

**ROANOKE RAPIDS GRADED
SCHOOL DISTRICT
Roanoke Rapids, North Carolina**

*Financial Statements
For the Fiscal Year Ended
June 30, 2023*

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
TABLE OF CONTENTS**

<u>Exhibit</u>	<u>Page No.</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
1 Statement of Net Position	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 Types	21
8 Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund Types	22
9 Statement of Cash Flows - Proprietary Fund Types	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 Liability (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 Balances - Individual Schools Fund	60
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Capital Outlay Fund	61
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) School Food Service Fund	62
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) Child Care Fund	63

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
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>	64
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	66
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	68
Schedule of findings and questioned costs	70
Summary schedule of prior audit findings	72
Schedule of expenditures of federal and State awards.....	73



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Roanoke Rapids Graded School District
Roanoke Rapids, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Roanoke Rapids Graded School District Board of Education, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Roanoke Rapids Graded School District Board of Education's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 10 and the Schedules of the Board's Proportionate Share of the Net Pension Liability, OPEB Liabilities (Assets) and the Schedules of Board Contributions on pages 52 through 57, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2023, on our consideration of the Roanoke Rapids Graded School District 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Roanoke Rapids Graded School District Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Roanoke Rapids Graded School District Board of Education's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

September 5, 2023
West End, North Carolina
(910) 603-0508

ROANOKE RAPIDS GRADED SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Roanoke Rapids Graded School District's (the "Board") financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2023. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

For the fiscal year ended June 30, 2023, the Board's total government-wide net position increased by only \$5.1 million. Governmental activities net position increased by \$5.0 million and business-type activities net position increased by \$72,000.

- The Board's average daily membership (ADM) for the fiscal year ended June 30, 2023 was 2,639 students, an increase of 56 students from the 2022 ADM of 2,583.
- The Board's governmental funds reported a combined fund balance of \$5.8 million at June 30, 2023, an increase of \$311,000 from the amount reported at June 30, 2022.
- The Board's total Governmental net position at June 30, 2023 increased by \$5.1 million from the prior year. Governmental activities unrestricted net position increased by \$5.0 million due to continued lower pension and OPEB related expenses and increases in capital assets.
- Business-type activities net position increased by \$72,000 from the prior year due to the operating profits recognized in the School Food Service fund.

Overview of the Financial Statements

The audited financial statements of the Roanoke Rapids Graded School District 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.*
- *Supplementary 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 and proprietary funds. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The proprietary funds are presented on the full accrual basis of accounting.

The fund financial statements focus on the Board's most significant funds. Because a different basis of accounting is used in the government-wide statements, reconciliation from the governmental fund

ROANOKE RAPIDS GRADED SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

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 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 are an indicator of whether its financial position is improving or deteriorating.
- To assess the Board's overall health, you need to consider additional non-financial factors such as changes in the County's and City's property tax bases 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 and city funding along with state and federal aid finance most of these activities.
- *Business-type activities*: The Board charges fees to help it cover the costs of certain services it provides. School food service and child care services are included here.

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

Fund Financial Statements

The fund financial statements provide 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.

Roanoke Rapids Graded School District has three types of funds:

ROANOKE RAPIDS GRADED SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

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 Federal Grants Fund, the Other Special Revenue Fund, the Capital Outlay Fund and the Individual Schools 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 Roanoke Rapids Graded School District has two proprietary funds - both enterprise funds – the School Food Service Fund and the Child Care Fund.

The proprietary fund statements are shown as Exhibits 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. Roanoke Rapids Graded Schools has one fiduciary fund – Roanoke Rapids School Foundation, which is an endowment fund under the control of the Roanoke Rapids School Foundation Board and administered by The Board of Education. This is accounted for as a private purpose trust fund.

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

Financial Analysis of the Board as a Whole

Net position is an indicator of the fiscal health of the Board. Assets and deferred outflows exceeded Liabilities and deferred inflows by \$2.9 million as of June 30, 2023 as compared to liabilities and deferred inflows exceeding assets and deferred outflows by \$2.2 million as of June 30, 2022, an increase of \$5.1 million. The largest component of net position is net investment in capital assets of \$33.7 million. Following is a summary of the Statement of Net Position at June 30, 2023 and 2022:

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Table 1
Condensed Statement of Net Position
As of June 30, 2023 and 2022**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/23	6/30/22	6/30/23	6/30/22	6/30/23	6/30/22
Current and other assets	\$ 5,922,874	\$ 6,627,014	\$ 1,046,132	\$ 975,371	\$ 6,969,006	\$ 7,602,385
Capital assets	<u>33,545,923</u>	<u>32,767,853</u>	<u>315,525</u>	<u>341,197</u>	<u>33,861,448</u>	<u>33,109,050</u>
Total assets	<u>39,468,797</u>	<u>39,394,867</u>	<u>1,361,657</u>	<u>1,316,568</u>	<u>40,830,454</u>	<u>40,711,435</u>
Deferred outflows of resources	<u>13,569,781</u>	<u>9,112,845</u>	<u>405,808</u>	<u>251,373</u>	<u>13,975,589</u>	<u>9,364,218</u>
Current liabilities	855,185	1,922,543	24,086	26,133	879,271	1,948,676
Long-term liabilities	<u>37,223,281</u>	<u>32,646,659</u>	<u>1,093,772</u>	<u>883,514</u>	<u>38,317,053</u>	<u>33,530,173</u>
Total liabilities	<u>38,078,466</u>	<u>34,569,202</u>	<u>1,117,858</u>	<u>909,647</u>	<u>39,196,324</u>	<u>35,478,849</u>
Deferred inflows of resources	<u>12,358,957</u>	<u>16,322,957</u>	<u>369,599</u>	<u>450,261</u>	<u>12,728,556</u>	<u>16,773,218</u>
Net investment in capital assets	33,365,545	32,535,399	315,525	341,197	33,681,070	32,876,596
Restricted net position	1,725,124	1,671,751	1,537	1,956	1,726,661	1,673,707
Unrestricted net position (deficit)	<u>(32,489,514)</u>	<u>(36,591,597)</u>	<u>(37,054)</u>	<u>(135,120)</u>	<u>(32,526,568)</u>	<u>(36,726,717)</u>
Total net position (deficit)	<u>\$ 2,601,155</u>	<u>\$ (2,384,447)</u>	<u>\$ 280,008</u>	<u>\$ 208,033</u>	<u>\$ 2,881,163</u>	<u>\$ (2,176,414)</u>

The net position of the Board's governmental activities increased \$5.0 million during the year, from \$(2.4) million at June 30, 2022 to \$2.6 million at June 30, 2023. Restricted net position increased by \$53,000, primarily due to increased fund balance in the Special Revenue Fund related to Medicaid carryover and an increase in Capital Outlay fund balance. Unrestricted net position increased \$4.1 million compared to the prior year, due primarily to continued lower pension and OPEB expenses. Net investment in capital assets increased \$830,000 due to an excess of capital additions over depreciation for the year. Deferred outflows and inflows of resources relate entirely to the pension and OPEB plans which the Board participates in. The Board is required to record its proportionate share of these items along with its proportionate share of the plan liabilities. See Note 2 of the financial statements for more details regarding these plans.

The net position of the Board's business-type activities increased \$72,000 from \$208,000 at June 30, 2022 to \$280,000 at June 30, 2023. This increase of \$72,000 is the net income generated by our school food service and the child care operations during the 2023 fiscal year. The following table shows the revenues and expenses for the Board for the current and prior fiscal years:

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Table 2
Condensed Statement of Activities
For the Fiscal Years Ended June 30, 2023 and 2022**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/23	6/30/22	6/30/23	6/30/22	6/30/23	6/30/22
Revenues:						
Program revenues:						
Charges for services	\$ 535,212	\$ 439,636	\$ 267,829	\$ 249,241	\$ 803,041	\$ 688,877
Operating grants and contributions	26,932,618	28,147,542	1,676,770	1,682,680	28,609,388	29,830,222
Capital grants and contributions	-	-	-	43,255	-	43,255
General revenues:						
County and City appropriations	5,364,555	5,348,967	-	-	5,364,555	5,348,967
State appropriations	1,529,418	1,630,569	-	-	1,529,418	1,630,569
Other revenues	325,562	364,535	11,977	3,080	337,539	367,615
Total revenues	<u>34,687,365</u>	<u>35,931,249</u>	<u>1,956,576</u>	<u>1,978,256</u>	<u>36,643,941</u>	<u>37,909,505</u>
Expenses:						
Governmental activities:						
Instructional services	22,523,281	21,895,220	-	-	22,523,281	21,895,220
System-wide support services	6,732,483	6,195,536	-	-	6,732,483	6,195,536
Ancillary services	14,220	120,730	-	-	14,220	120,730
Non-programmed charges	211,325	161,553	-	-	211,325	161,553
Interest on long-term debt	7,545	9,465	-	-	7,545	9,465
Unallocated depreciation	154,468	100,306	-	-	154,468	100,306
Business-type activities:						
School food service	-	-	1,850,589	1,515,213	1,850,589	1,515,213
Child care	-	-	92,453	107,354	92,453	107,354
Total expenses	<u>29,643,322</u>	<u>28,482,810</u>	<u>1,943,042</u>	<u>1,622,567</u>	<u>31,586,364</u>	<u>30,105,377</u>
Transfers in (out)	<u>(58,441)</u>	<u>(59,820)</u>	<u>58,441</u>	<u>59,820</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	4,985,602	7,388,619	71,975	415,509	5,057,577	7,804,128
Beginning net position (deficit)	<u>(2,384,447)</u>	<u>(9,773,066)</u>	<u>208,033</u>	<u>(207,476)</u>	<u>(2,176,414)</u>	<u>(9,980,542)</u>
Ending net position (deficit)	<u>\$ 2,601,155</u>	<u>\$ (2,384,447)</u>	<u>\$ 280,008</u>	<u>\$ 208,033</u>	<u>\$ 2,881,163</u>	<u>\$ (2,176,414)</u>

For the year ended June 30, 2023, total governmental activities generated revenues of \$34.7 million, expenses of \$29.6 million and transfers out of \$58,000 resulting in an increase in net position of \$5.0 million. Comparatively, revenues were \$35.9 million, expenses totaled \$28.5 million and transfers out were \$60,000 for the year ended June 30, 2022, resulting in an increase in net position of \$7.4 million. Revenues decreased \$1.2 million in total when comparing the two years as a result of decreases in Education Stabilization funds related to COVID-19 funds, while expenses increased \$1.2 million, this increase is due to increases in the State Public School Fund.

