprogrammed charges:			
Payments to other governments	<u>1,020,000</u>	<u>1,013,386</u>	<u>6,614</u>

BLADEN COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)
GENERAL FUND
For the Fiscal Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Expenditures: (Continued)			
Total expenditures	<u>7,545,917</u>	<u>6,951,334</u>	<u>594,583</u>
Revenues under expenditures	(484,396)	(27,239)	457,157
Other financing sources:			
Transfers to other funds	<u>(7,193)</u>	<u>(6,897)</u>	<u>296</u>
Fund balance appropriated	<u>491,589</u>	<u>-</u>	<u>(491,589)</u>
Net change in fund balance	<u>\$ -</u>	(34,136)	<u>\$ (34,136)</u>
Fund balance:			
Beginning of year		890,370	
Increase (decrease) in reserve for inventories		<u>(3,331)</u>	
End of year		<u>\$ 852,903</u>	

BLADEN COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CAPITAL OUTLAY FUND
For the Fiscal Year Ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget
Revenues:			
State of North Carolina:			
Public School Capital Fund - Lottery	\$ 114,520	\$ 106,300	\$ (8,220)
State appropriations - buses	500,000	467,927	(32,073)
Total State of North Carolina	<u>614,520</u>	<u>574,227</u>	<u>(40,293)</u>
Bladen County:			
Restricted portion of sales tax	<u>825,000</u>	<u>942,276</u>	<u>117,276</u>
Other:			
Local sales tax	5,000	5,943	943
Proceeds from disposal of capital assets	36,601	40,473	3,872
Insurance proceeds	<u>28,687</u>	<u>28,687</u>	<u>-</u>
Total other	<u>70,288</u>	<u>75,103</u>	<u>4,815</u>
Total revenues	<u>1,509,808</u>	<u>1,591,606</u>	<u>81,798</u>
Expenditures:			
Current:			
Instructional services:			
Regular instructional	<u>352,164</u>	<u>314,093</u>	<u>38,071</u>
System-wide support services:			
Operational support:			
Various roof repairs	-	608,595	-
Grounds and paving - Lottery	-	106,300	-
Other operational support	<u>-</u>	<u>726,228</u>	<u>-</u>
Total operational support	<u>3,748,199</u>	<u>1,441,123</u>	<u>2,307,076</u>
Debt service:			
Principal retirement	<u>500,000</u>	<u>467,927</u>	<u>32,073</u>
Capital outlay			
Furnishings and equipment	200,000	198,692	1,308
Vehicles	<u>700,000</u>	<u>-</u>	<u>700,000</u>
Total capital outlay	<u>900,000</u>	<u>198,692</u>	<u>701,308</u>
Total expenditures	<u>5,500,363</u>	<u>2,421,835</u>	<u>2,377,220</u>
Revenues under expenditures	(3,990,555)	(830,229)	3,160,326
Other financing sources:			
Installment purchase obligations issued	700,000	-	(700,000)
Fund balance appropriated	<u>3,290,555</u>	<u>-</u>	<u>(3,290,555)</u>
Net change in fund balance	<u>\$ -</u>	<u>(830,229)</u>	<u>\$ (830,229)</u>
Fund balance:			
Beginning of year		<u>3,992,176</u>	
End of year		<u>\$ 3,161,947</u>	

BLADEN COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
For the Fiscal Year Ended June 30, 2020

	Revenues	Expenditures	Net change in fund balance	Fund balances June 30, 2019	Fund balances June 30, 2020
West Bladen High School	\$ 258,367	\$ 271,798	\$ (13,431)	\$ 143,931	\$ 130,500
East Bladen High School	229,406	236,040	(6,634)	92,253	85,619
Tar Heel Middle	48,186	51,027	(2,841)	42,896	40,055
Elizabethtown Middle	41,059	46,889	(5,830)	16,762	10,932
Clarkton School of Discovery	117,545	99,900	17,645	27,599	45,244
Bladenboro Middle	62,875	74,272	(11,397)	20,712	9,315
Plain View Elementary	17,629	15,769	1,860	14,116	15,976
Bladenboro Primary	41,376	43,764	(2,388)	25,244	22,856
Bladen Lakes Primary	26,229	23,879	2,350	11,359	13,709
Bladen Early College	9,585	4,922	4,663	716	5,379
Dublin Elementary	26,678	31,959	(5,281)	29,988	24,707
East Arcadia	6,664	5,044	1,620	1,098	2,718
Elizabethtown Primary	<u>42,172</u>	<u>45,283</u>	<u>(3,111)</u>	<u>39,260</u>	<u>36,149</u>
Totals	<u>\$ 927,771</u>	<u>\$ 950,546</u>	<u>\$ (22,775)</u>	<u>\$ 465,934</u>	<u>\$ 443,159</u>