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS**

The Board’s primary sources of revenues were funding from the State of North Carolina, Halifax County, and the United States Government, which respectively comprised 65.0%, 7.3% and 15.0% of our total revenues. As would be expected, the major component of our expenditures was instructional services which accounted for 72.1% of our total expenditures during the most recent fiscal year. Of the remaining 27.9% of our total expenditures, 24.8% was attributable to system-wide support services.

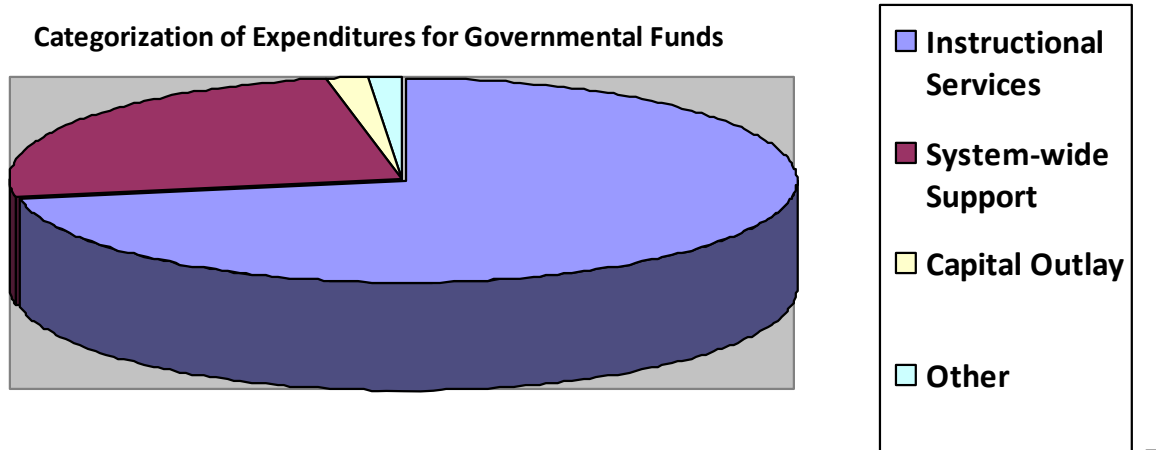
Our business-type activities generated revenues of \$2.0 million, while expenses in this category totaled \$1.9 million for the year ended June 30, 2023. For the year, net position increased by \$72,000 (including transfers in of \$58,000). Comparatively, revenues and expenses were \$2.0 million and \$1.6 million respectively with transfers in of \$60,000 for the year ended June 30, 2022, resulting in an increase in net position of \$416,000. The increase in expenses is related to increases in food costs and salaries and benefits as inflationary pressures continue to affect profitability.

Financial Analysis of the Board’s Funds

Governmental Funds: The focus of Roanoke Rapids Graded School District’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 \$5.8 million at June 30, 2023, an increase of \$311,000 from the amount reported at June 30, 2022. Each of the Board’s governmental funds reported revenues over expenditures for the year ended June 30, 2023, of \$19,000, \$249,000, \$12,000 and \$29,000, for the General, Other Special Revenue, Capital Outlay and Individual School funds, respectively. Overall, total governmental fund revenues decreased by \$1.2 million or 3.4%, from the prior year, while total expenditures decreased by \$1.1 million, or 3.0%, the change from the previous year is primarily due to decreased Federal funds related to the COVID-19 pandemic funds expiring.

The following chart summarizes governmental fund expenditures:



Expenditures presented on modified accrual basis of accounting.

Proprietary Funds: The Board’s business-type funds, the School Food Service Fund and the Child Care Fund, reported a combined increase in net position of \$72,000 for the fiscal year ended June 30, 2023, compared to an increase of \$416,000 for the same 2022 period. Net income in the School Food Service Fund (including transfers in) was \$25,000 for the fiscal year ended June 30, 2023, compared to a net income of \$400,000 for 2022, a decline of \$375,000. The Child Care Fund reported a net income of \$47,000 in 2023 compared to a net income of \$16,000 in 2022, an improvement of \$31,000. The School Food Service Fund recognized comparable revenues in the current year, however food costs and salaries and benefits increased resulting in the decline in profits. The Child Care Fund recognized an increase in revenues of of \$16,000 or 13.1%.

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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 necessary throughout the year to recognize these adjustments. The Board's General Fund reported an increase in fund balance for the year ended June 30, 2023 of \$19,000, compared to an increase of \$524,000 in 2022. Through effective cost-containment and budget management practices, the Board was able to keep expenditures below budget and not use any of the \$1.1 million of fund balance that had been appropriated. Expenditures in the General fund increased by \$188,000 due to increased instructional expenditures as the amount of available federal funds declined in the Federal Grants Fund.

Capital Assets

Total primary government capital assets were \$33.9 million at June 30, 2023 compared to \$33.1 million at June 30, 2022, an increase of \$752,000 or 2.3% due to an excess of capital additions over depreciation expense for the year. More detailed information about the Board's capital assets is contained in the notes to the basic financial statements. The following is a summary of the Board's capital assets, net of depreciation, at June 30, 2023 and 2022.

**Table 3
Summary of Capital Assets
As of June 30, 2023 and 2022**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>6/30/23</u>	<u>6/30/22</u>	<u>6/30/23</u>	<u>6/30/22</u>	<u>6/30/23</u>	<u>6/30/22</u>
Land	\$ 1,603,163	\$ 1,603,163	\$ -	\$ -	\$ 1,603,163	\$ 1,603,163
Construction in progress	-	3,606,603	-	-	-	3,606,603
Right to use asset	174,340	232,454	-	-	174,340	232,454
Buildings and improvements	30,543,201	26,344,762	-	-	30,543,201	26,344,762
Equipment and furniture	1,197,207	947,651	315,525	341,197	1,512,732	1,288,848
Vehicles	28,012	33,220	-	-	28,012	33,220
Total	<u>\$ 33,545,923</u>	<u>\$ 32,767,853</u>	<u>\$ 315,525</u>	<u>\$ 341,197</u>	<u>\$ 33,861,448</u>	<u>\$ 33,109,050</u>

Economic Factors

County and City funding are a major source of income for the Board; therefore, the local area's economic outlook directly affects that of the Board's. Roanoke Rapids and Halifax County continue to feel the effects of the pandemic. Our unemployment rate was 5.4% at June 30, 2023, the County's unemployment rate continues to be higher than the State and national rates of 4.1% and 3.8%, respectively.

Our local school district's supplemental tax provides approximately 32.3% of our funding for local budgets. These funds are critical for the effective operation of the school district. The Board has maintained a healthy fund balance over the years, and due to limited regional growth, the Board expects enrollment to remain consistent for the next year.

Requests for Information

This report is intended to provide a summary of the financial condition of Roanoke Rapids Graded School District. Questions or requests for additional information should be addressed to:

Andrea Midgette, Finance Officer
Roanoke Rapids Graded School District
536 Hamilton Street Roanoke Rapids, NC 27870

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ROANOKE RAPIDS GRADED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2023

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and cash equivalents	\$ 5,771,936	\$ 918,106	\$ 6,690,042
Due from other governments	156,096	53,458	209,554
Receivables	-	4,234	4,234
Internal balances	(5,158)	5,158	-
Inventories	-	65,176	65,176
Capital assets:			
Right to use leased assets, net of amortization	174,340	-	174,340
Land and construction in progress	1,603,163	-	1,603,163
Other capital assets, net of depreciation	31,768,420	315,525	32,083,945
Total capital assets	<u>33,545,923</u>	<u>315,525</u>	<u>33,861,448</u>
 Total assets	<u>39,468,797</u>	<u>1,361,657</u>	<u>40,830,454</u>
 Deferred Outflows of Resources	<u>13,569,781</u>	<u>405,808</u>	<u>13,975,589</u>
 Liabilities			
Accounts payable and accrued expenses	139,168	497	139,665
Unearned revenue	716	5,300	6,016
Long-term liabilities:			
Due within one year	715,301	18,289	733,590
Due in more than one year	1,195,142	16,339	1,211,481
Net pension liability	14,869,542	444,679	15,314,221
Net OPEB liability	<u>21,158,597</u>	<u>632,754</u>	<u>21,791,351</u>
 Total liabilities	<u>38,078,466</u>	<u>1,117,858</u>	<u>39,196,324</u>
 Deferred Inflows of Resources	<u>12,358,957</u>	<u>369,599</u>	<u>12,728,556</u>
 Net position			
Investment in capital assets	33,365,545	315,525	33,681,070
Restricted for:			
Stabilization by State statute	143,567	-	143,567
School capital outlay	558,849	-	558,849
Instructional services	700,989	-	700,989
Individual schools activities	321,719	-	321,719
Unrestricted (deficit)	<u>(32,489,514)</u>	<u>(35,517)</u>	<u>(32,525,031)</u>
 Total net position	<u>\$ 2,601,155</u>	<u>\$ 280,008</u>	<u>\$ 2,881,163</u>

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

ROANOKE RAPIDS GRADED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Instructional services:							
Regular instructional	\$ 12,809,723	\$ -	\$ 13,113,307	\$ -	\$ 303,584	\$ -	\$ 303,584
Special populations	3,401,770	-	4,255,766	-	853,996	-	853,996
Alternative programs	2,368,459	-	2,133,438	-	(235,021)	-	(235,021)
School leadership	1,509,864	-	1,127,481	-	(382,383)	-	(382,383)
Co-curricular	679,396	529,742	-	-	(149,654)	-	(149,654)
School-based support	1,754,069	-	1,472,207	-	(281,862)	-	(281,862)
System-wide support services:							
Support and development	393,554	-	146,191	-	(247,363)	-	(247,363)
Special population support and development	196,854	-	231,746	-	34,892	-	34,892
Alternative programs and services support and development	161,719	-	50,175	-	(111,544)	-	(111,544)
Technology support	384,968	-	96,276	-	(288,692)	-	(288,692)
Operational support	4,169,486	-	3,725,320	-	(444,166)	-	(444,166)
Financial and human resource services	713,742	5,470	210,848	-	(497,424)	-	(497,424)
System-wide pupil support	106,619	-	2,947	-	(103,672)	-	(103,672)
Policy, leadership and public relations	605,541	-	179,195	-	(426,346)	-	(426,346)
Ancillary services	14,220	-	-	-	(14,220)	-	(14,220)
Non-programmed charges	211,325	-	187,721	-	(23,604)	-	(23,604)
Interest on long-term debt	7,545	-	-	-	(7,545)	-	(7,545)
Unallocated depreciation expense**	154,468	-	-	-	(154,468)	-	(154,468)
Total governmental activities	<u>29,643,322</u>	<u>535,212</u>	<u>26,932,618</u>	<u>-</u>	<u>(2,175,492)</u>	<u>-</u>	<u>(2,175,492)</u>
Business-type activities:							
School food service	1,850,589	128,767	1,676,770	-	-	(45,052)	(45,052)
Child care	92,453	139,062	-	-	-	46,609	46,609
Total business-type activities	<u>1,943,042</u>	<u>267,829</u>	<u>1,676,770</u>	<u>-</u>	<u>-</u>	<u>1,557</u>	<u>1,557</u>
Total primary government	<u>\$ 31,586,364</u>	<u>\$ 803,041</u>	<u>\$ 28,609,388</u>	<u>\$ -</u>	<u>(2,175,492)</u>	<u>1,557</u>	<u>(2,173,935)</u>
General revenues:							
Unrestricted county and city appropriations - operating					4,837,243	-	4,837,243
Unrestricted county and city appropriations - capital					527,312	-	527,312
Unrestricted State appropriations - operating					1,529,418	-	1,529,418
Investment earnings, unrestricted					25,749	845	26,594
Miscellaneous, unrestricted					299,813	11,132	310,945
Transfers					(58,441)	58,441	-
Total general revenues					<u>7,161,094</u>	<u>70,418</u>	<u>7,231,512</u>
Change in net position					4,985,602	71,975	5,057,577
Net position (deficit) - beginning					<u>(2,384,447)</u>	<u>208,033</u>	<u>(2,176,414)</u>
Net position - ending					<u>\$ 2,601,155</u>	<u>\$ 280,008</u>	<u>\$ 2,881,163</u>

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

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

FUND FINANCIAL STATEMENTS

ROANOKE RAPIDS GRADED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

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	\$ 3,068,120	\$ -	\$ -	\$ 1,835,777	\$ 546,320	\$ 321,719	\$ 5,771,936
Due from other governments	33,834	-	-	109,733	12,529	-	156,096
Total assets	<u>\$ 3,101,954</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,945,510</u>	<u>\$ 558,849</u>	<u>\$ 321,719</u>	<u>\$ 5,928,032</u>
Liabilities and Fund balances							
Liabilities:							
Accounts payable and accrued liabilities	\$ 139,168	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 139,168
Due to other funds	-	-	-	5,158	-	-	5,158
Unearned revenue	716	-	-	-	-	-	716
Total liabilities	<u>139,884</u>	<u>-</u>	<u>-</u>	<u>5,158</u>	<u>-</u>	<u>-</u>	<u>145,042</u>
Fund balances:							
Restricted:							
Stabilization by State statute	33,834	-	-	109,733	-	-	143,567
School capital outlay	-	-	-	-	558,849	-	558,849
Instructional services	-	-	-	700,989	-	-	700,989
Individual schools	-	-	-	-	-	321,719	321,719
Assigned:							
Subsequent year's expenditures	1,379,705	-	-	217,308	-	-	1,597,013
Special revenues	-	-	-	912,322	-	-	912,322
Unassigned	1,548,531	-	-	-	-	-	1,548,531
Total fund balances	<u>2,962,070</u>	<u>-</u>	<u>-</u>	<u>1,940,352</u>	<u>558,849</u>	<u>321,719</u>	<u>5,782,990</u>
Total liabilities and fund balances	<u>\$ 3,101,954</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,945,510</u>	<u>\$ 558,849</u>	<u>\$ 321,719</u>	<u>\$ 5,928,032</u>

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

ROANOKE RAPIDS GRADED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

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)	\$ 5,782,990
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	33,371,583
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.	174,340
Deferred outflows of resources related to pensions	9,403,707
Deferred outflows of resources related to OPEB	4,166,074
Some liabilities, including those for compensated absences and leases are not due and payable in the current period and therefore are not reported in the funds.	(1,910,443)
Net pension liability	(14,869,542)
Net OPEB liability	(21,158,597)
Deferred inflows of resources related to pensions	(511,869)
Deferred inflows of resources related to OPEB	<u>(11,847,088)</u>
Net position of governmental activities	<u>\$ 2,601,155</u>

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

ROANOKE RAPIDS GRADED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023

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	\$ -	\$ 22,292,927	\$ -	\$ 421,562	\$ -	\$ -	\$ 22,714,489
Halifax County							
Local current expense	2,189,598	-	-	-	-	-	2,189,598
Other	-	-	-	-	372,962	-	372,962
U. S. Government	-	-	5,110,434	140,778	-	-	5,251,212
Other	2,255,180	-	-	1,423,745	208,598	529,742	4,417,265
Total revenues	4,444,778	22,292,927	5,110,434	1,986,085	581,560	529,742	34,945,526
Expenditures:							
Current:							
Instructional services:							
Regular instructional	535,158	12,734,564	353,354	153,761	-	-	13,776,837
Special populations	62,846	3,079,315	573,914	180,544	-	-	3,896,619
Alternative programs	45,737	525,935	1,464,460	690,810	-	-	2,726,942
School leadership	140,017	1,666,479	-	66	-	-	1,806,562
Co-curricular	-	-	-	193,026	-	500,301	693,327
School-based support	203,918	1,395,933	81,095	357,585	-	-	2,038,531
System-wide support services:							
Support and development	90,187	210,703	240	132,599	-	-	433,729
Special population support and development	-	132,804	98,942	-	-	-	231,746
Alternative programs and services support and development	123,929	-	50,175	-	-	-	174,104
Technology support	177,083	225,520	16,009	9,853	-	-	428,465
Operational support	2,005,057	1,382,355	2,284,524	18,452	-	-	5,690,388
Financial and human resource services	381,534	451,016	-	-	-	-	832,550
System-wide pupil support	-	124,093	-	-	-	-	124,093
Policy, leadership and public relations	370,879	305,769	-	-	-	-	676,648
Ancillary services	14,158	-	-	62	-	-	14,220
Non-programmed charges	211,325	-	187,721	5	-	-	399,051
Principal retirement	56,055	-	-	-	-	-	56,055
Interest and fees	7,545	-	-	-	-	-	7,545
Capital outlay	-	-	-	-	569,173	-	569,173
Total expenditures	4,425,428	22,234,486	5,110,434	1,736,763	569,173	500,301	34,576,585
Revenues over expenditures	19,350	58,441	-	249,322	12,387	29,441	368,941
Other financing sources (uses):							
Transfers from (to) other funds	-	(58,441)	-	-	-	-	(58,441)
Net change in fund balance	19,350	-	-	249,322	12,387	29,441	310,500
Fund balances:							
Beginning of year	2,942,720	-	-	1,691,030	546,462	292,278	5,472,490
End of year	\$ 2,962,070	\$ -	\$ -	\$ 1,940,352	\$ 558,849	\$ 321,719	\$ 5,782,990

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

ROANOKE RAPIDS GRADED SCHOOL DISTRICT
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, 2023

Exhibit 5

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

Net changes in fund balances - total governmental funds	\$ 310,500
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	849,997
Governmental funds report right to use leased assets as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the life of the lease and reported as amortization expense. This is the amount by which capitalized right to use leased asset expenditures exceeded amortization in the current period.	(58,114)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	3,060,432
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	1,230,864
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	160,636
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.	56,055
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.	
Net OPEB (expense) benefit	2,319,860
Pension (expense) benefit	(2,867,334)
Compensated absences	(63,481)
Loss on disposal of capital assets	<u>(13,813)</u>
Total changes in net position of governmental activities	<u>\$ 4,985,602</u>

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

ROANOKE RAPIDS GRADED SCHOOL DISTRICT
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, 2023

Exhibit 6

	General Fund			Variance With Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Halifax County	2,194,416	2,194,416	2,189,598	(4,818)
U.S. Government	-	-	-	-
Other	<u>2,240,910</u>	<u>2,240,910</u>	<u>2,255,180</u>	<u>14,270</u>
Total revenues	<u>4,435,326</u>	<u>4,435,326</u>	<u>4,444,778</u>	<u>9,452</u>
Expenditures:				
Current:				
Instructional services	1,140,175	1,154,216	987,676	166,540
System-wide support services	4,013,747	4,054,399	3,148,669	905,730
Ancillary services	24,889	48,024	14,158	33,866
Nonprogrammed charges	<u>181,180</u>	<u>211,325</u>	<u>211,325</u>	<u>-</u>
Debt service:				
Principal retirement	56,055	56,055	56,055	-
Interest and fees	<u>7,545</u>	<u>7,545</u>	<u>7,545</u>	<u>-</u>
Total expenditures	<u>5,423,591</u>	<u>5,531,564</u>	<u>4,425,428</u>	<u>1,106,136</u>
Revenues over (under) expenditures	(988,265)	(1,096,238)	19,350	1,115,588
Other financing sources (uses):				
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance appropriated	<u>988,265</u>	<u>1,096,238</u>	<u>-</u>	<u>(1,096,238)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	19,350	<u>\$ 19,350</u>
Fund balances:				
Beginning of year			<u>2,942,720</u>	
End of year			<u>\$ 2,962,070</u>	

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

ROANOKE RAPIDS GRADED SCHOOL DISTRICT **Exhibit 6 (continued)**
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, 2023

	State Public School Fund			Variance With Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ 20,530,192	\$ 22,771,891	\$ 22,292,927	\$ (478,964)
Halifax County	-	-	-	-
U.S. Government	-	-	-	-
Other	-	-	-	-
Total revenues	<u>20,530,192</u>	<u>22,771,891</u>	<u>22,292,927</u>	<u>(478,964)</u>
Expenditures:				
Current:				
Instructional services	17,984,246	19,872,869	19,402,226	470,643
System-wide support services	2,500,717	2,840,162	2,832,260	7,902
Ancillary services	-	-	-	-
Nonprogrammed charges	-	-	-	-
Total expenditures	<u>20,484,963</u>	<u>22,713,031</u>	<u>22,234,486</u>	<u>478,545</u>
Revenues over (under) expenditures	45,229	58,860	58,441	(419)
Other financing uses:				
Transfers to other funds	(45,229)	(58,860)	(58,441)	419
Fund balance appropriated	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances:				
Beginning of year			-	
End of year			<u>\$ -</u>	

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

ROANOKE RAPIDS GRADED SCHOOL DISTRICT **Exhibit 6 (continued)**
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, 2023