BLADEN COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
SCHOOL FOOD SERVICE FUND
For the Fiscal Year Ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget
Operating revenues - food sales	\$ 285,500	\$ 164,231	\$ (121,269)
Operating expenditures:			
Business support services:			
Purchase of food	-	1,477,077	-
Donated commodities	-	237,108	-
Salaries and benefits	-	2,147,145	-
Indirect costs	-	200,000	-
Materials and supplies	-	26,232	-
Repairs and maintenance	-	6,835	-
Non-capitalized equipment	-	66,446	-
Contracted services	-	11,699	-
Other	-	22,199	-
Capital outlay	-	38,377	-
Total operating expenditures	<u>4,399,991</u>	<u>4,233,118</u>	<u>166,873</u>
Operating loss	<u>(4,114,491)</u>	<u>(4,068,887)</u>	<u>45,604</u>
Nonoperating revenues:			
Federal reimbursements and grants	3,386,500	3,566,360	179,860
Federal commodities	227,000	237,108	10,108
Proceeds from disposal of capital assets	-	2,693	2,693
Other	-	5,000	5,000
Total nonoperating revenues	<u>3,613,500</u>	<u>3,811,161</u>	<u>197,661</u>
Deficiency of revenues over expenditures before other financing sources	(500,991)	(257,726)	243,265
Other financing sources:			
Transfers from other funds	211,649	218,546	6,897
Fund balance appropriated	<u>289,342</u>	<u>-</u>	<u>(289,342)</u>
Net change in fund balance	<u>\$ -</u>	(39,180)	<u>\$ (39,180)</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(63,641)	
Net OPEB asset		1,283	
Capital contributions		125,864	
Net pension liability		(175,029)	
Net OPEB liability		(558,734)	
Deferred outflows		102,491	
Deferred inflows		(68,041)	
Equipment purchases		38,377	
Proceeds from disposal of capital assets		(2,693)	
Gain on disposal of capital assets		323	
Increase in compensated absences payable		(1,711)	
Decrease in inventories		<u>(12,261)</u>	
Change in net position (full accrual)		<u>\$ (652,952)</u>	



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT

To the Bladen County Board of Education
Elizabethtown, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bladen County Board of Education, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprises the Bladen County Board of Education, North Carolina's basic financial statements and have issued our report thereon dated November 24, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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 over financial reporting 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bladen County Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Anderson Smith & Wike PLLC

*November 24, 2020
West End, North Carolina*



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

Report On Compliance With Requirements Applicable to Each Major Federal Program
And Internal Control Over Compliance; In Accordance With OMB Uniform Guidance and
the State Single Audit Implementation Act

INDEPENDENT AUDITORS' REPORT

To the Bladen County Board of Education
Elizabethtown, North Carolina

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Anderson Smith & Wike PLLC

*November 24, 2020
West End, North Carolina*



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

Report On Compliance With Requirements Applicable to Each Major State Program and Internal Control Over Compliance; In Accordance With OMB Uniform Guidance and The State Single Audit Implementation Act

INDEPENDENT AUDITORS' REPORT

To the Bladen County Board of Education
Elizabethtown, North Carolina

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

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

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

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

Anderson Smith & Wike PLLC

*November 24, 2020
West End, North Carolina*

**BLADEN COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2020**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified that are not considered to be material weaknesses *None Reported*

Noncompliance material to financial statements noted *No*

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified that are not considered to be material weaknesses *None Reported*

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

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

Identification of major federal programs:

CFDA Numbers	Names of Federal Program or Cluster
84.027	Special Education Cluster:
84.173	Special Education Program
84.010	Special Education – Preschool Program
	Title I, Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B Programs *\$ 750,000*

Auditee qualified as low-risk auditee? *Yes*

**BLADEN COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2020**

State Awards

Internal control over major State programs:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified that are not considered to be material weaknesses *None Reported*

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

Unmodified

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

No

Identification of major State programs:

Program Name

State Public School Fund
Hurricane Florence Disaster Recovery

Section II - Financial Statement Findings

No findings were noted that are required to be reported under *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - State Award Findings and Questioned Costs

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

BLADEN COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2020

There were no audit findings reported in the prior year.