	Federal Grants Fund			Variance With Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Halifax County	-	-	-	-
U.S. Government	2,119,791	9,722,501	5,110,434	(4,612,067)
Other	-	-	-	-
Total revenues	<u>2,119,791</u>	<u>9,722,501</u>	<u>5,110,434</u>	<u>(4,612,067)</u>
Expenditures:				
Current:				
Instructional services	1,772,883	4,679,413	2,472,823	2,206,590
System-wide support services	135,431	4,269,317	2,449,890	1,819,427
Ancillary services	-	-	-	-
Nonprogrammed charges	<u>211,477</u>	<u>773,771</u>	<u>187,721</u>	<u>586,050</u>
Total expenditures	<u>2,119,791</u>	<u>9,722,501</u>	<u>5,110,434</u>	<u>4,612,067</u>
Revenues over (under) expenditures	-	-	-	-
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances:				
Beginning of year			-	
End of year			<u>\$ -</u>	

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

ROANOKE RAPIDS GRADED SCHOOL DISTRICT **Exhibit 6 (continued)**
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, 2023

	Other Special Revenue Fund			Variance With Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ 481,000	\$ 481,100	\$ 421,562	\$ (59,538)
Halifax County	-	-	-	-
U.S. Government	112,000	122,000	140,778	18,778
Other	<u>898,600</u>	<u>1,112,438</u>	<u>1,423,745</u>	<u>311,307</u>
Total revenues	<u>1,491,600</u>	<u>1,715,538</u>	<u>1,986,085</u>	<u>270,547</u>
Expenditures:				
Current:				
Instructional services	1,607,431	1,817,714	1,575,792	241,922
System-wide support services	264,794	278,444	160,904	117,540
Ancillary services	7,500	7,500	62	7,438
Nonprogrammed charges	<u>-</u>	<u>5</u>	<u>5</u>	<u>-</u>
Total expenditures	<u>1,879,725</u>	<u>2,103,663</u>	<u>1,736,763</u>	<u>366,900</u>
Revenues over (under) expenditures	(388,125)	(388,125)	249,322	637,447
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	<u>388,125</u>	<u>388,125</u>	<u>-</u>	<u>(388,125)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	249,322	<u>\$ 249,322</u>
Fund balances:				
Beginning of year			<u>1,691,030</u>	
End of year			<u>\$ 1,940,352</u>	

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

ROANOKE RAPIDS GRADED SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPES
June 30, 2023

Exhibit 7

	Enterprise		
	Major Funds		Totals
	School Food Service	Child Care	
Assets			
Current assets:			
Cash and cash equivalents	\$ 873,672	\$ 44,434	\$ 918,106
Due from other governments	53,458	-	53,458
Receivables	3,657	577	4,234
Due from other funds	5,158	-	5,158
Inventories	65,176	-	65,176
Total current assets	<u>1,001,121</u>	<u>45,011</u>	<u>1,046,132</u>
Noncurrent assets:			
Capital assets:			
Furniture, equipment and vehicles, net	315,525	-	315,525
Total assets	<u>1,316,646</u>	<u>45,011</u>	<u>1,361,657</u>
Deferred Outflows of Resources	<u>375,790</u>	<u>30,018</u>	<u>405,808</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	497	-	497
Compensated absences	15,603	2,686	18,289
Unearned revenue	5,300	-	5,300
Total current liabilities	<u>21,400</u>	<u>2,686</u>	<u>24,086</u>
Noncurrent liabilities:			
Net pension liability	411,784	32,895	444,679
Net OPEB liability	585,947	46,807	632,754
Compensated absences	14,681	1,658	16,339
Total noncurrent liabilities	<u>1,012,412</u>	<u>81,360</u>	<u>1,093,772</u>
Total liabilities	<u>1,033,812</u>	<u>84,046</u>	<u>1,117,858</u>
Deferred Inflows of Resources	<u>342,258</u>	<u>27,341</u>	<u>369,599</u>
Net position			
Net investment in capital assets	315,525	-	315,525
Unrestricted (deficit)	841	(36,358)	(35,517)
Total net position (deficit)	<u>\$ 316,366</u>	<u>\$ (36,358)</u>	<u>\$ 280,008</u>

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

ROANOKE RAPIDS GRADED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2023

Exhibit 8

	Enterprise		
	Major Fund		Totals
	School Food Service	Child Care	
Operating revenues:			
Food sales	\$ 128,767	\$ -	\$ 128,767
Child care fees	-	139,062	139,062
Total operating revenues	<u>128,767</u>	<u>139,062</u>	<u>267,829</u>
Operating expenses:			
Food cost:			
Purchase of food	683,093	-	683,093
Donated commodities	102,604	-	102,604
Salaries and benefits	903,433	87,357	990,790
Indirect costs	70,435	-	70,435
Materials and supplies	10,941	3,073	14,014
Repairs and maintenance	12,455	-	12,455
Depreciation	47,397	-	47,397
Non-capitalized equipment	4,548	-	4,548
Contracted services	14,415	-	14,415
Other	1,268	2,023	3,291
Total operating expenses	<u>1,850,589</u>	<u>92,453</u>	<u>1,943,042</u>
Operating income (loss)	<u>(1,721,822)</u>	<u>46,609</u>	<u>(1,675,213)</u>
Nonoperating revenues:			
Federal reimbursements	1,574,166	-	1,574,166
Federal commodities	102,604	-	102,604
Interest earned	824	21	845
Other	11,132	-	11,132
Total nonoperating revenues	<u>1,688,726</u>	<u>21</u>	<u>1,688,747</u>
Income (loss) before transfers and contributions	(33,096)	46,630	13,534
Transfers from other funds	<u>58,441</u>	<u>-</u>	<u>58,441</u>
Change in net position	25,345	46,630	71,975
Net position (deficit), beginning of year	<u>291,021</u>	<u>(82,988)</u>	<u>208,033</u>
Net position (deficit), end of year	<u>\$ 316,366</u>	<u>\$ (36,358)</u>	<u>\$ 280,008</u>

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

ROANOKE RAPIDS GRADED SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2023

Exhibit 9

	Enterprise		Totals
	Major Fund School Food Service	Non-major Fund Child Care	
Cash flows from operating activities:			
Cash received from customers	\$ 121,648	\$ 139,062	\$ 260,710
Cash paid for goods and services	(1,020,626)	(5,096)	(1,025,722)
Cash paid to employees for services	(608,487)	(126,782)	(735,269)
Net cash provided (used) by operating activities	<u>(1,507,465)</u>	<u>7,184</u>	<u>(1,500,281)</u>
Cash flows from noncapital financing activities:			
Due from other funds	(5,158)	-	(5,158)
Federal and State reimbursements	1,548,563	-	1,548,563
Other	11,132	-	11,132
Net cash provided by noncapital activities	<u>1,554,537</u>	<u>-</u>	<u>1,554,537</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	<u>(21,725)</u>	<u>-</u>	<u>(21,725)</u>
Cash flows from investing activities:			
Interest earned on investments	<u>824</u>	<u>21</u>	<u>845</u>
Net increase in cash and cash equivalents	26,171	7,205	33,376
Cash and cash equivalents, beginning of year	<u>847,501</u>	<u>37,229</u>	<u>884,730</u>
Cash and cash equivalents, end of year	<u>\$ 873,672</u>	<u>\$ 44,434</u>	<u>\$ 918,106</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	<u>\$ (1,721,822)</u>	<u>\$ 46,609</u>	<u>\$ (1,675,213)</u>
Adjustments to reconcile operating income (loss) to net cash used by operating activities:			
Depreciation	47,397	-	47,397
Donated commodities	102,604	-	102,604
Salaries paid by special revenue fund	58,441	-	58,441
Changes in assets and liabilities:			
Increase in accounts receivable	(3,461)	-	(3,461)
Decrease in OPEB asset	349	43	392
Increase in inventories	(3,555)	-	(3,555)
Increase in accounts payable and accrued liabilities	424	-	424

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

ROANOKE RAPIDS GRADED SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2022

Exhibit 9 (continued)

	Enterprise		Totals
	Major Fund	Non-major Fund	
	School Food Service	Child Care	
Reconciliation of operating income (loss) to net cash provide (used) by operating activities (continued):			
Decrease in unearned revenue	(3,658)	-	(3,658)
Increase in pension liability	298,635	18,899	317,534
Decrease in OPEB liability	(74,800)	(34,925)	(109,725)
Increase in deferred outflow	(152,090)	(2,345)	(154,435)
Decrease in deferred inflow	(58,439)	(22,223)	(80,662)
Increase in compensated absences payable	2,510	1,126	3,636
Total adjustments	<u>214,357</u>	<u>(39,425)</u>	<u>174,932</u>
Net cash provided (used) by operating activities	<u>\$ (1,507,465)</u>	<u>\$ 7,184</u>	<u>\$ (1,500,281)</u>

NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:

The School Food Service Fund received donated commodities with a value of \$102,604 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 \$58,441 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 notes to the basic financial statements are an integral part of this statement.

ROANOKE RAPIDS GRADED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2023

Exhibit 10

	<u>Private Purpose Trust Fund</u>
Assets	
Cash and cash equivalents	\$ 9,855
Investments	<u>113,765</u>
Total current assets	<u>123,620</u>
Net position	
Assets held in trust for private purpose	<u>\$ 123,620</u>

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

ROANOKE RAPIDS GRADED SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Fiscal Year Ended June 30, 2023

Exhibit 11

	Private Purpose Trust Fund
Additions:	
Contributions	\$ 5,200
Investment income (loss)	<u>(5,334)</u>
Total Additions	<u>(134)</u>
Deductions:	
Awards	<u>5,402</u>
Change in net position	(5,536)
Beginning net position	<u>129,156</u>
Ending net position	<u>\$ 123,620</u>

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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Roanoke Rapids Graded School District 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 Roanoke Rapids Graded School District (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 Roanoke Rapids, 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. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. These statements distinguish between the *governmental* and *business-type activities* of the Board. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

The Board reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Board. The General Fund accounts for all financial resources except those that are accounted for in another fund.

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.

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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

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 Halifax 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 funds:

Individual Schools Fund. The Individual Schools Fund includes revenues and expenditures of the activity funds of the individual schools. The primary revenue sources include funds held on 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 funds:

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

Child Care Fund. The Child Care Fund is used to account for the before and after school child care program within the school system.

The Board reports the following fiduciary fund:

Roanoke Rapids School Foundation Fund. The Roanoke Rapids School Foundation Fund is used to account for endowment money under the control of the Foundation's Board for the benefit of students in the district.

C. Measurement Focus and Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations 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 leases qualifying as other than short-term are reported as other financing sources.

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

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.

Halifax County levies, on behalf of the Roanoke Rapids Graded School District, a special property tax (the school supplemental tax). The tax levy on real and personal property is twenty-one cents per \$100 of property valuation. Collections of the tax are made by Halifax County and remitted to the City of Roanoke Rapids. The City then immediately remits the tax to the Board of Education.

Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Halifax County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For those motor vehicles registered under the staggered system and for vehicles newly registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2023 through February 2023 apply to the fiscal year ended June 30, 2023. Uncollected taxes which were billed during this period are shown as a receivable on these financial statements. Those taxes for vehicles registered from March 1, 2023 through June 30, 2023 apply to the 2024 fiscal year end and are not shown as receivables at June 30, 2023. For motor vehicles which are renewed and billed under the annual system, taxes are due on May 1 of each year and the uncollected taxes are reported as a receivable on the financial statements offset by deferred inflows of resources because the due date and the date upon which the interest begins to accrue passed prior to June 30.

D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the purpose level for all annually budgeted funds. The Board has authorized the Superintendent to move moneys (up to \$1,000) 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 \$1,000. All amendments must be approved by the Board of Education. 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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

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 as determined by quoted market prices or a matrix pricing model. Bank deposits and the NCCMT are measured at amortized cost, which is the NCCMT's share price. Ownership interest of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

2. Cash and Cash Equivalents

The Board pools money from several funds to facilitate disbursement and investment and to maximize investment income. 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. Proprietary Fund inventories consist of food and supplies and are recorded as expenses when consumed.

4. Capital Assets

Donated assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other 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, 1990 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 governmental 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, while for capital assets utilized in business-type activities, it is the policy of the Board to capitalize those assets costing more than \$1,500 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.

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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

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 one item that meets this criterion - contributions made to the pension plan in the current fiscal year. 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 one item that meet this criterion – pension related deferrals.

6. Long-term Obligations

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

7. Compensated Absences

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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

Assigned fund balance – portion of fund balance that the Board of Education intends to use for specific purposes.

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

ROANOKE RAPIDS GRADED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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 \$(3,181,835) consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets at historical cost on government-wide statement in governmental activities column)	\$ 55,880,259
Less accumulated depreciation	<u>(22,508,676)</u>
Capital assets, net	<u>33,371,583</u>
Right to use leased assets used in governmental activities are not financial resources and are therefore not reported in the funds (total right to use leased assets at historical cost on government-wide statement in governmental activities column)	290,568
Less accumulated amortization	<u>(116,228)</u>
Right to use leased assets, net	<u>174,340</u>
Deferred outflows of resources related to pensions	9,403,707
Deferred outflows of resources related to OPEB	4,166,074
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:	
Compensated absences	(1,730,065)
Lease liability	(180,378)
Net pension liability	(14,869,542)
Net OPEB liability	(21,158,597)
Deferred inflows of resources related to pensions	(511,869)
Deferred inflows of resources related to OPEB	<u>(11,847,088)</u>
Total adjustment	<u>\$ (3,181,835)</u>

ROANOKE RAPIDS GRADED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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 \$4,675,102 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 1,912,998
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	(1,063,001)
Amortization expense for intangible assets, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund	(58,114)
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	56,055
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	160,636
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	3,060,432
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	1,230,864
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	(2,867,334)
OPEB (expense) benefit	2,319,860
Loss on disposal of asset	(13,813)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(63,481)
Total adjustment	<u>\$ 4,675,102</u>

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.

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

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, 2023, the Board had deposits with banks and savings and loans with a carrying amount of \$5,883,037 and with the State Treasurer of \$-0-. Cash on hand was \$500 at June 30, 2023. The bank balances with the financial institutions and the State Treasurer were \$6,068,060 and \$79,543, respectively. Of these balances, \$597,126 was covered by federal depository insurance and \$5,550,477 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30 2023, the Board had \$816,860 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, 2023. The Board has no investment balances in the NCCMT as of June 30, 2023. The Board has no policy for managing interest rate risk or credit risk. All investments are measured using the market approach. The STIF is classified in Level 2 of the fair value hierarchy and valued using prices that are either directly or indirectly observable for an asset or liability.

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

3. Accounts Receivable

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

	Due from other funds (Internal Balances)	Due from other governments	Other	Total
Governmental activities:				
General Fund	\$ -	\$ 33,834	\$ -	\$ 33,834
Other governmental activities	<u>(5,158)</u>	<u>122,262</u>	<u>-</u>	<u>117,104</u>
Total governmental activities	<u>\$ (5,158)</u>	<u>\$ 156,096</u>	<u>\$ -</u>	<u>\$ 150,938</u>
Business-type activities:				
School Food Service Fund	\$ 5,158	\$ 53,458	\$ 3,657	\$ 62,273
Child Care Fund	<u>-</u>	<u>-</u>	<u>577</u>	<u>577</u>
Total business-type activities	<u>\$ 5,158</u>	<u>\$ 53,458</u>	<u>\$ 4,234</u>	<u>\$ 62,850</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 33,834	Amounts due from County
Other Special Revenue Fund	109,733	Amounts due from County and federal grants
Capital Outlay Fund	<u>12,529</u>	Amounts due from City
Total	<u>\$ 156,096</u>	
Business-type activities:		
School Food Service Fund	<u>\$ 53,458</u>	Federal reimbursement funds

ROANOKE RAPIDS GRADED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

4. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Intangible assets:				
Right to use asset, net of amortization	\$ 232,454	\$ -	\$ 58,114	\$ 174,340
Capital assets not being depreciated:				
Land	1,603,163	-	-	1,603,163
Construction in progress	3,606,603	2,231,974	5,838,577	-
Total capital assets not being depreciated	5,209,766	2,231,974	5,838,577	1,603,163
Capital assets being depreciated:				
Buildings and improvements	45,972,143	5,094,364	-	51,066,507
Equipment and furniture	1,871,219	417,837	105,230	2,183,826
Vehicles	1,035,504	7,400	16,141	1,026,763
Total capital assets being depreciated	48,878,866	5,519,601	121,371	54,277,096
Less accumulated depreciation for:				
Buildings and improvements	19,627,381	895,925	-	20,523,306
Equipment and furniture	923,568	154,468	91,417	986,619
Vehicles	1,002,284	12,608	16,141	998,751
Total accumulated depreciation	21,553,233	1,063,001	107,558	22,508,676
Total capital assets being depreciated, net	27,325,633			31,768,420
Governmental activity capital assets, net	\$ 32,767,853			\$ 33,545,923
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment and furniture	\$ 684,601	\$ 21,725	\$ -	\$ 706,326
Vehicles	24,626	-	-	24,626
Total capital assets being depreciated	709,227	21,725	-	730,952
Less accumulated depreciation for:				
Equipment and furniture	343,404	47,397	-	390,801
Vehicles	24,626	-	-	24,626
Total accumulated depreciation	368,030	47,397	-	415,427
School Food Service capital assets, net	\$ 341,197			\$ 315,525

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

Depreciation was charged to governmental functions as follows:

Instructional services	\$ 895,925
System-wide support services	12,608
Unallocated depreciation	<u>154,468</u>
Total	<u>\$ 1,063,001</u>

5. Right to Use Leased Assets

The Board has recorded a right to use leased assets. The assets are right to use assets for leased copiers. The related lease is discussed in the Leases subsection of the Liabilities section of the footnotes. The right to use leased assets are amortized on a straight-line basis over the term of the related lease.

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Right to use assets:				
Leased equipment	\$ 290,568	\$ -	\$ -	\$ 290,568
Less accumulated amortization for:				
Leased equipment	<u>58,114</u>	<u>58,114</u>	<u>-</u>	<u>116,228</u>
Right to use assets, net	<u>\$ 232,454</u>	<u>\$ (58,114)</u>	<u>\$ -</u>	<u>\$ 174,340</u>

B. Liabilities

1. Pension Plan and Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

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

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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2023, was 17.38% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$3,151,955 for the year ended June 30, 2023.

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

At June 30, 2023, the Board reported a liability of \$15,314,221 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2022 and at June 30, 2021, the Board's proportion was .10318% and .10115%, respectively.

For the year ended June 30, 2023, the Board recognized pension expense of \$2,967,406. At June 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 66,679	\$ 208,735
Changes of assumptions	1,208,234	-
Net difference between projected and actual earnings on pension plan investments	5,029,804	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	228,255	318,442
Board contributions subsequent to the measurement date	3,151,955	-
Total	<u>\$ 9,684,927</u>	<u>\$ 527,177</u>

\$3,151,955 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	\$ 1,538,419
2025	1,450,165
2026	606,064
2027	2,411,147
2028	-
Thereafter	<u>-</u>
Total	<u>\$ 6,005,795</u>

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

Inflation	2.50 percent
Salary increases	3.25 to 8.05 percent, including inflation and productivity factor
Investment rate of return	6.50 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 actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</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 3.00%. All rates of return and inflation are annualized.

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

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

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Board's proportionate share of the net pension liability (asset)	\$ 27,076,323	\$ 15,314,221	\$ 5,605,547

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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

b. Other Postemployment Benefits

1. Healthcare Benefits

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

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

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

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

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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

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

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the Board contributed 6.89% of covered payroll, which amounted to \$1,249,538. During the current fiscal year, the plan also recognized a one-time transfer of excess funding from the Public Employees Health Benefits Fund totaling \$180.5 million, which was isolated from the OPEB expense and allocated to participating employers as a separate contribution. The Board's proportionate share of this contribution totaled \$165,439.

At June 30, 2023, Board reported a liability of \$21,764,602 for its proportionate share of the RHBF net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. The total OPEB liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2022 and at June 30, 2021, the Board's proportion was .09165% and .08947%, respectively.

\$1,249,538 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2024	\$ (3,189,521)
2025	(2,391,704)
2026	(2,312,930)
2027	(1,345,760)
2028	-
Thereafter	-
Total	<u>\$ (9,239,915)</u>

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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

Inflation	2.50%
Salary increases	3.25-8.05%, include 3.25% inflation and productivity factor
Investment rate of return	6.50%

Healthcare cost trend rates:

Medical	5.00-6.00%
Prescription drug	5.00-9.50%
Administrative costs	3.00%
Post-retirement mortality rates	Pub-2010 Healthy Annuitant Mortality Table for males and females, adjusted for classification for some Participants, further adjusted with scaling factors varying by participant group, and projected for mortality improvement using Scale MP-2019

Discount rate. The discount rates used to measure the total OPEB liability for the RHBF at June 30, 2023 and 2022 were 3.54% and 2.16%, respectively. 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 3.54% was used as the discount rate used to measure the total OPEB liability. The 3.54% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2022.