BLADEN COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures
Federal Grants:			
<u>U.S. Department of Agriculture</u>			
School Nutrition Program (Note 3)			
<u>Child Nutrition Cluster:</u>			
Noncash Assistance (Commodities):			
Passed-through the N.C. Department of Agriculture:			
National School Lunch Program	10.555	PRC 035	\$ <u>237,108</u>
Cash Assistance:			
Passed-through the N.C. Department of Public Instruction:			
School Breakfast Program	10.553	PRC 035	718,533
National School Lunch Program	10.555	PRC 035	1,456,615
Summer Food Service Program for Children	10.559	PRC 035	<u>1,313,479</u>
Cash Assistance Subtotal			<u>3,488,627</u>
Total Child Nutrition Cluster			<u>3,725,735</u>
Child Nutrition Discretionary Funds	10.579	PRC 053	125,864
Fresh Fruit and Vegetable Grant	10.582	PRC 035	<u>49,483</u>
Total School Nutrition Program (Note 3)			<u>3,901,082</u>
Passed-through the N.C. Department of Health and Human Services:			
Child and Adult Care Food Program	10.558	PRC 035	<u>28,250</u>
Total U.S. Department of Agriculture			<u>3,929,332</u>
<u>U.S. Department of Education</u>			
Office of Elementary and Secondary Education:			
Passed-through the N.C. Department of Public Instruction:			
Title I, Grants to Local Educational Agencies	84.010	PRC 050 & 115	1,713,588
Migrant Education	84.011	PRC 051	567,108
Education Stabilization Fund - K12 Emergency Relief Fund	84.425	PRC 163	511,880
Supporting Effective Instruction	84.367	PRC 103	205,922
Language Acquisition Grant	84.365	PRC 104	20,818
Rural and Low Income Schools	84.358		80,520
Student Support and Academic Enrichment	84.424	PRC 108	97,254
Office of Special Education and Rehabilitative Services:			
Passed-through the N.C. Department of Public Instruction:			
Individuals with Disabilities Education Act			
Special Education Cluster:			
Grants to States - IDEA, part B (611)	84.027	PRC 060	1,079,855
Special Needs Targeted Assistance	84.027	PRC 118	26,729
Risk Pool	84.027	PRC 114	51,775
Preschool Grants - IDEA, Part B (619)	84.173	PRC 049	30,194
Preschool Targeted Assistance	84.173	PRC 119	<u>3,136</u>
Total Special Education Cluster			<u>1,191,689</u>

BLADEN COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2020

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
Title VI-B, Education of the Handicapped	84.323	PRC 082	6,777
Office of Vocational and Adult Education: Passed-through the N.C. Department of Public Instruction: Carl D. Perkins Vocational and Applied Technology Education Act Amendments of 1990 Basic Grants to States Program Development	84.048	PRC 017	89,800
Total U.S. Department of Education			<u>4,485,356</u>
<u>U.S. Department of Health and Human Services</u>			
Health Resources and Services Administration Passed-through the N.C. Department of Public Instruction: Abstinence Education	93.235	PRC 101	54,005
Passed-through Bladen County: School Nurse Funding Initiative	93.994		142,850
Total U.S. Department of Health and Human Services			<u>196,855</u>
<u>U.S. Department of the Treasury</u>			
Passed-through the N.C. Office of State Management and Budget: N.C. Pandemic Recovery Office: Passed-through the N.C. Department of Public Instruction: Coronavirus Relief Fund School Nutrition	21.019	PRC 125	385,630
<u>U.S. Department of Defense</u>			
Direct Program: ROTC	None		93,404
Total Federal Assistance			<u>9,090,577</u>
State Grants:			
<u>N.C. Department of Public Instruction:</u>			
State Public School Fund		Various	28,731,815
Career and Technical Education: State Months of Employment Program Support Funds		PRC 013 PRC 014	1,714,050 71,893
Driver Training		PRC 012	43,814
School Technology Fund		PRC 015	37,352
Hurricane Florence Funds			809,741
State COVID-19 Supplemental Funds		PRC 154	385,630
State appropriations - buses (noncash)		PRC 120	467,927

BLADEN COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2020

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
Passed-through Bladen County: Public School Capital Fund - Lottery			106,300
Total NC Department of Public Instruction			<u>32,368,522</u>
<u>N.C. Department of Juvenile Justice</u> Juvenile Crime Prevention Council			<u>5,956</u>
<u>N.C. Department of Health and Human Services</u> Division of Child Development: NC Pre-Kindergarten Program			999,464
Passed-through Bladen County: State School Nurse Initiative			107,150
Division of Vocational Rehabilitation Services: Vocational Rehabilitation Students			<u>1,500</u>
Total NC Department of Health and Human Services			<u>1,108,114</u>
Total State Assistance			<u>33,482,592</u>
Total Federal and State Assistance			<u>\$ 42,573,169</u>

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

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

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

Bladen County Schools has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Cluster of Programs

The following are clustered by the NC Department of Public Instruction and are treated separately for state audit requirement purposes: School Nutrition Program