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

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Net OPEB liability	\$ 25,636,194	\$ 21,764,602	\$ 18,602,563

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

	Healthcare Trend Rates		
	1% Decrease (Medical- 4.00-5.00%, Pharmacy- 4.00-8.50%, Medicare Advantage - 4.00%, Administrative - 2.00%)	(Medical - 5.00-6.00%, Pharmacy - 5.00-9.50%, Medicare Advantage - 5.00%, Administrative - 3.00%)	1% Increase (Medical- 6.00-7.00%, Pharmacy- 6.00-10.50%, Medicare Advantage - 6.00%, Administrative - 4.00%)
Net OPEB liability	\$ 17,915,749	\$ 21,764,602	\$ 26,739,795

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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

2. Disability Benefits

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

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

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

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

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2023, employers made a statutory contribution of 0.10% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$18,136 for the year ended June 30, 2023.

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

At June 30, 2023, Board reported a liability of \$26,749 for its proportionate share of the net DIPNC OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. The total OPEB liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2022 and at June 30, 2021, the Board's proportion was .08992% and .08936%, respectively.

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

\$18,136 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 liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2024	\$	14,637
2025		16,587
2026		12,736
2027		10,147
2028		3,188
Thereafter		<u>4,229</u>
Total	<u>\$</u>	<u>61,524</u>

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

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

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

	<u>1% Decrease</u> <u>(2.00%)</u>	<u>Discount Rate</u> <u>(3.00%)</u>	<u>1% Increase</u> <u>(4.00%)</u>
Net OPEB asset	\$ 32,939	\$ 26,749	\$ 20,545

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

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

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

DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2022. The long-term expected rate of return was determined based on the combination of expected future real rates of return and expected inflation. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2022 is 1.2%.

ROANOKE RAPIDS GRADED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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, 2023:

	<u>RHBF</u>	<u>DIPNC</u>	<u>Total</u>
OPEB expense (benefit)	\$ (2,351,799)	\$ 38,107	\$ (2,313,692)
OPEB liability (asset)	21,764,602	26,749	21,791,351
Proportionate share of the net OPEB liability or asset	0.09165%	0.08992%	
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 211,306	\$ 29,984	\$ 241,290
Changes of assumptions	1,742,539	1,719	1,744,258
Net difference between projected and actual earnings on plan investments	188,472	28,292	216,764
Changes in proportion and differences between Board contributions and proportionate share of contributions	813,027	7,649	820,676
Board contributions subsequent to the measurement date	<u>1,249,538</u>	<u>18,136</u>	<u>1,267,674</u>
Total deferred outflows of resources	<u>\$ 4,204,882</u>	<u>\$ 85,780</u>	<u>\$ 4,290,662</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 60,225	\$ -	\$ 60,225
Changes of assumptions	9,905,583	4,955	9,910,538
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	<u>2,229,451</u>	<u>1,165</u>	<u>2,230,616</u>
Total deferred inflows of resources	<u>\$ 12,195,259</u>	<u>\$ 6,120</u>	<u>\$ 12,201,379</u>

2. Accounts Payable

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

	<u>Vendors</u>
Governmental activities:	
General Fund	<u>\$ 139,168</u>
Business-type activities:	
School Food Service Fund	<u>\$ 497</u>

ROANOKE RAPIDS GRADED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

3. Unavailable Revenues

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

Governmental activities:	
Other miscellaneous (General Fund)	\$ <u>716</u>
Business-type activities:	
Prepayments of meals (School Food Service Fund)	\$ <u>5,300</u>

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	\$ 307,969	\$ 268,960
Changes of assumptions	2,952,492	9,910,538
Net difference between projected and actual earnings on pension and OPEB plan investments	5,246,568	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	1,048,931	2,549,058
Board contributions subsequent to the measurement date	<u>4,419,629</u>	<u>-</u>
Total	<u>\$ 13,975,589</u>	<u>\$ 12,728,556</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 \$3,150,000 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 State Public Education Property Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing fund administered by the North Carolina Department of Insurance. 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.

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

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 \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

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

6. Long-Term Obligations

a. Leases

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

The agreement was executed on July 1, 2021, to lease copier machines and requires 20 quarterly payments of \$15,900. There are no variable payment components of the lease. The lease liability is measured at an imputed discount rate of 3.5%. As a result of the lease, the Board recorded a right to use asset with a book value of \$290,568 on July 1, 2021. The right to use asset is discussed in more detail in Note 1.

The following is a schedule of the future minimum lease payments and the net present value of the minimum lease payments as of June 30, 2023:

Year Ending June 30:	Principal Payments	Interest Payments	Total
2024	\$ 58,043	\$ 5,557	\$ 63,600
2025	60,101	3,499	63,600
2026	62,234	1,357	63,591
2027	-	-	-
Totals	<u>\$ 180,378</u>	<u>\$ 10,413</u>	<u>\$ 190,791</u>

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

b. Long-Term Obligation Activity

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

	<u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>	<u>Current Portion</u>
Governmental activities:					
Lease liabilities	\$ 236,433	\$ -	\$ 56,055	\$ 180,378	\$ 58,043
Net pension liability	4,609,306	10,260,236	-	14,869,542	-
Net OPEB liability	26,916,559	-	5,757,962	21,158,597	-
Compensated absences	<u>1,666,584</u>	<u>1,123,409</u>	<u>1,059,928</u>	<u>1,730,065</u>	<u>657,258</u>
Total	<u>\$ 33,428,882</u>	<u>\$ 11,383,645</u>	<u>\$ 6,873,945</u>	<u>\$ 37,938,582</u>	<u>\$ 715,301</u>
Business-type activities:					
Net pension liability	\$ 313,144	\$ 131,535	\$ -	\$ 444,679	\$ -
Net OPEB liability	629,276	3,478	-	632,754	-
Compensated absences	<u>30,992</u>	<u>42,860</u>	<u>39,224</u>	<u>34,628</u>	<u>18,289</u>
Total	<u>\$ 973,412</u>	<u>\$ 177,873</u>	<u>\$ 39,224</u>	<u>\$ 1,112,061</u>	<u>\$ 18,289</u>

Compensated absences related to governmental activities are typically liquidated by the General and other governmental funds.

C. Interfund Balances and Activity

1. Interfund Balances

The composition of interfund balances as of June 30, 2023 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
School Food Service Fund	Other Special Revenue Fund	<u>\$ 5,158</u>

The balance above represents an interfund balance created in the overpaying of indirect cost by the School Food Service Fund. This amount is expected to be paid prior to June 30, 2024.

2. Transfers to/from other Funds

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

From the State Public School Fund to the School Food Service Fund for personnel costs	<u>\$ 58,441</u>
---	------------------

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

D. Fund Balance

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

Total fund balance - General Fund	\$ 2,962,070
Less:	
Stabilization by State statute	(33,834)
Appropriated Fund Balance in the 2023-2024 budget	<u>(1,379,705)</u>
Remaining fund balance	<u>\$ 1,548,531</u>

NOTE 3 – OTHER SPECIAL REVENUE FUND – OTHER REVENUES

Other revenues for the fiscal year ended June 30, 2023 in the Other Special Revenue Fund consists of the following:

Local sales tax	\$ 569,711
Medicaid reimbursement program	489,735
Other reimbursements and refunds	27,796
Contributions and donations	20,000
Indirect costs allocated	258,161
Rental of school property	2,950
Interest	2,458
Tuition and fees	2,520
Private grants and programs	6,600
Other	<u>43,814</u>
Total other revenues	<u>\$ 1,423,745</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.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Board's Proportionate Share of the Net Pension Liability
Teachers' and State Employees' Retirement System

Schedule of Board Contributions
Teachers' and State Employees' Retirement System

Schedule of the Board's Proportionate Share of the Net OPEB Liability
Retiree Health Benefit Fund

Schedule of Board Contributions
Retiree Health Benefit Fund

Schedule of the Board's Proportionate Share of the Net OPEB Asset
Disability Income Plan of North Carolina

Schedule of Board Contributions
Disability Income Plan of North Carolina

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS***

	2023	2022	2021	2020	2019
Board's proportion of the net pension liability (asset)	0.10318%	0.10115%	0.10754%	0.10988%	0.11331%
Board's proportionate share of the net pension liability (asset)	\$ 15,314,221	\$ 4,736,451	\$ 12,992,980	\$ 11,391,212	\$ 11,281,244
Board's covered payroll	\$ 17,579,969	\$ 16,701,339	\$ 16,858,024	\$ 17,158,499	\$ 17,017,951
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	87.11%	28.36%	77.07%	66.39%	66.29%
Plan fiduciary net position as a percentage of the total pension liability	84.14%	94.86%	85.98%	87.56%	87.61%
	2018	2017	2016	2015	2014
Board's proportion of the net pension liability (asset)	0.10878%	0.10677%	0.10639%	0.10799%	0.10970%
Board's proportionate share of the net pension liability (asset)	\$ 8,631,085	\$ 9,813,266	\$ 3,920,683	\$ 1,266,097	\$ 6,659,908
Board's covered payroll	\$ 16,298,126	\$ 15,662,082	\$ 15,952,472	\$ 15,404,064	\$ 15,383,763
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	52.96%	62.66%	24.58%	8.22%	43.29%
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.

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 3,151,955	\$ 2,879,599	\$ 2,476,232	\$ 2,191,719	\$ 2,108,780
Contributions in relation to the contractually required contribution	<u>3,151,955</u>	<u>2,879,599</u>	<u>2,476,232</u>	<u>2,191,719</u>	<u>2,108,780</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 18,135,527	\$ 17,579,969	\$ 16,701,339	\$ 16,858,024	\$ 17,158,499
Contributions as a percentage of covered payroll	17.38%	16.38%	14.78%	12.97%	12.29%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,834,535	\$ 1,626,553	\$ 1,433,081	\$ 1,459,651	\$ 1,338,613
Contributions in relation to the contractually required contribution	<u>1,834,535</u>	<u>1,626,553</u>	<u>1,433,081</u>	<u>1,459,651</u>	<u>1,338,613</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 17,017,951	\$ 16,298,126	\$ 15,662,082	\$ 15,952,472	\$ 15,404,064
Contributions as a percentage of covered payroll	10.78%	9.98%	9.15%	9.15%	8.69%

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
RETIREE HEALTH BENEFIT FUND
LAST SEVEN FISCAL YEARS***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Board's proportion of the net OPEB liability	0.09165%	0.08947%	0.09412%	0.09585%	0.10071%
Board's proportionate share of the net OPEB liability	\$ 21,764,602	\$ 27,659,038	\$ 26,109,965	\$ 30,327,131	\$ 28,690,858
Board's covered payroll	\$ 17,579,969	\$ 16,701,339	\$ 16,858,024	\$ 17,158,499	\$ 17,017,951
Board's proportionate share of the net OPEB liability as a percentage of its covered payroll	123.80%	165.61%	154.88%	176.75%	168.59%
Plan fiduciary net position as a percentage of the total OPEB liability	10.58%	7.72%	6.92%	4.40%	4.40%
	<u>2018</u>	<u>2017</u>			
Board's proportion of the net OPEB liability	0.09868%	0.09114%			
Board's proportionate share of the net OPEB liability	\$ 32,355,349	\$ 39,649,767			
Board's covered payroll	\$ 16,298,126	\$ 15,662,082			
Board's proportionate share of the net OPEB liability as a percentage of its covered payroll	198.52%	253.16%			
Plan fiduciary net position as a percentage of the total OPEB liability	3.52%	2.41%			

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

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 seven years of data presented.

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
RETIREE HEALTH BENEFIT FUND
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 1,249,538	\$ 1,105,780	\$ 1,119,163	\$ 1,093,325	\$ 1,075,838
Contributions in relation to the contractually required contribution	<u>1,249,538</u>	<u>1,105,780</u>	<u>1,119,163</u>	<u>1,093,325</u>	<u>1,075,838</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 18,135,527	\$ 17,579,969	\$ 16,701,339	\$ 16,858,024	\$ 17,158,499
Contributions as a percentage of covered payroll	6.89%	6.29%	6.68%	6.47%	6.27%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,029,586	\$ 941,743	\$ 875,069	\$ 874,105	\$ 825,339
Contributions in relation to the contractually required contribution	<u>1,029,586</u>	<u>941,743</u>	<u>875,069</u>	<u>874,105</u>	<u>825,339</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 17,017,951	\$ 16,298,126	\$ 15,662,082	\$ 15,952,472	\$ 15,404,064
Contributions as a percentage of covered payroll	6.05%	5.81%	5.60%	5.49%	5.40%

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
DISABILITY INCOME PLAN OF NORTH CAROLINA
LAST SEVEN FISCAL YEARS***

	2023	2022	2021	2020	2019
Board's proportion of the net OPEB liability/asset	0.08992%	0.08936%	0.09383%	0.09640%	0.09975%
Board's proportionate share of the net OPEB liability (asset)	\$ 26,749	\$ (14,596)	\$ (46,160)	\$ (41,597)	\$ (30,300)
Board's covered payroll	\$ 17,579,969	\$ 16,701,339	\$ 16,858,024	\$ 17,158,499	\$ 17,017,951
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	0.15%	0.09%	0.27%	0.24%	0.18%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	90.34%	105.18%	115.57%	113.00%	108.47%
	2018	2017			
Board's proportion of the net OPEB liability/asset	0.09492%	0.09353%			
Board's proportionate share of the net OPEB liability (asset)	\$ (58,015)	\$ (58,052)			
Board's covered payroll	\$ 16,298,126	\$ 15,662,082			
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	0.36%	0.41%			
Plan fiduciary net position as a percentage of the total OPEB liability/asset	116.23%	116.06%			

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

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 seven years of data presented.

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
DISABILITY INCOME PLAN OF NORTH CAROLINA
LAST TEN FISCAL YEARS**

	2023	2022	2021	2020	2019
Contractually required contribution	\$ 18,136	\$ 15,822	\$ 15,079	\$ 16,898	\$ 27,454
Contributions in relation to the contractually required contribution	<u>18,136</u>	<u>15,079</u>	<u>15,079</u>	<u>16,898</u>	<u>27,454</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 18,135,527	\$ 17,579,969	\$ 16,701,339	\$ 16,858,024	\$ 17,158,499
Contributions as a percentage of covered payroll	0.10%	0.09%	0.09%	0.10%	0.14%
	2018	2017	2016	2015	2014
Contractually required contribution	\$ 23,825	\$ 61,594	\$ 64,068	\$ 65,279	\$ 67,250
Contributions in relation to the contractually required contribution	<u>23,825</u>	<u>61,594</u>	<u>64,068</u>	<u>65,279</u>	<u>67,250</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 17,017,951	\$ 16,298,126	\$ 15,662,082	\$ 15,952,472	\$ 15,404,064
Contributions as a percentage of covered payroll	0.14%	0.38%	0.41%	0.41%	0.44%

INDIVIDUAL FUND SCHEDULES

ROANOKE RAPIDS GRADED SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2023

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Halifax County:			
County appropriation	\$ 2,194,416	\$ 2,189,598	\$ (4,818)
Other:			
Fines and forfeitures	66,000	71,034	5,034
Supplemental school taxes	2,081,110	2,077,934	(3,176)
Interest earned on investment	4,800	22,650	17,850
ABC revenues	84,000	83,562	(438)
Miscellaneous	5,000	-	(5,000)
Total other	<u>2,240,910</u>	<u>2,255,180</u>	<u>14,270</u>
Total revenues	<u>4,435,326</u>	<u>4,444,778</u>	<u>9,452</u>
Expenditures:			
Current:			
Instructional services:			
Regular instructional	-	535,158	-
Special populations	-	62,846	-
Alternative programs	-	45,737	-
School leadership	-	140,017	-
School-based support	-	203,918	-
Total instructional services	<u>1,154,216</u>	<u>987,676</u>	<u>166,540</u>
System-wide support services:			
Support and development	-	90,187	-
Alternative programs and services support and development	-	123,929	-
Technology support	-	177,083	-
Operational support	-	2,005,057	-
Financial and human resource services	-	381,534	-
Policy, leadership and public relations	-	370,879	-
Total system-wide support services	<u>4,054,399</u>	<u>3,148,669</u>	<u>905,730</u>

ROANOKE RAPIDS GRADED SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)
GENERAL FUND
For the Fiscal Year Ended June 30, 2023

	Final Budget	Actual	Variance With Final Budget
Ancillary services:			
Nutrition	-	14,158	-
Total ancillary services	<u>48,024</u>	<u>14,158</u>	<u>33,866</u>
Nonprogrammed charges:			
Payments to other governments	<u>211,325</u>	<u>211,325</u>	<u>-</u>
Debt service:			
Principal retirement	56,055	56,055	-
Interest and fees	<u>7,545</u>	<u>7,545</u>	<u>-</u>
Total debt service	<u>63,600</u>	<u>63,600</u>	<u>-</u>
Total expenditures	<u>5,531,564</u>	<u>4,425,428</u>	<u>1,106,136</u>
Revenues over (under) expenditures	(1,096,238)	19,350	1,115,588
Fund balance appropriated	<u>1,096,238</u>	<u>-</u>	<u>(1,096,238)</u>
Net change in fund balance	<u>\$ -</u>	19,350	<u>\$ 19,350</u>
Fund balance:			
Beginning of year		<u>2,942,720</u>	
End of year		<u>\$ 2,962,070</u>	

ROANOKE RAPIDS GRADED SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
For the Fiscal Year Ended June 30, 2023

	<u>Revenues</u>	<u>Expenditures</u>	<u>Net change in fund balance</u>	<u>Fund balances June 30, 2022</u>	<u>Fund balances June 30, 2023</u>
Clara Hearne Early Childhood	\$ 2,407	\$ 4,065	\$ (1,658)	\$ 5,358	\$ 3,700
Belmont Elementary	44,409	46,225	(1,816)	26,171	24,355
Manning Elementary	56,120	60,199	(4,079)	40,132	36,053
Chaloner Middle	70,395	77,678	(7,283)	32,718	25,435
Roanoke Rapids Early College	34,251	19,861	14,390	11,731	26,121
Roanoke Rapids High School	<u>322,160</u>	<u>292,273</u>	<u>29,887</u>	<u>176,168</u>	<u>206,055</u>
Totals	<u>\$ 529,742</u>	<u>\$ 500,301</u>	<u>\$ 29,441</u>	<u>\$ 292,278</u>	<u>\$ 321,719</u>

ROANOKE RAPIDS GRADED SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CAPITAL OUTLAY FUND
For the Fiscal Year Ended June 30, 2023

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Halifax County:			
County appropriations	\$ 186,435	\$ 372,962	\$ 186,527
Other:			
Local sales tax	105,000	154,350	49,350
Interest earned on investments	-	641	641
Contributions	38,095	38,094	(1)
Miscellaneous	15,514	15,513	(1)
Total other	<u>158,609</u>	<u>208,598</u>	<u>49,989</u>
Total revenues	<u>345,044</u>	<u>581,560</u>	<u>236,516</u>
Expenditures:			
Capital outlay:			
Real property and buildings:			
Roanoke Rapids High	-	154,272	-
Athletic facilities	-	37,301	-
Belmont	-	46,707	-
Chaloner	-	19,111	-
Clara Hearne	-	152,132	-
Other real property and buildings	-	30,000	-
Total real property and buildings	<u>489,812</u>	<u>439,523</u>	<u>50,289</u>
Furnishings and equipment	<u>250,923</u>	<u>122,250</u>	<u>128,673</u>
Buses and motor vehicles	<u>7,400</u>	<u>7,400</u>	<u>-</u>
Total capital outlay	<u>748,135</u>	<u>569,173</u>	<u>178,962</u>
Revenues over (under) expenditures	(403,091)	12,387	415,478
Fund balance appropriated	<u>403,091</u>	<u>-</u>	<u>(403,091)</u>
Net change in fund balance	<u>\$ -</u>	<u>12,387</u>	<u>\$ 12,387</u>
Fund balance:			
Beginning of year		<u>546,462</u>	
End of year		<u>\$ 558,849</u>	

ROANOKE RAPIDS GRADED SCHOOL DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
SCHOOL FOOD SERVICE FUND
For the Fiscal Year Ended June 30, 2023

	Final Budget	Actual	Variance With Final Budget
Operating revenues - food sales	\$ 94,150	\$ 128,767	\$ 34,617
Operating expenditures:			
Business support services:			
Purchase of food	-	686,648	-
Donated commodities	-	102,604	-
Salaries and benefits	-	887,268	-
Indirect costs	-	70,435	-
Materials and supplies	-	10,941	-
Repairs and maintenance	-	12,455	-
Non-capitalized equipment	-	4,548	-
Contracted services	-	14,415	-
Other	-	1,268	-
Capital outlay	-	21,725	-
Total operating expenditures	<u>1,859,570</u>	<u>1,812,307</u>	<u>47,263</u>
Operating loss	<u>(1,765,420)</u>	<u>(1,683,540)</u>	<u>81,880</u>
Nonoperating revenues:			
Federal reimbursements	1,365,390	1,574,166	208,776
Federal commodities	100,000	102,604	2,604
Interest earned	450	824	374
Other	<u>1,000</u>	<u>11,132</u>	<u>10,132</u>
Total nonoperating revenues	<u>1,466,840</u>	<u>1,688,726</u>	<u>221,886</u>
Revenues over (under) expenditures before other financing sources	(298,580)	5,186	303,766
Other financing sources:			
Transfers from other funds	-	58,441	58,441
Fund balance appropriated	<u>298,580</u>	<u>-</u>	<u>(298,580)</u>
Total other financing sources	<u>298,580</u>	<u>58,441</u>	<u>(240,139)</u>
Deficiency of revenues and other sources over expenditures	<u>\$ -</u>	<u>63,627</u>	<u>\$ 63,627</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(47,397)	
Net OPEB asset		(349)	
Net pension liability		(298,635)	
Net OPEB liability		74,800	
Deferred outflows		152,090	
Deferred inflows		58,439	
Equipment purchases		21,725	
Increase in compensated absences payable		(2,510)	
Increase in inventories		<u>3,555</u>	
Change in net position (full accrual)		<u>\$ 25,345</u>	

ROANOKE RAPIDS GRADED SCHOOL DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
CHILD CARE FUND
For the Fiscal Year Ended June 30, 2023

	Final Budget	Actual	Variance With Final Budget
Operating revenues:			
Child care fees	\$ 215,425	\$ 139,062	\$ (76,363)
Operating expenditures:			
Regular community services:			
Salaries and benefits	-	126,782	-
Materials and supplies	-	3,073	-
Other	-	2,023	-
Total operating expenditures	251,637	131,878	119,759
Operating income (loss)	(36,212)	7,184	43,396
Nonoperating revenues:			
Interest earned	32	21	(11)
Revenues over (under) expenditures before other financing sources	(36,180)	7,205	43,385
Other financing sources:			
Transfers from other funds	36,180	-	(36,180)
Fund balance appropriated	-	-	-
Total other financing sources	36,180	-	(36,180)
Expenditures over revenues	\$ -	7,205	\$ 7,205
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Net OPEB asset		(43)	
Net pension liability		(18,899)	
Net OPEB liability		34,925	
Deferred outflows		2,345	
Deferred inflows		22,223	
Increase in compensated absences payable		(1,126)	
Change in net position (full accrual)		\$ 46,630	

COMPLIANCE SECTION



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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*

To the Roanoke Rapids Graded School District
Roanoke Rapids, 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 Roanoke Rapids Graded School District, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the basic financial statements, which collectively comprises the Roanoke Rapids Graded School District, North Carolina's basic financial statements and have issued our report thereon dated September 5, 2023.

Report on Internal Control Over Financial Reporting

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

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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Roanoke Rapids Graded School District'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

*September 5, 2023
West End, North Carolina*



INDEPENDENT AUDITORS' REPORT

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

To the Roanoke Rapids Graded School District
Roanoke Rapids, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Roanoke Rapids Graded School District, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Board's major federal programs for the year ended June 30, 2023. The Roanoke Rapids Graded School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Roanoke Rapids Graded School District 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards, the Uniform Guidance and the State Single Audit Implementation Act are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Roanoke Rapids Graded School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Roanoke Rapids Graded School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Roanoke Rapids Graded School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as

fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Roanoke Rapids Graded School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act, we

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

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

Report on Internal Control Over Compliance

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

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

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

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

Anderson Smith & Wike PLLC

September 5, 2023
West End, North Carolina



INDEPENDENT AUDITORS' REPORT

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

To the Roanoke Rapids Graded School District
Roanoke Rapids, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Roanoke Rapids Graded School District, 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 State programs for the year ended June 30, 2022. The Roanoke Rapids Graded School District's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Roanoke Rapids Graded School District 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, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and 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. Our responsibilities under those standards, the Uniform Guidance and the State Single Audit Implementation Act are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Roanoke Rapids Graded School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of the Roanoke Rapids Graded School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Roanoke Rapids Graded School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk

of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Roanoke Rapids Graded School District's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act, we

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

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

Report on Internal Control Over Compliance

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

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

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

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

Anderson Smith & Wike PLLC

September 5, 2023
West End, North Carolina

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2023**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements
Audited were prepared in accordance to GAAP: *Unmodified*

Internal control over financial reporting:

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

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 Identified for Reporting*

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:

AL Numbers	Names of Federal Programs or Clusters
	Child Nutrition Cluster:
10.555	National School Lunch Program (Commodities)
10.555	Supply Chain Assistance Funds
10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program for Children
84.425	COVID-19 – Education Stabilization Fund

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

Auditee qualified as low-risk auditee? *Yes*

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2023**

Section I - Summary of Auditors' Results (Continued)

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 Identified for Reporting*

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 program:

Program Name

State Public School Fund

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.

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2023**

There were no audit findings reported in the prior year.

ROANOKE RAPIDS GRADED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2023

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
Federal Grants:			
<u>U.S. Department of Agriculture</u>			
Passed-through the N.C. Department of Agriculture:			
Child Nutrition Cluster:			
Noncash Assistance (Commodities):			
National School Lunch Program	10.555	PRC 035	\$ <u>102,604</u>
Cash Assistance:			
School Breakfast Program	10.553	PRC 035	334,330
National School Lunch Program	10.555	PRC 035	1,133,751
After School Snack Program	10.555	PRC 035	13,047
Supply Chain Assistance Funds	10.555	PRC 035	78,881
Summer Food Service Program for Children	10.559	PRC 035	<u>14,157</u>
Cash Assistance Subtotal			<u>1,574,166</u>
Total Child Nutrition Cluster			<u>1,676,770</u>
Total U.S. Department of Agriculture			<u>1,676,770</u>
<u>U.S. Department of Education</u>			
Passed-through the N.C. Department of Public Instruction:			
Title I, Grants to Local Educational Agencies	84.010	PRC 050	934,363
Supporting Effective Instruction	84.367	PRC 103	214,827
Language Acquisition Grant	84.365	PRC 104	13,412
Language Acquisition Grant - Significant Increase	84.365	PRC 111	6,094
Student Support and Academic Enrichment	84.424	PRC 108	85,644
Rural and Low Income Schools	84.358	PRC 109	56,927
Education for Homeless Children	84.196A	PRC 026	1,336

ROANOKE RAPIDS GRADED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2023

Grantor/Pass-through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Expenditures
Education Stabilization Fund:			
CARES Act:			
COVID-19 - K-12 Emergency Relief Fund - ESSER I	84.425D	PRC 163	955
COVID-19 - GEER I - Specialized Instructional Support Personnel for COVID-19 Response	84.425C	PRC 169	2,722
CRRSA:			
COVID-19 - K-12 Emergency Relief Fund - ESSER II	84.425D	PRC 171	96,989
COVID-19 - ESSER II - Supp. Contr. Instr. Support Funding	84.425D	PRC 173	10,046
COVID-19 - CRRSA - ESSER II - Summer Career Accelerator Program	84.425D	PRC 177	33,037
COVID-19 - ESSER II - Competency-Based Assessment	84.425D	PRC 178	15,214
ARP:			
COVID-19 - ESSER III - K-12 Emergency Relief Fund	84.425D	PRC 181	2,863,207
COVID-19 - ESSER III - Homeless II	84.425W	PRC 184	10,298
COVID-19 - ARP - ESSER III - Summer Career Accelerator	84.425U	PRC 188	20,578
COVID-19 - ARP - ESSER III - Math Enrichment Programs	84.425U	PRC 189	36,223
Total COVID-19 - Education Stabilization Fund	84.425		<u>3,089,269</u>
Special Education Cluster:			
Grants to States - IDEA, Part B (611)	84.027	PRC 060	558,002
COVID-19 - ARP - Grants to States - IDEA, part B (611)	84.027	PRC 185	68,435
Coordinated Early Intervening Services	84.027	PRC 070	3,019
Special Needs Targeted Assistance	84.027	PRC 118	4,749
Preschool Grants - IDEA, Part B (619)	84.173	PRC 049	13,716
COVID-19 - ARP - Preschool Grants - IDEA, Part B (619)	84.173	PRC 186	319
Total Special Education Cluster			<u>648,240</u>
Career and Technical Education - Basic Grants to States Program Development	84.048	PRC 017	60,322
Total U.S. Department of Education			<u>5,110,434</u>
<u>U.S. Department of Defense</u>			
Direct Program:			
ROTC	12.000		<u>77,634</u>
<u>U.S. Department of Health and Human Services</u>			
<u>Health Resources and Services Administration</u>			
Direct Program:			
Head Start	93.600		<u>63,144</u>
Total Federal Assistance			<u>6,927,982</u>

ROANOKE RAPIDS GRADED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2023

Grantor/Pass-through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Expenditures
State Grants:			
<u>N.C. Department of Public Instruction:</u>			
Cash Assistance:			
State Public School Fund		Various	20,832,293
Career and Technical Education:			
State Months of Employment		PRC 013	1,054,315
Program Support Funds		PRC 014	328,909
Driver Training		PRC 012	45,835
School Technology Fund		PRC 015	<u>31,575</u>
Total N.C. Department of Public Instruction			<u>22,292,927</u>
<u>N.C. Department of Health and Human Services</u>			
Division of Child Development:			
NC Pre-Kindergarten Program		PRC 413	308,760
State School Nurse Initiative		PRC 615	<u>112,802</u>
Total NC Department of Health and Human Services			<u>421,562</u>
Total State Assistance			<u>22,714,489</u>
Total Federal and State Assistance			<u>\$ 29,642,471</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 Roanoke Rapids Graded School District under the programs of the federal government and the State of North Carolina for the year ended June 30, 2023. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Roanoke Rapids Graded School District, it is not intended to and does not present the financial position, changes in net assets or cash flows of Roanoke Rapids Graded School District.

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.

Roanoke Rapids Graded School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.